

Lawrence R. Glosten

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400 Riverside Drive, Apt. 5D
New York, NY 10025
Office: (212) 854-2476
Home: (212) 865-8529
Fax: (212) 316-9180
Cell: (646) 596 1677
E-Mail: lrg2@gsb.columbia.edu

Education

Ph.D. in Managerial Economics and Decision Sciences, Northwestern University, June, 1980

M.S. in Managerial Economics and Decision Sciences, Northwestern University, September, 1977

State University of Stony Brook, Stony Brook, NY, 1973-74

A.B. Occidental College, June, 1973, Cum Laude with departmental honors in Economics

Employment

2017: Visiting Scholar, Columbia Law School

2010-11: Visiting Scholar, Columbia Law School

2008: Visiting Scholar, Columbia Law School

2008-: Adjunct Professor, Columbia Law School

1996-: S. Sloan Colt Professor of Banking and International Finance, Columbia Business School, Columbia University, New York, NY, 10027

1995-96: Professor of Finance, Columbia Business School, Columbia University, New York, NY, 10027

1989-95: Associate Professor of Finance, Columbia Business School, Columbia University, New York, NY 10027 (tenure, 1994)

1992-93: Visiting Research Economist, New York Stock Exchange

1988-89: Visiting Assistant Professor of Finance, Kellogg Graduate School of Management, Northwestern University, Evanston, IL 60208

- 1980-88: Assistant Professor of Finance, Kellogg Graduate School of Management, Northwestern University, Evanston, IL, 60208
- 1986-87: Visiting Assistant Professor, Finance and Insurance Dept., Carlson School of Management, University of Minnesota, 271 19th Ave. S., Minneapolis, MN, 55455
- 1984-85: Visiting Assistant Professor, University of Chicago, Chicago, IL 60637
- 1979-80: Visiting Assistant Professor of Managerial Economics and Decision Sciences, Northwestern University
- 1978-79: Data Resources, Inc., Lexington, MA, Senior Analyst
- 1977-78: Instructor, Northwestern University
- 1975-76: Supermarket Institute, Chicago, IL, Consultant.

Grants, Awards and Appointments

- Named member of the Financial Economists Roundtable 3/2019
- Distinguished Visiting Scholar, Securities and Exchange Commission, 12/2017
- Fellow of the Finance Theory Group 6/2017
- Smith Breeden Distinguished Paper prize for "Is the Electronic Limit Order Book Inevitable?"
- Grant from The Institute for Quantitative Research in Finance, 1988 (with Ravi Jagannathan)
- Roger F. Murray Prize, 1987, for "Estimating the Components of the Bid/Ask Spread," The Institute for Quantitative Research in Finance
- First Chicago Chair, Northwestern University, Summer, 1987
- Grant from The Institute for Quantitative Research in Finance, 1985 (with Lawrence Harris)
- Kellogg Research Chair, Kellogg Graduate School of Management, Northwestern University, 1983

Books

- Securities Market Issues for the 21st Century, edited volume of essays with introductory chapter with Merritt Fox and Ed Greene, self-published on Amazon, May 30, 2018

The New Stock Market: Law, Economics, and Policy, with Merritt Fox and Gabriel Routerberg, Columbia University Press, January 8, 2019

Publications

“Tail Expectation and Imperfect Competition in Limit Order Book Markets” (with Shmuel Baruch) *Journal of Economic Theory*, Volume 183, September, 2019

“ETF Activity and Informational Efficiency of Underlying Securities,” (with Suresh Nallareddy and Yuan Zou) Forthcoming, *Management Science*.

“Stock Market Manipulation and its Regulation” (with Merritt Fox and Gabriel Routerberg), *Yale Journal on Regulation*, Volume 35 #1, 2018

“Informed Trading and its Regulation” (with Merritt Fox and Gabriel Routerberg), *Journal of Corporation Law*, volume 43, #4, 2018

The New Stock Market: Sense and Nonsense, with Merritt Fox and Gabriel Routerberg, *Duke Law Journal*, November 2015, selected one of ten “Best Corporate and Securities Articles of 2016” by the *Corporate Practice Commentator*

Short Selling and the News: A Preliminary Report on an Empirical Study, with Merritt Fox and Paul Tetlock, *New York Law School Law Review*, 2010

Discriminatory Limit Order Books, Uniform Price Clearing and Optimality, *Advances in Quantitative Analysis of Finance and Accounting, Volume 3, Essays in Microstructure in Honor of David K. Whitcomb*, April, 2006

A Reconsideration of Tax Shield Valuation, with Enrique Arzac, *European Financial Management Journal*, 2005

“Market Microstructure: A Surevey of Microfoundations, Empirical Results, and Policy Implications,” with Bruno Biais and Chester Spatt, *Journal of Financial Markets*, May, 2005

“Is the Electronic Open Limit Order Book Inevitable?“, *Journal of Finance*,₂ September, 1994, Smith Breeden Distinguished Paper

"Relations between the Expected Nominal Stock Excess Return, the Volatility of the Nominal Excess Return and the Interest Rate: with R. Jagannathan and D. Runkle, *Journal of Finance*,₂ December, 1993

"A Contingent Claim Approach to Performance Evaluation," (with Ravi Jagannathan), *Journal of Empirical Finance* I, 1994

"Challenges to Theory Development in Entrepreneurship Research," (with Raphael Amit and Eitan Muller), *Journal of Management Studies*, September, 1993

"Entrepreneurial Ability, Venture Investments and Risk Sharing" (with Raphael Amit and Eitan Muller), October, 1990, *Management Science*

"Economic Significance of Predictable Variations in Stock Index Returns," (with William Breen and Ravi Jagannathan), Dec., 1989, *Journal of Finance*; Reprinted in *Forecasting Financial Markets*, ed. By Terence C. Mills, Edward Elgar, 2001

"Insider Trading, Liquidity and the Role of the Monopolist Specialist," April, 1989, *Journal of Business*

"Estimating the Components of the Bid/Ask Spread", (with L. Harris) May, 1988, *Journal of Financial Economics*; reprinted in *Microstructure : The Organization of Trading and Short Term Behavior* (International Library of Critical Writings in Financial Economics Series, S02) by Hans R. Stoll (Editor), *Journal of Financial Economics All Star Paper*

"Components of the Bid-Ask Spread and the Statistical Properties of Transaction Prices", December, 1987, *Journal of Finance*

"Bid, Ask and Transaction Prices in a Specialist Market with Heterogeneously Informed Traders" (with P. Milgrom) March, 1985, *Journal of Financial Economics*; reprinted in *Microstructure : The Organization of Trading and Short Term Behavior* (International Library of Critical Writings in Financial Economics Series, S02) by Hans R. Stoll (Editor), *Journal of Financial Economics All Star Paper*

Book Reviews and Other Papers

“Naked Open Market Manipulation” (with Merritt Fox and Gabriel Rauterberg) in Global Algorithmic Capital Markets edited by Walter Mattli, Oxford University Press

“High Frequency Trading and the New Stock Market: Sense and Nonsense” (with Merritt Fox and Gabriel Rauterberg), February 2018, *Journal of Applied Corporate Finance*

“Brief of amici curiae business professors in support of petitioner,” International Securities Exchange, LLC v. Chicago Board Options Exchange, Inc.; CME Group Index Services, LLC; The McGraw-Hill Companies, Inc.; In the Supreme Court of the United States, 2/28/2013

Information and Learning in Markets: The impact of Market Microstructure, Reviewed in *Journal of Economic Literature*, September, 2009

“Glosten-Milgrom Models” entry for the *Encyclopedia of Quantitative Finance*, 2009

“The past, present and future of trading stocks” with Charles Jones *Financial Times*, 5/14/01
Reprinted in *Mastering Investment*, Financial Times, 2002

Introductory Comments: Bloomfield, O’Hara, and Flood, Huisman, Koedijk, and Mahieu,
Review of Financial Studies, 12 (1) pp 1-3, 1999

The Microstructure of Securities Markets, Reviewed in *Journal of Economic Literature*,
September, 1988.

Equity Markets, Reviewed in *Journal of Finance*, December, 1988

"Does Venture Capital Foster the Most Promising Entrepreneurial Firms?" (with Raphael
Amit and Eitan Muller), Spring, 1990, *California Management Review*

"Private Information" Essay in The New Palgrave Dictionary of Money and Finance

"The Economics of Market Making," Mid America Institute for Public Policy Research
position paper

Working Papers

“Rents vs. Costs of Intermediation in the Bond Market” November 2017 with Charlie
Calomiris and Ben Munyan

“Welfare cost of informed trade” April, 2009, revised 2019 (with Talis Putnins), submitted
2020, rejected, under revision

“Trading cost and anomaly returns” 2012 (with Susan Ji and Jialin Yu)

“Day Trading: Making and Taking Liquidity and Manipulation on the National Stock
Exchange of India” with Manoj Dalvi, April, 2011, revised 2012

“Market Architecture Redux” Nov. 2002, revised July, 2003

“Precedence Rules” 1998, revised 2006, 2009

Work in Progress

“Quote Based Manipulation in Financial Markets,” with Merritt Fox and Sue Guan

“Behavioral Biases and Day Trading profits on the Bombay and National Stock Exchanges,”
with Manoj Dalvi and Ravi Jagannathan

Investigating Broker-Dealer Execution Quality in the U.S. Bond Market a project with Citi
and JPMorgan with Charles Calomiris, Patricia Mosser and Ben Munyan

The New Special Study of the US Equity Markets. A long term project bringing together academics and practitioners to study the US capital markets. With Merritt Fox and Ed Greene

Informed trading strategies on the NSE of India (with Manoj Dalvi)

Liquidity provision on the NSE of India (with Manoj Dalvi)

Editorial Positions

Associate Editor: *Journal of Financial Intermediation*, 2015-

Advisory Editor: *Journal of Financial Markets*, 2000-

Editor: *Review of Financial Studies* 1996-1999

Associate Editor: *Journal of Finance*, 1991-1996

Associate Editor: *Review of Financial Studies*, 1991-1994

Associate Editor: *Review of Quantitative Finance and Accounting*, 1990-

Refereeing

Referee for the following journals: *American Economic Journal-Micro*, *American Economic Review*, *Econometrica*, *Economic Inquiry*, *Empirical Economics*, *European Economic Review*, *International Economic Review*, *Journal of Banking and Finance*, *Journal of Business*, *Journal of Finance*, *Journal of Financial and Quantitative Analysis*, *Journal of Financial Economics*, *Journal of Financial Markets*, *Journal of Political Economy*, *Quarterly Journal of Economics*, *Review of Economic Studies*, *Review of Financial Studies*, *Review of Quantitative Finance and Accounting*. Referee for National Science Foundation, Social Sciences and Humanities Research Council of Canada.

Significant Administrative Duties

Director of Initiative on Financial Markets Regulation, Program for Financial Studies, 2016-
Curriculum and Instruction Committee 2013-2017, 2018-

Co-director, Program in the Law and Economics of Capital Markets 2007-

Chair, Finance and Economics Division, 2002-2008

Finance Sub-division Chair, 1994-2002

Recruiting Chair, 1996-7, 2000-01, 2001-02, 2011-12

Finance coordinator, PhD program, 1993-95

Outside Activities (2010-2020)

Sponsored research on the economics of stock exchange proprietary data, SIFMA, 2019

Friedman, Kaplan, Expert report on plaintiffs' expert report, testified at deposition; *Alaska Electrical Pension Fund v. Bank of America*, Case No. 14-cv-7126 (JMF), 2017-18

Precidian, design of actively managed fund ETF, 2017

Capital Market Regulation class (with Merritt Fox and Kevin Haeberle) for Brazilian CVM and other South American regulators, Rio de Janeiro, Brazil (2015)

Instruction in Wharton/FINRA CRCP program (2013)

SEC, consultant to help study of “mini-crashes” (2013)

UK Government Office for Science; Evaluate internal memo on “Order Preference” (2012)

SEC, Helped with analysis of “Flash Crash” 2010

SEC, expert witness, testified at deposition; *Securities and Exchange Commission v. Andreas Badian, et al.*, Civil Action No. 06 CV 2621 (LTS) (S.D.N.Y. filed Apr. 4, 2006) 2010-12

Outside Activities (older)

Consultant to Independent Consultant for Independent Research for Lehman Brothers (then Barclay’s Capital) (2005-2009);

Consultant to Cornerstone; help with defense in class action IPO lawsuits (2007)

Consultant to U. S. Attorney’s office; help with cases against NYSE specialists (2006)

Consultant to Justice Department; evaluate effect on competition of option exchange mergers

Nasdaq Economic Advisory Board 2002-2005

Consultant for Valometrics, Chicago, IL; help determine efficiency of markets for particular equities

Consultant for New York Stock Exchange, New York, NY; role of institutional share holders

Consultant for Mid-America Institute for Public Policy Research, Chicago, IL; Analysis of payment for order flow