

YAO LI

Department of Finance
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EDUCATION

Expected 2018 **Virginia Tech**, Blacksburg, VA
Ph.D. in Finance

- GPA: 4.0/4.0

December 2012 **University of Maryland**, College Park, MD
M.S. in Finance

- GPA: 3.95/4.0

July 2011 **Central University of Finance and Economics**, Beijing, China
B.S. in Economics, minor in Accounting

- GPA: 3.81/4.0

RESEARCH INTERESTS

Empirical asset pricing, market efficiency, institutional investors

WORKING PAPERS

Option-Implied Downside Risk Premiums, with T. Wang

Abstract: This paper proposes a framework for measuring downside risk premiums using index option prices. Specifically, we form portfolios of index options that replicate downside risk factors and use their average excess returns as risk premium estimates. Our findings show not only that all of the market risk premium comes from the downside, but also that the downside risk premium mainly compensates for large and rarely observed market losses. In contrast, we find little risk premium attached to most commonly observed levels of market losses, and it is nearly costless to hedge away these risks using index options. Overall, our work provides a unified picture of downside risk and tail risk and poses new challenges to asset pricing theory. Comparing the prices of downside risk in stock and options markets, we find some evidence of segmentation.

WORK IN PROGRESS

Seasonalities in Security Returns, with G. Kadlec

TEACHING EXPERIENCE

Instructor (Pamplin)
Corporate Finance (FIN 3154)

WORKING EXPERIENCE

February - August 2013 **American Enterprise Institute for Public Policy Research**, Washington, DC
Special Project Assistant, Financial Services Department

- Examined the relationship between house prices and key fundamental factors using property-level data, results shown land prices were more volatile and a better indicator of housing boom than house prices
- Analyzed Fannie Mae and Freddie Mac Single Family Loan delinquency patterns across different FICO, LTV, and DTI buckets

September- **U.S. Securities and Exchange Commission**, Washington, DC Headquarter

December 2012 *Intern, Office of Markets, Division of Risk, Strategy and Financial Innovation*

- Worked with Daily TAQ (Trade and Quote) data to create a minute-by-minute summary file containing metrics for assessing the performance of current market structure
- Provided empirical tests for detecting unusual market activity on Aug 1st, 2012