Handbook of Short Selling

Greg N. Gregoriou
Editor

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Preface

This handbook differs from other edited books because on a global scale it addresses new rules and regulations about short selling. Quantitative papers in this book use the latest data available, but more importantly, the papers are written by well-known academics and money managers.

Many investors believe that short sellers are responsible for market downturns, but academic theory does not suggest this. Instead, short sellers create liquidity in markets and are the best at spotting overpriced stocks as well as making markets more efficient through the aid of price discovery. This short selling handbook comes at a time when financial markets worldwide are recuperating from the credit crisis and the global carnage of 2008. It can assist investors, hedge fund managers, investment analysts, research analysts, lawyers, accountants, endowments, foundations, and high net worth individuals to better understand short selling during and after the crisis of 2008.

The 39 chapters in this handbook will be a valuable source of information to anyone interested in short selling. Among its most exciting subjects are views of what the regulators temporarily did to ban short selling in order to prevent markets from further collapse. Contributors look both at developed global markets and emerging markets. They also take up naked short selling, the ethics of short selling, and other important issues.

The first section of the book is devoted to regulation in the United States with a chapter for Canada. The second section examines both eastern and western European markets, while the third focuses on Japan, China, and Australia. Section four investigates short selling in Russia and in emerging markets such as in Latin America and South Africa. The fifth section examines portfolio management and performance of short biased hedge funds, short selling by portfolio managers, and more. The last section addresses modeling, earnings, announcements, and term structure in a short selling framework. In short, the book does a tour of every continent to investigate short selling during the recent market meltdown.

For more information see the companion site at http://www.elsevierdirect.com/companion.jsp?ISBN=9780123877246.

Contributor Bios

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David E. Allen is a professor of finance at Edith Cowan University, Perth, Western Australia. He is the author of three monographs and over 70 refereed publications on a diverse range of topics covering corporate financial policy decisions, asset pricing, business economics, funds management and performance bench-marking, volatility modeling and hedging, and market microstructure and liquidity.

Jørgen Vitting Andersen, Ph.D., is a physicist and a senior researcher at CNRS, University of Nice (France). He has broad international experience and has worked at the following universities: Paris X (France), McGill (Canada), Nordita (Denmark), and Imperial College (UK). Over the last 10 years he has published a series of seminal papers in the new domain of econophysics, applying ideas from complexity theory to financial markets.

Paul Brockman is the Joseph R. Perella and Amy M. Perella Chair of Finance at Lehigh University. He holds a B.A. degree in international studies from Ohio State University (*summa cum laude*), an M.B.A. degree from Nova Southeastern University (accounting minor), and a Ph.D. in finance (economics minor) from Louisiana State University. He received his certified public accountant (CPA) designation (Florida, 1990) and worked for several years as an accountant, cash manager, and futures and options trader. His

He has more than 10 years' experience in the banking industry and has worked for the Big Four audit and consultancy firms in the area of banking and finance. His main areas of research are institutions and capital markets, as well as macroeconomic policy and the financial markets.

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Meredith Jones is a managing director at PerTrac Financial Solutions. Prior to joining PerTrac, she was the director of research for Van Hedge Fund Advisors. Her research has been published in a number of books and periodicals, and she is a frequent lecturer on a variety of hedge fund topics.

James Kozyra holds a master of science in management, with a concentration in finance, and is currently a level III candidate in the CFA (chartered financial analyst) program. He also earned a honor's bachelor of commerce degree, with majors in accounting and finance. His research has been published in both academic and practitioner journals.

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Abraham Lioui is a professor of finance at EDHEC Business School and a member of the EDHEC Risk Institute. He has taught in several institutions, such as the University of Paris I Sorbonne, ESSEC Business School, and Bar Ilan University where he was vice chair of the economic department before joining EDHEC. He has published widely in academic journals in fields related to portfolio choice theory and asset allocation, derivatives pricing/hedging, and asset pricing theory.

Marco Lo Duca is an economist at European Central Bank, International Policy Analysis Division. He earned his B.A. in economics from the University of Ca' Foscari, Venice (2002) and his M.Sc. in economics and finance from the Venice International University (2004). He has been working at the European Central Bank since 2004.

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