

PROMOTION RECOMMENDATION
The University of Michigan
Stephen M. Ross School of Business

Approved by the Regents
May 20, 2010

Paolo Pasquariello, assistant professor of business administration, Stephen M. Ross School of Business, is recommended for promotion to associate professor of finance, with tenure, Stephen M. Ross School of Business.

Academic Degrees:

Ph.D.	2003	New York University, Finance, New York
M.Phil.	2002	New York University, Finance, New York
MBA	1998	New York University, Finance, New York
Bachelor of Economics	1994	Università Commerciale Luigi Bocconi, Economics, Milan

Professional Record:

2003 – present	Assistant Professor of Business Administration, Stephen M. Ross School of Business, University of Michigan
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Summary of Evaluation:

Teaching: Professor Pasquariello is an accomplished teacher. He has taught a broad range of courses including the undergraduate core course in finance and a sequence of courses for MBA students on international finance including currency markets, international equity and bond markets. Leveraging his prior working experience at Goldman Sachs and J.P. Morgan, he has developed challenging assignments that enhance students' understanding of the practical applications of the class materials. His teaching effort is appreciated by students, as evidenced by his consistently high teaching ratings, which average above a 4.54 on a five point scale. He clearly demonstrates his teaching prowess in the classroom and his combination of theoretical rigor and practical experience enables him to excel in our strategy of "Leading in Thought and Action."

Research: Professor Pasquariello has built a solid research record that spans international finance, market microstructure, and real estate. Specifically his research aims to understand the important yet often ignored trading frictions such as the implications of price manipulation, information asymmetry and heterogeneity, and imperfect competition, on the process of price formation in domestic and international financial markets (i.e., equity, bonds, currency and real estate markets). He has published his work in the top finance journals such as the *Journal of Financial Economics* and the *Review of Financial Studies* as well as other top field journals such as the *Journal of International Economics* and *Real Estate Economics* to name a few. He has an excellent research pipeline including papers in review and working papers. His work has won outside recognition in the form research grants, including a grant of €765,000 from European Research Council. In addition, Professor Pasquariello has been invited to present his research at major conferences around the world, as well as universities and other institutions (e.g., Federal Reserve). Taken together this suggests a very productive future.

Recent and Significant Publications:

Paolo Pasquariello and Clara Vega, "The on-the-run *liquidity* phenomenon," 2009, *Journal of Financial Economics* 92, 1-24.

Sreedhar Bharath, Paolo Pasquariello, and Guojun Wu, "Does asymmetric information drive capital structure decisions?" 2009, *Review of Financial Studies* 22, 3211-3243.

- Menachem Brenner, Paolo Pasquariello, and Marti Subrahmanyam, "On the volatility and comovement of U.S. financial markets around macroeconomic news announcements," 2009, *Journal of Financial and Quantitative Analysis* 44, 1265-1289.
- Paolo Pasquariello, "The anatomy of financial crises: Evidence from the emerging ADR market," 2008, *Journal of International Economics* 76, 193-207.
- Paolo Pasquariello and Clara Vega, "Informed and strategic order flow in the bond markets," 2007, *Review of Financial Studies* 20, 1975-2019.
- Paolo Pasquariello, "Imperfect competition, information heterogeneity, and financial contagion," 2007, *Review of Financial Studies* 20, 391-426.
- Jarl Kallberg, Crocker Liu, and Paolo Pasquariello, "Regime shifts in Asian equity and real estate markets," 2002, *Real Estate Economics* 30, 263-291.

Service: Consistent with our policy for typical non-tenured faculty, Professor Pasquariello spends most of his time on research and teaching. Nonetheless, he has contributed to the finance area, the Ross School, and the profession in a variety of ways. Professor Pasquariello has provided extensive service to the finance area by serving on the communications committee, contributing to the redesign and development of the finance web site and creating promotional materials for the finance area, which have been positively received by the profession. He has served on four PhD dissertation committees and supervised the summer papers of six finance doctoral students. He was invited to present his views on the financial crisis at the Ross School in fall 2008. In addition, he has been an active member of the NBER Market Microstructure Research Working Group, and serves as a referee for numerous leading academic journals in economics, finance, and real estate.

External Reviewers:

Reviewer A: "...I believe that Prof. Pasquariello fully deserves the promotion. ...He has been very active and his research output is quite impressive for his stage of career. Professor Pasquariello has a clear research agenda, but he is broad in his interests. Moreover, he is versatile in that he is able to do both theoretical and empirical research. And while the models he uses are stylized, he is familiar with the institutional features of various markets and attempts to model their key features. This is a nice mix of skills."

Reviewer B: "I consider the general publication record, the pipeline of submitted and working papers, and the potential for future significant scientific work to be more than sufficient for promotion to Associate Professor with tenure at almost all leading business schools in the country."

Reviewer C: "Professor Pasquariello has clearly been productive and I have no reason to think that this productivity will not continue... In summary, Paolo has a record of productivity and several very good papers. There is not a homerun in his vita, but I would not be surprised to see one in the future. I think that he is a good candidate for promotion to tenure."

Reviewer D: "In summation, I believe the quantity and quality of Paolo's research is certainly adequate for this promotion. I have no hesitation in supporting the promotion."

Reviewer E: "I believe this case for promotion is strong, and therefore I support it...especially so for someone six years out from his Ph.D. I am confident that he will continue to be productive...the papers are clearly tackling important issues, with a combination of theory and careful empirical work...I know that he and his work are respected in the broad field of financial economics. He is certainly among the leaders in his cohort."

Reviewer F: "Many [junior] macroeconomists are working on these issues from a theoretical standpoint, but they largely lack any empirical research on which to calibrate their assumptions on transaction costs. Pasquariello's work seems to offer useful benchmarks and regularities that the related theory literature really ought to address. Pasquariello does seem to have had solid success in getting his work disseminated; the events of the past couple years can only have strengthened interest in his approach...For what it is worth, my quick impression is that this is a very solid case compared to others I am seeing at top economics departments and business schools."

Reviewer G: "Assessing this research record, it is my view that it would deserve tenure at the top ten business schools in the world. And I would feel comfortable supporting this case for tenure at [university]...To conclude, I support the decision to promote Paolo to Associate Professor of Finance with tenure."

Summary of Recommendation:

The outside reviewers' comments and the placement of his work in the top journals in the field attest to the fact that Professor Pasquariello is a productive, highly qualified scholar, whose impact is steadily growing. His research is of excellent quality and he is an accomplished teacher. He adds considerable value to the finance area's research portfolio and teaching prowess, as well as the overall reputation of the Ross School of Business and the University of Michigan.

With this in mind, the Executive Committee and I strongly recommend Professor Paolo Pasquariello's promotion to associate professor of finance, with tenure, Stephen M. Ross School of Business.



Robert J. Dolan
Edward J. Frey Dean of Business
Stephen M. Ross Professor of Business
Stephen M. Ross School of Business

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