

# BRIAN M. WELLER

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## ACADEMIC EMPLOYMENT

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**Northwestern University, Kellogg School of Management** 2013 – present  
Assistant Professor of Finance

## EDUCATION

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**University of Chicago Booth School of Business and Department of Economics** 2009 – 2013  
Ph.D. in Financial Economics

**University of Chicago Department of Economics** 2009 – 2013  
M.A. in Economics

**Harvard University** 2005 – 2009  
A.B. in Applied Mathematics with Secondary Field in Economics, *magna cum laude*

## RESEARCH INTERESTS

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Asset Pricing, Financial Economics, and Market Microstructure

## PUBLICATIONS

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***“Public Policy and Saving for Retirement: The ‘Autosave’ Features of the Pension Protection Act of 2006”*** with John Beshears, James J. Choi, David Laibson, and Brigitte C. Madrian in *Better Living Through Economics*, 2010.

## WORKING PAPERS

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***“Fast and Slow Liquidity,”*** October 2013

Dispersion in market maker speed, or the ability to update quotes quickly, transforms intermediation by breaking apart immediacy supply (“fast liquidity”) and risk-bearing (“slow liquidity”) functions of market makers. HFT market makers suffer less stale quote risk than do slower market makers and consequently specialize in supplying immediacy to fundamental traders. Slow market makers, by contrast, absorb inventory HFTs seek to retrade to free intermediation capacity. The resulting specialization by speed presents a new picture of intermediation as transferring assets along chains of differentially-fast intermediaries: fast market makers make fast liquidity for fundamental traders by symbiotically consuming slow liquidity from slower market makers to offload inventory risk. Consistent with documented HFT behaviors, the model also generates high HFT turnover, extreme Sharpe ratios, and amplification of order

flow imbalances. I close with a discussion of market maker specialization's implications for social welfare, market stability, and regulatory policy.

***“Intermediation Chains and Specialization by Speed: Evidence from Commodity Futures Markets,”*** May 2013

Using trader-identified transaction data from the Commodity Futures Trading Commission, I show high-frequency market makers provide a different type of liquidity from slow market makers. I empirically document (1) significant differences in counterparties for fast and slow market makers, (2) directed asset flows from fast to slow market makers, (3) long chains of intermediaries separating terminal sellers and buyers, and (4) lower expected profits per trade and volatility of immediacy supply versus risk-bearing roles. These findings offer strong support of distinct “fast” and “slow” liquidity and market maker specialization by speed (Weller (2013b)).

***“Price Transparency and Price Discriminating Noisy Rational Expectations Equilibria,”*** November 2012

I introduce price opacity and market power into the noisy rational expectations equilibrium (NREE) of Grossman and Stiglitz (1980). I characterize the resulting price discriminating noisy rational expectations equilibrium (PD-NREE) and derive analytic expressions for price levels, sensitivity to information, and informativeness. The intermediation mechanism reduces migration of information from informed traders into uninformed trader prices. Price transparency and competition increase the responsiveness of prices to information, but also result in higher average prices for informed market participants. I conclude by mapping the PD-NREE and NREE models to the corporate bond market to evaluate price discovery and distributional consequences of a transaction price dissemination system (TRACE).

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**AWARDS AND GRANTS**

|  |           |
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| Q-Group Research Award                                       | 2013      |
| Donald P. Jacobs Scholarship                                 | 2013      |
| John Leusner Fellowship                                      | 2013      |
| Eugene F. Fama PhD Fellowship                                | 2012-2013 |
| John and Serena Liew PhD Fellowship                          | 2011-2012 |
| Lynde and Harry Bradley Foundation Fellowship                | 2011-2012 |
| Center for Research in Security Prices Summer Research Award | 2010      |
| Phi Beta Kappa   | 2008      |

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**PRESENTATIONS AND DISCUSSIONS**

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| Duke (Fuqua), Harvard Business School (Finance), Northwestern (Kellogg),<br>UCLA (Anderson), University of Pennsylvania (Wharton), USC (Marshall),<br>UT Austin (McCombs), Washington University in St. Louis (Olin) | 2013 |
| Federal Reserve Bank of Chicago, New York University (Stern),<br>Trans-Atlantic Doctoral Conference, University of Chicago (Booth)   | 2012 |

**PROFESSIONAL SERVICE**

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Referee: *Journal of Political Economy*, *Journal of Industrial Economics*, *Review of Financial Studies*

Consulting (unpaid and ad hoc): Commodity Futures Trading Commission, Federal Reserve Bank of Chicago, and United States Department of the Treasury

**PROFESSIONAL EXPERIENCE**

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Commodity Futures Trading Commission,  
Consultant to the Office of the Chief Economist 2011-2012

Paragon Castle Corporation, High Frequency Research Consultant 2009

**October 2013**