Lira Mota

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Appointments

2022 - Present	**Assistant Professor of Finance**, MIT Sloan School of Management
2021 - 2022	Postdoctoral Research Associate, Julis-Rabinowitz Center for Public Policy & Finance at Princeton University

Education

2015 - 2021	PhD in Finance, Columbia Business School, USA *Committee:* Tano Santos (chair), Kent Daniel, Olivier Darmouni, José Scheinkman, Jesse Schreger
2014 - 2016	DSc in Economics, Graduate School of Economics, FGV, Brazil
2011 - 2013	MSc in Economics, Graduate School of Economics, FGV, Brazil
2006 - 2010	Bachelor in International Relations, University of Brasília, Brazil

Research Interest

Financial economics

Research

Publications

1. "Should Information be Sold Separately? Evidence from MiFID II" with Yifeng Guo. *Journal of Financial Economics*. October 2021, 97-126.

   Information production is key to the efficiency of financial markets. Does selling information separately improve its production? We investigate this question using MiFID II, a European regulation that unbundles research from transactions. We show that unbundling causes fewer research analysts to cover a firm. This decrease does not come from small- or mid-cap firms but is concentrated in large firms. Surprisingly, the reduction in analyst coverage is accompanied by a decrease in forecast error. Further analyses suggest that analyst competition enhancement could drive the results: inaccurate analysts drop out and analysts who stay produce more accurate research.

2. "The Cross-Section of Risk and Return" with Kent Daniel, Simon Rottke, and Tano Santos. *Review of Financial Studies*, 33(5), May 2020, 1927-1979.

   A common practice in the finance literature is to create *characteristic portfolios* by sorting on characteristics associated with average returns. We show that the resultant portfolios are likely to capture not only the priced risk associated with the characteristic but also unpriced risk. We develop a procedure to remove this unpriced risk using covariance information estimated from past returns. We apply our methodology to the five Fama-French characteristic portfolios. The squared Sharpe ratio of the optimal combination of the resultant *characteristic-efficient portfolios* is 2.13, compared with 1.17 for the original characteristic portfolios.

Working Papers

3. "The Corporate Supply of (Quasi) Safe Assets"

   Investors value safety services in financial assets, such as the ability to serve as a store of value, to serve as collateral, or to meet mandatory capital and liquidity requirements. I present a model in which investors value safety services not only in traditional safe assets such as US Treasuries, but also in corporate debt. Shareholders thus maximize the value of the firm by complementing standard business operations with safe asset creation. Based on this theoretical framework, I use the CDS-bond basis to derive a measurement of the safety premium of corporate bonds. I document substantial cross sectional variation in the safety premium of corporate bonds, which allows me to test the model's predictions. I show that a high safety premium leads to a marked increase in debt issuance by relatively safer firms. These debt proceeds have a small impact on real investment and are largely used instead for equity payouts. This mechanism can explain why, in the aftermath of the financial crisis, non-financial investment grade companies significantly increased their debt issuance and equity payout while investment remained weak.

4. "The Savings of Corporate Giants " with Olivier Darmouni (Revised, April 2022)

   We construct a novel panel dataset to provide new evidence on how the largest nonfinancial firms manage their financial assets. Our granular data shows that, over the past decade, bond portfolios have grown to be at least as large as cash-like instruments, driven by the meteoric rise of corporate bond holdings. To shed light on the drivers of this growth, we conduct a pair of event studies around the 2017 tax reform and the 2020 liquidity crisis. Our new data suggests that the financial portfolios of corporate giants are primarily driven by cross-border tax incentives rather than liquidity motives.

5. "Short-Selling Restrictions and Returns: a Natural Experiment" with Fernando Barbosa, Marco Bonomo and João Manuel de Mello. **R&R** in *Journal of Empirical Finance* (Revised, February 2020)

   We estimate the causal impact of short-selling restrictions on returns. We take advantage of a unique dataset and exploit a source of exogenous variation in loan fees provided by a tax-arbitrage opportunity that existed in Brazil from 1995 to 2015. The tax-arbitrage opportunity stems from the fact that domestic mutual funds were exempted from income taxes on dividends received by stocks they borrowed, whereas the original owners would be taxed if they did not lend out the stock. Because we observe investors' identity and all equity loan transactions, we can distinguish equity lending motivated by tax-arbitrage from speculative transactions according to the borrower-lender match. We show that the loan fee on tax-motivated transactions is a source of exogenous variation to estimate the causal impact of the loan fee on stock prices. We find that increases in stock loan fees have strong impact on stock prices.

Conference and Seminar Presentations

2022	NBER Summer Institute Capital Markets and the Economy (scheduled), Insper, Princeton Macro Seminar, University of Cambridge
2021	AEA*, Anderson Business School UCLA, Berkeley Haas, BIS, Boston College, Chicago Booth, Columbia Business School, Macro Seminar at Columbia Business School, Darden Virginia University, Duke, EPGE, Federal Reserve of Chicago, Federal Reserve of New York, HEC Paris, Harvard Business School, Hong-Kong University, Kellogg Business School, London Business School, London School of Economics, MIT Sloan, Princeton University, Rice, Said Business School Oxford University, Stern NYU, Stanford Business School, Toronto University, University of British Columbia, University of Hamburg, University of Huston, Univerisity of Iowa, University of Washington, Utah University, Wharton Business School, Yale SOM.
2020	SBE, Macro Finance Research Program of the Becker Friedman Institute Summer Session, AFA poster presentation.
2019	SFS Cavalcade*, EFA*, TCU Finance Conference, SQA Fuzzy Day Conference, poster presentation Diamond-Dybvig 36th Anniversary Conference.
2018	Kepos Capital, New Methods for the Cross Section of Returns Conference, EFA, EEA, AFA*, AQR, Stone Ridge AM, Bloomberg, Barclays.
2017	12th Annual Hedge Fund Conference, Imperial College, London.
2014	VIII Luso-Brazilian Finance Meeting, Vale do Douro.

Discussions

2022	Cavalcade, *"Institutional Corporate Bond Pricing"*, by Bretscher, Schmid, Sen and Sharma
	UNC Junior Finance Roundtable, *"Discount Rates: Measurement and Implications for Investment"*, by Gormsen and Huber
2021	EFA, *"Quantitative Easing and the Safe Asset Illusion"*, by Bechtel, Eisenschmidt, Ranaldo and Ventula
2020	Dauphine Finance PhD Workshop, *"Unbundling Research and Brokerage: Implications on Information Acquisition and Welfare"*, by Zhao and Zhao.

Referee

Journal of Banking and Finance, Journal of Financial Econometrics, Journal of Financial Economics, Management Science, Review of Economic Dynamics, The Review of Economic Studies, and Review of Financial Studies.

Distinctions and Awards

2021	AQR Top Finance Graduate Award
	Best Paper Award at Copenhagen Macro Days Conference for *"The Corporate Supply of (Quasi) Safe Assets"*
2015	Brazilian Econometric Society best paper award in Finance for *"Short-Selling Restrictions and Returns: a Natural Experiment"*
2014	Anbima Prize of Capital Markets for best Brazilian Ph.D. thesis project in finance

Grants

2021	Arora-Naldi Fellowship for job market candidate
2020	Chazen Research Grant for promising research projects that have implications for global business and the economy (second time)
2019	Deming Doctoral Fellowship to support research projects in partnership with a company
	Chazen Research Grant for promising research projects that have implications for global business and the economy
2017	AFA Student Travel Grant
2016	Paul and Sandra Montrone Doctoral Fellowship
2015 - 2020	Doctoral Fellowship, Columbia Business School
2012 - 2016	CAPES Fellowship for DSc. Program in Economics
2013 - 2014	National Institute of Science and Technology Education Development and Social Inclusion grant
	CAPES Fellowship for Master's Program in Economics

Workshops and Summer Schools

2019	Mitsui Center Summer School in Structural Estimation
2018	Summer Workshop in Financial Economics of Insurance, Princeton University
2017	Wells Fargo Summer School in Liquidity in Financial Markets and Institutions
2017	Summer School in Behavioral Finance at Yale University

Teaching Experience

2019 - 2020 **Columbia Business School Teaching Positions:**

- Big Data in Finance, PhD course, Spring 2019 and Spring 2020 (2.5 lectures)
- Python Bootcamp, MS and PhD course, Summer 2019 and Summer 2020

2017 - 2019 **Columbia Business School TA Positions:**

- Intensive Applied-Research Course (MS), Prof. Malia Mason
- Activist Investing (MBA), Prof. Wei Jiang
- FinTech (MBA and EMBA), Prof. Stephen Zeldes
- Capital Markets & Investments (MBA), Prof. Kent Daniel and Paul Tetlock
- Behavioral Finance (PhD), Prof. Kent Daniel (two times)

2012 - 2013 **EPGE/FGV TA positions:**

- Math Principles (MS)
- Econometrics (MS)
- Investments II (MS)

Professional Experience

2016 Research Assistant for Prof. Olivier Darmouni at Columbia University

2014 Research Assistant for Prof. Kent Daniel and Prof. Tano Santos at Columbia University

2012 - 2013 Research Consultant at BM&FBovespa Brazilian Stock and Derivatives Exchange

2010 Project Assistant at National Confederation of Industry, Brazil

2010 Internship at Brazilian Development Bank (BNDES)

Languages

Portuguese (Native), English (Fluent), Italian (Intermediate), Spanish (Intermediate).

Computer Skills

Python, R, MySQL, Git, Matlab, Office.