Hongyi Xu

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Education

Stockholm School of Economics — *Stockholm, Sweden*
Doctoral Program in Finance — 2021 - 2027 (Expected)

Australian National University — *Canberra, Australia*
Bachelor of Finance, First Class Honours — 2019 - 2020
Bachelor of Finance, Major in Capital Markets and Quantitative Finance — 2016 - 2019

Research Interests

Corporate Finance; Corporate Debt; Corporate Governance; Institutional Investors

Job Market Paper

The Expected Future Cash Flow Channel in Debt Financing
Abstract: This paper provides the first evidence that expected future cash flows increase firms' debt capacity independently of collateral values. I identify exogenous variation in expected future cash flows using major product liability litigation involving firms' product-market peers. I find that a 1% increase in expected future cash flows increases the net debt issuance of the average Compustat firm by 14.97%. The effect is not driven by changes in investment opportunities or collateral values and is concentrated among firms with lower growth opportunities, tighter financial constraints, and lower asset tangibility. Firms experiencing positive expected future cash flow shocks invest more in tangible and intangible capital, issue more unsecured debt, and borrow at lower bond yields, while do not adjust leverage and shareholder payouts. These findings identify expected future cash flows as a distinct source of borrowing capacity and highlight the importance of the expected future cash flow channel in debt financing.

Working Papers

Non-Financial Liabilities and Effective Corporate Restructuring (*with Bo Becker and Jens Josephson*)
Abstract: Non-financial obligations created by long-term contracts such as leases are often large, exceeding financial debts in around a third of U.S. firms. Their treatment in insolvency varies: Chapter 11 allows firms to freely reject or assume contracts, but many other restructuring regimes do not allow rejection. We model regimes with and without the rejection option. This option prevents excessive liquidation of insolvent firms and increases firms' debt capacity. Using novel measures of executory contracts by industry, and two difference-in-difference settings, we confirm that leverage and loan flow increase when the rejection option is available.

Insider Trading Regulation, Blockholder Exit, and Governance Roles (*with Mengyu Yang*)
Abstract: This paper investigates how tightening insider trading regulations affects the governance roles of blockholders. Using the 2016 implementation of the Market Abuse Regulation (MAR) as a quasi-natural experiment, we examine how heightened disclosure requirements alter the composition and behaviour of key shareholders. We find that short-term, liquidity-focused investors reduce their board representation following stricter insider trading rules, while their presence on nomination committees remains unchanged. MAR also increases short-term blockholders' probability of board exit by 16-20 percentage points.

Under the Spotlight: How External Informed Traders Impact Share Repurchases (*solo-authored*)
Abstract: I examine how the participation of an external informed trader impacts managerial share repurchase decisions. I present a model with an external informed trader showing that managers tend to repurchase fewer shares when such a trader is involved. Empirically, I find a significant reduction in both share repurchase amounts and the probability of executing repurchases in response to increased firm-level abnormal institutional investor attention. These findings indicate that managers strategically abstain from repurchasing shares when their firms are under the spotlight.

Publication

A Portfolio-Level, Sum-of-The-Parts Approach to Return Predictability
with Dean Katselas and Jo Drienko, 2024, Journal of Empirical Finance 78, 101525.

Presentations and Conferences

2026	Corporate Governance Academic Forum - University of Toronto*
2025	SSE PhD Seminar
2024	PhD Nordic Finance Workshop, SSE PhD Seminar

Research Experience

Research Assistant — *Stockholm, Sweden*
Bo Becker — 2022 - 2024
Ye Zhang — 2021

Teaching Experience

Entrepreneurial Finance and Venture Capital — *2024, 2025*
Teaching Assistant — Stockholm School of Economics

Derivatives: Principles and Practices — *2022, 2023*
Teaching Assistant — Stockholm School of Economics

Honors and Awards

Chinese Government Award for Outstanding Self-Financed Students Abroad	2025
Gerhard Törnqvist Scholarship for the Best Published Paper	2025
Stiftelsen Louis Fraenckels Stipendiefond	2024, 2025
Nordic Finance Network Travel Grant	2024
The Infina Foundation Research Grant	2023
Jan Wallander and Tom Hedelius Foundation PhD Research Grant	2021 - 2027
ANU University Medal	2020
ANU CBE Research School of Finance, Actuarial Studies and Statistics Honours Scholarship	2019
ANU Chancellor's Letters of Commendation	2016, 2018

Skills

Programming and Statistical Software: R, Stata, Python, LaTeX
Languages: Chinese (Native), English (Fluent)

References

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