

# Jonathan A. Brogaard

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## EDUCATION

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**Northwestern University – Kellogg School of Management** *Evanston, IL* 09/2006 – 07/2011  
Ph.D. in Finance

Job Market Paper Title: **High Frequency Trading and Its Impact on Market Quality**  
Committee Chairs: **Robert Korajczyk and Annette Vissing-Jorgensen**  
Committee Members: **Thomas Brennan and Robert McDonald**

**Northwestern University – School of Law** *Chicago, IL* 09/2006 – 07/2011  
J.D. - emphasis in Corporate and Tax Law

**Occidental College** *Los Angeles, CA* 09/2002 – 05/2006  
B.A. in Economics with Honors  
B.A. in Politics with Honors  
*Summa Cum Laude*

### Professional Certifications

NASAA Series 65 Uniform Investment Adviser Law Certificate 2004

## RESEARCH INTERESTS

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**High-Frequency Trading, Law and Finance, Financial Regulation, Investments,  
Taxation of Financial Products**

## CURRENT RESEARCH PROJECTS:

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### **High Frequency Trading and Its Impact on Market Quality** (Job Market Paper)

In this paper I examine the impact of high frequency trading (HFT) on the U.S. equities market. I analyze a unique dataset to study the strategies utilized by high frequency traders (HFTs), their profitability, and their relationship with characteristics of the overall market, including liquidity, price discovery, and volatility. The 26 HFT firms in the dataset participate in 68.5% of the dollar-volume traded. I find the following key results: (1) HFTs tend to follow a price reversal strategy driven by order imbalances, (2) HFTs earn gross trading profits of approximately \$2.8 billion annually, (3) HFTs do not seem to systematically engage in a non-HFT anticipatory trading strategy, (4) HFTs' strategies are more correlated with each other than are non-HFTs', (5) HFTs' trading levels change only moderately as volatility increases, (6) HFTs add substantially to the price discovery process, (7) HFTs provide the best bid and offer quotes for a significant portion of the trading day and do so strategically so as to avoid informed traders, but provide only one-fourth as much book depth as non-HFTs, and (8) HFTs may dampen intraday volatility. These findings suggest that HFTs' activities are not detrimental to non-HFTs and that HFT tends to improve market quality.

## **The Value of Corporate Governance Disclosure: Evidence from the Swiss Stock Exchange** (Work in Progress)

This paper studies whether investors derive value from mandatory corporate governance disclosure. I analyze investors' valuation of corporate governance disclosure by using Switzerland's 2002 Directive on Corporate Governance Disclosure, which implements a list of new corporate governance disclosure requirements. I find a negative cumulative abnormal return (CAR) for the firms most affected by the Directive. This could mean either that the regulation is valuable but weaker than investors expected, or the regulation is costly and stronger than investors expected. Consistent with the regulation being expected but weaker than anticipated, I find evidence that firms with greater agency problems had larger negative CAR. This suggests that investors value strong corporate governance disclosure as a mechanism to reduce agency problems.

## RESEARCH ASSISTANSHIPS:

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**Kondo, Jiro.** *Paper:* Vagueness as Adjudicator Authority: Theory and Evidence on Contract Vagueness and Enforcement Evaluation

**Korajczyk, Robert.** *Book:* Portfolio Risk Analysis

**McDonald, Robert.** *Book:* Derivative Markets – Undergraduate Edition

**Stowell, David.** *Book:* Investment Banks, Hedge Funds and Private Equity: The New Paradigm – Regulation Sections

**Studenmund, A.H.** *Book:* Using Econometrics: A Practical Guide (5th Edition)

**Tamada, Mike.** *Research:* Occidental College Performance and Analysis Reports

**Vissing-Jorgensen, Annette.** *Paper:* A Re-Examination of the 1934 Securities Exchange Act: New Evidence from the New York Curb Exchange

## TEACHING RESPONSIBILITIES

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**Finance I – MBA (Weekly Review Sessions)**  
Fall 2009

**Fixed Income – MBA and Undergraduate (Weekly Review Sessions)**  
Spring 2010

**Investments – MBA, Part Time MBA, and Undergraduate (Weekly Review Sessions)**  
Winter 2008, Spring 2008, Winter 2009, Spring 2009, Winter 2009, Spring 2010

**Turbo Finance (Advanced Corporate Finance) – MBA, Part Time MBA, and Undergraduate (Weekly Review Sessions)**  
Fall 2007, Winter 2008, Fall 2008, Winter 2009, Fall 2009, Winter 2009, Fall 2010

**Wall Street, Hedge Funds, and Private Equity (LBO) Funds – MBA**  
Spring 2008

## REFERENCES

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**Robert Korajczyk**

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Kellogg School of Management  
Northwestern University  
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**Ravi Jagannathan**

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