Matthew R. Lyle

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Date of Birth: November 8, 1980 Marital Status: Married, two children

Citizenship: Canadian

EDUCATION

Ph.D. in Accounting, 2013 (expected)

Rotman School of Management, University of Toronto, Toronto, Ontario, Canada

Dissertation Committee: Jeff Callen (Chair), John Hull, Partha Mohanram, Gord Richardson, Franco

Wong

Dissertation: "Essays on Accounting Quality and Asset Pricing"

Ph.D. in Finance/Mathematical Finance, 2009

Haskayne School of Business, University of Calgary, Calgary, Alberta, Canada

Dissertation: "'Essays on Continuous Time Finance"

M.Sc. in Applied Mathematics/Mathematical Finance, 2007

B.Sc. in Applied Mathematics, 2006

University of Calgary, Calgary, Alberta, Canada

B.Sc. in Electrical Engineering, 2003

University of Alberta, Edmonton, Alberta, Canada

RESEARCH INTERESTS

Accounting-based valuation, information quality, disclosure, accounting-based risk forecasting, and cost of capital

RESEARCH PAPERS

"How Does Accounting Quality Affect Option Returns?" Job Market Paper

- Awarded AAA/Grant Thornton Doctoral Dissertation Award for Innovation in Accounting Education
- Awarded Canadian Securities Institute Research Foundation Doctoral Award
- Selected as a finalist for the 2012 BMO Capital Markets Advanced Research Award

Abstract

This paper analyzes the impact of accounting quality on option contract prices and returns both theoretically and empirically. First, theory shows that the quality of the accounting information that firms disclose to investors can have a different effect on the behavior of option contract returns than it does on stock returns. Second, even if the risk caused by poor accounting quality is completely idiosyncratic and has no cost of equity capital (expected stock return) effect, nevertheless, theory shows that accounting quality has important implications for determining (i) stock return volatility, (ii) the prices and expected returns of option contracts, and (iii) the prices and returns of virtually all non-linear claims written on the firms equity. These results obtain even in large economies where investors can hold fully diversified portfolios. Third, theory indicates that the differential behavior of stock and option returns to accounting quality is informative about the role that accounting quality plays in determining the firms cost of equity capital. Consistent with the theory, the empirical findings of this study offer compelling evidence that accounting quality is significantly associated with the expected returns of call and put options even if there is no obvious relation to expected equity returns.

PUBLISHED AND FORTHCOMING PAPERS

Accounting papers:

"Dynamic Risk, Accounting-Based Valuation, and Firm Fundamentals." M.R. Lyle, J.L. Callen, and R.J. Elliott

Review of Accounting Studies, Forthcoming.

• Scheduled for publication in December 2013.

Energy Papers:

"A Model for Energy Pricing with Stochastic Emission Costs." R.J. Elliott, H. Miao, and M.R. Lyle *Energy Economics*, 2010, Volume 32, Issue 4. (This journal has an impact factor of 2.344).

• Awarded \$30,000 grant from the Institute for Sustainable Energy, Environment and Economy

"A 'Simple' Hybrid Model for Power Derivatives." M.R. Lyle and R.J. Elliott *Energy Economics*, 2009, Volume 31, Issue 5.

WORKING PAPERS

"The Term Structure of the Implied Costs of Equity Capital." J.L. Callen and M.R. Lyle, 2012. (under review at *The Accounting Review*)

"Cost of Capital Dynamics Implied by Firm Fundamentals." M.R. Lyle and C. Wang, 2012. (Invited for presentation at FARS 2013)

PAPERS IN PREPARATION

"Accounting Data, Market Values, and the Cross-Section of Expected Volatility." J.L. Callen, M.R. Lyle, and C. Wang, 2012.

"Earnings Announcements, Earnings Quality, and Volatility Arbitrage." M.R. Lyle, 2012.

TEACHING

Teaching Interests: Financial statement analysis, financial accounting, and managerial accounting

Course Instructor:

 $\label{lem:accounting} Accounting \ Theory \ and \ Contemporary \ Issues \ in \ Accounting \ (Fourth \ year \ undergraduate \ course)$ York University, Toronto, Ontario, Winter 2011

Overall Instructor Rating: 4.21/5

Teaching Assistant:

 $Financial\ Accounting\ II\ (Core\ MBA\ course),$ Rotman School of Management, Fall 2010, 2011 & 2012

Calculus for Engineers and Scientists, University of Calgary, Fall 2006

PROFESSIONAL EXPERIENCE

Quantitative Associate/NSERC Researcher, Direct Energy, Calgary, Alberta, 2007-2009

• My work consisted of constructing models that link academic research with industry problems to help formulate trading strategies in the energy and emissions markets

Design Engineer, Skyreach Communications, Grande Prairie, Alberta, 2003-2004

• Redesigned hardware configuration and PCB layout for satellite tracking system

INVITED CONFERENCE PRESENTATIONS

Financial Accounting and Reporting Section (FARS) Midyear Meeting, 2012 (two papers) & 2013 Canadian Academic Accounting Association Annual Meeting, 2012 American Accounting Association Annual Meeting, 2012

INVITED CONFERENCE PARTICIPATION

Review of Accounting Studies (RAST) Conference, 2012 Contemporary Accounting Research (CAR) Conference, 2010-2012

RECENT HONORS AND AWARDS

AAA/Grant Thornton Doctoral Dissertation Award, 2012 Canadian Securities Institute Research Foundation Doctoral Award, 2012 AAA/Deloitte/J. Michael Cook Doctoral Consortium Fellow, 2011 Ontario Graduate Scholarship, 2010&2011 Peter J. Irvine Scholarship, 2010&2011 Rotman School of Management Doctoral Fellowship, 2009-2013 NSERC¹ (Doctoral) Scholarship, 2007-2009

PROFESSIONAL SERVICE

Contemporary Accounting Research, Ad-hoc Reviewer, 2012 FARS Midyear Conference, Reviewer, 2011 Canadian Academic Accounting Association Annual Meeting, Reviewer, 2012 American Accounting Association Annual Meeting, Reviewer, 2012

REFERENCES

Jeffrey Callen

Joseph L. Rotman Professor of Accounting Rotman School of Management, University of Toronto, 105 St. George Street, Toronto, ON, M5S 3E6 Email: callen@rotman.utoronto.ca

Phone: 416-946-5641

Partha Mohanram

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John Hull

Maple Financial Chair in Derivatives and Risk Management Rotman School of Management, University of Toronto, 105 St. George Street, Toronto, ON, M5S 3E6 Email: hull@rotman.utoronto.ca Phone: 416-978-8615

Gordon Richardson

KPMG Professor of Accounting Rotman School of Management, University of Toronto, 105 St. George Street, Toronto, ON, M5S 3E6 Email: gordon.richardson@rotman.utoronto.ca Phone: 416-946-8601

¹NSERC is one of the three main research councils in Canada, an award from them is considered highly prestigious