Rik Sen

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Education

May 2009 (Expected) Ph.D. in Finance
Leonard N. Stern School of Business, New York University

2002 MBA
Indian Institute of Management, Calcutta, India

2000 B. Stat
Indian Statistical Institute, Calcutta, India

Research Interests

Corporate Finance, Executive Compensation, Corporate Governance, Behavioral Corporate Finance, Derivatives

Working Papers

The Returns to Spring-loading, JOB MARKET PAPER-I
Abnormal returns following public disclosures of unscheduled grants to CEOs are positive and highly significant in the post Sarbanes Oxley period. This implies widespread spring-loading (awarding options ahead of good news releases), as backdating cannot affect abnormal returns after the disclosure date. Between September 2002 and March 2006, a trading strategy that buys stocks after news of unscheduled option grants to CEOs become public earns 1.1% monthly abnormal returns, implying the market did not realize that grants were spring-loaded. After March 2006, when it was no longer possible to spring-load grants in a clandestine fashion, this practice stopped. This suggests spring-loading was a means of providing secret compensation rather than prudent pay practice.

Are Pre-planned Insider Sales Strategically Timed?, JOB MARKET PAPER-II
Previous research and numerous media articles suggest that sales executed under 10b5-1 trading plans are strategically timed. However, we find no significant difference in stock price performance following plan sales and non-plan sales. We demonstrate that price contingent orders (e.g. limit orders), a common feature in trading plans, give rise to empirical patterns that have been taken as evidence of strategic timing of sales. Event study methods employed in previous research on plan sales are shown to give biased estimates of post-event abnormal returns when the events are not exogenous to past returns.

Stocking Up: Executive Optimism and Share Retention (with Robert Tumarkin) We rigorously model the option exercise and portfolio choice problem of optimistic executives. Our analysis motivates two novel indicators of optimism, which can be easily inferred using standard data sets: (i) retention of a significant proportion of stocks obtained from option exercise and (ii) the voluntary holding of shares. Theory suggests these are superior to alternative indicators based on exercise behavior. In a large cross-section, our measures of CEO optimism explain investment intensity and leverage better than those used previously. We confirm empirically the following implications of the model: optimistic executives delay option exercise and also capture a higher proportion of the American option value.

Teaching Experience

Summer, 2007	*Instructor, Foundations of Financial Markets* Stern Undergraduate College, New York University Topics: Fixed income, risk and return, CAPM, equity valuation and options Number of students: 24 *Teaching Rating: 6.2/7.0*
2003	*Instructor, Credit Portfolio Management* Institute of Financial Management and Research, Chennai, India

Awards and Scholarships

2008-2009	*Jules I. Bogen Fellowship*, Stern School of Business, NYU
2008	American Finance Association Student Travel Award
2006-2007	NASDAQ-Derivatives Research Project Fellowship
2004-2006, 2007-2008	New York University Doctoral Fellowship
2002	*Gold Medal*, Indian Institute of Management, Calcutta
1997-2000	Student Fellowship, Indian Statistical Institute, Calcutta
1996	Indian National Mathematical Olympiad (INMO) Scholarship
1995	National Talent Search Scholarship, from the NCERT, India

Conference Presentations

The Returns to Spring-loading: European Finance Association (Aug, 2008); LBS Transatlantic Doctoral Conference (May, 2007)

Refereeing

Management Science, Journal of Derivatives

Non-academic Experience

2002-2004	*Manager*, ICICI Bank, India Portfolio risk modeling, Structured products pricing

References

Prof. David Yermack (Chair)
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