# ROHAN GANDURI

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## ACADEMIC EMPLOYMENT

**Emory University** — Atlanta, GA

Assistant Professor of Finance — *Jul 2016 – present*

## EDUCATION

**Georgia Institute of Technology** — Atlanta, GA

Ph.D. in Finance — *2016*

M.S. in Quantitative & Computational Finance — *2010*

**Indian Institute of Technology (IIT) Bombay** — Mumbai, India

B.Tech in Engineering Physics — *2006*

## RESEARCH INTERESTS

Banking, Credit Risk, Corporate Finance

## JOB MARKET PAPER

***Repo Regret?***

*–Western Finance Association (WFA) Annual Meetings, Park City Utah, Jun 2016*

I find that Independent Mortgage Companies (IMCs), which accounted for a third of all mortgage originations in the U.S., experienced an exogenous increase in their funding after the passage of the 2005 bankruptcy reform act. The act increased creditor protection by including mortgage related collateral to bankruptcy safe harbored repos, thereby expanding IMCs funding opportunities. Using multiple identification strategies based on funding constraints, discontinuity in securitization propensity, and geographic discontinuity in anti-predatory lending laws, I find that IMCs responded to this funding shock by increasing the issuance of risky home loans which culminated in higher ex-post defaults. Areas exposed to significant IMC lending also experienced a greater house price growth. My results highlight the unintended role of regulation in aiding the U.S. housing market boom and bust by safe harboring mortgage related repo collateral.

## WORKING PAPERS

***Are Credit Ratings Still Relevant?*** – with Sudheer Chava and Chayawat Ornthanalai *(Revise and Resubmit at Journal of Finance)*

*–Western Finance Association (WFA) Annual Meetings, Lake Tahoe, Jun 2013*
*–European Finance Association Annual (EFA) Meetings, Copenhagen, Aug 2012*
*–Derivatives Research Conference at FDIC, Arlington, Mar 2012*
*–Q Group Research Award, 2012*

We show that firms' stock prices react significantly less to credit rating downgrade announcements when they have Credit Default Swap (CDS) contracts trading on their debts. We find that CDS spreads predict firms' future rating downgrades and defaults, and document a significant information flow from the CDS to equity and bond markets before firms are downgraded. Further, the CDS term structure can be used to construct a more reliable measure of default risk premium for firms undergoing rating revisions. While the CDS market is not a perfect substitute for credit ratings, our results suggest that credit rating revisions have become less informative to equity investors in the presence of the CDS market.

***Do Bond Investors Price Tail Risk Exposures of Financial Institutions?*** – with Sudheer Chava and Vijay Yerramilli

*–American Finance Association (AFA) Annual Meetings, Boston, Jan 2015*
*–CenFIS Conference, Federal Reserve Bank of Atlanta, Atlanta, Nov 2014*
*–Erasmus Credit Conference, Rotterdam, Aug 2014*
*–GARP Risk Management Research Award, 2013*

We analyze whether bond investors price tail risk exposures of financial institutions using a comprehensive sample of bond issuances by U.S. financial institutions. Although primary bond yield spreads increase with an institutions' own tail risk (expected shortfall), systematic tail risk (marginal expected shortfall) of the institution doesn't affect its yields. The relationship between yield spreads and tail risk is significantly weaker for depository institutions, large institutions, government-sponsored entities, politically-connected institutions, and in periods following large-scale bailouts of financial institutions. Overall, our results suggest that implicit bailout guarantees of financial institutions can exacerbate moral hazard in bond markets and weaken market discipline

***Credit Default Swaps and Moral Hazard in Bank Lending*** – with Indraneel Chakraborty and Sudheer Chava

*–American Finance Association (AFA) Annual Meetings, San Francisco, Jan 2016*

We analyze whether introducing Credit Default Swaps (CDSs) on a borrower's debt leads to lender moral hazard around covenant violations, wherein lending banks can terminate or accelerate the loan. Using a regression discontinuity design, we show that CDS firms, including those with agency problems, do not decrease their investment after covenant violations, pay a higher loan spread, and perform poorly, but do not go bankrupt at a higher rate when compared with non-CDS firms that violate covenants. These results are magnified when lenders have weaker incentives to monitor and suggest that introducing CDSs misaligns incentives between lenders and borrowers.

## WORK IN PROGRESS

***Consequences of Complexity in U.S. Banks***

## AWARDS AND HONORS

–*WFA* Cubist Systematic Strategies Ph.D. Candidate Award for Oustanding Research, 2016
–*Q Group* Research Award, 2012 for *"Are Credit Ratings Still Relevant?"*
–*GARP* Risk Management Research Award, 2013 for *"Do Bond Investors Price Tail Risk Exposures of Financial Institutions?"*
–*AFA* Travel Grant Award, 2014
–Recognized for Excellence in Teaching by the Center for the Enhancement of Teaching and Learning's Thank a Teacher program at Georgia Tech, Fall 2014

## TEACHING EXPERIENCE

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| Mergers and Acquisitions (BBA, MBA) | Fall 2016 |
| Fundamentals of Corporate Finance (Undergraduate) | Fall 2012–2014 |
| Riskmathics Risk Management and Trading Conference, Mexico City | Summer 2010–2014 |
| Teaching Assistant for International Finance (Graduate, Undergraduate) | Fall 2010–Fall 2013 |

## CONFERENCE PARTICIPATION

*Presenter:*

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| –Western Finance Association (WFA) Annual Meetings, Park City | Jun 2016 |
| –American Finance Association (AFA) Annual Meetings, San Francisco | Jan 2016 |
| –American Finance Association Annual (AFA) Meetings, Boston | Jan 2015 |
| –CenFIS Conference, Federal Reserve Bank of Atlanta, Atlanta | Nov 2014 |
| –Erasmus Credit Conference, Rotterdam | Aug 2014 |
| –Western Finance Association (WFA) Annual Meetings, Lake Tahoe | Jun 2013 |

*Discussant:*

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|---|---|
| –SFS Cavalcade Conference | May 2014 |
| –Fixed Income Conference | Apr 2014 |
| –Financial Management Association (FMA) Annual Meeting | Oct 2012 |

## PRACTIONER ARTICLES

*"Extracting Market Implied Risk-Neutral Probabilities"* – Riskmathics Trading & Risk Magazine, 1st Edition

## EMPLOYMENT

Analyst App Programmer, — Sep 2007 – Aug 2008
Global Structured Products Division, — Hyderabad, India
Bank of America Continuum Solutions Pvt. Ltd.

Senior Associate, — Jul 2006 – Sep 2007
Financial Services Division, — Bangalore, India
TechSpan Inc.

## TECHNICAL STRENGTHS

SAS, Stata, R, Matlab, SQL, C/C++, Java, Perl

## REFERENCES

Sudheer Chava (Chair)
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