

# Tomy Lee

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## EMPLOYMENT

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**Central European University**, Budapest, Hungary  
Assistant Professor of Finance Current

## EDUCATION

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**University of Toronto**, ON, Canada  
PhD in Economics 2013—Current

**University of Toronto**, ON, Canada  
MA in Economics 2012—2013

**Brock University**, ON, Canada  
BA in Economics 2008—2012

## RESEARCH INTERESTS

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Over-the-Counter Markets, Information and Learning in Financial Markets, Applied Theory

## JOB MARKET PAPER

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### “**Why Trade Over-the-Counter? When Investors Want Price Discrimination**”

(with [Chaojun Wang](#))

*Forthcoming presentation — 2018: ASSA (by Chaojun)*

Despite the availability of low-cost exchanges, over-the-counter (OTC) trading is pervasive for most assets. We explain the prevalence of OTC trading using a model of adverse selection, in which informed and uninformed investors choose to trade over-the-counter or on an exchange. OTC dealers’ ability to price discriminate allows them to imperfectly cream-skim the uninformed investors from the exchange. Assets with lower adverse selection risk are predicted to have a higher share of trades executed over-the-counter, as observed in practice. Having an OTC market can reduce welfare while increasing total trade volume and decreasing average bid-ask spread. Specifically, for assets that are mostly traded over-the-counter (such as swaps and bonds), having the OTC market actually harms welfare. Our results justify recent policies that seek to end OTC trading in such assets.

## WORKING PAPER

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### “**Latency in Fragmented Markets**”

*Presented — 2016: CIREQ, CEA, Dauphine, ECOMFIN, ARM, APAD (Runner-up, Best Paper), NFA*

I examine the impact of cross-venue latency on market quality using a model of informed trader competition in a fragmented market. As cross-venue latency decreases, liquidity and price discovery improve while the profits of informed traders decline. Moreover, one venue’s latency imposes potentially negative spillovers on other venues. My results provide testable predictions about the effects of changes to one venue’s latency on liquidity at other venues.

## WORK IN PROGRESS

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### “**Sticking to One: Trading Relationships in Over-the-Counter Markets**”

(with [Liyan Yang](#))

Over-the-counter (OTC) trading is relationship based, in which investors trade exclusively with a few dealers. This exclusivity in OTC trading relationships is typically viewed as an inefficient outcome of limited competition. Using a model of endogenous learning, we show to the contrary that exclusive trading relationships can arise as a competitive outcome. Moreover, exclusivity in trading relationships increases both liquidity and price discovery in OTC markets.

## PRESENTATIONS

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2017 — University of Toronto (*scheduled*)

2016 — CIREQ (McGill University), CEA (University of Ottawa), Dauphine (Paris), ECOMFIN (ESSEC), ARM (NUS, Singapore), APAD (Korea), NFA (Quebec)

2015 — University of Toronto

## HONORS AND AWARDS

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SSHRC Doctoral Fellowship	2017—Current
University of Toronto Doctoral Fellowship	2013—Current
SSHRC Graduate Scholarship	2012—2013
Brock University Distinguished Graduate Award	2012
Brock University Entrance Scholarship	2008—2012

## TEACHING

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<i>Instructor</i>		<b>University of Toronto, ON, Canada</b>
Corporate Finance	2017	
<i>Teaching Assistant</i>		<b>University of Toronto, ON, Canada</b>
Topics in Finance (FinTech)	2017	
Market Microstructure	2016, 2017	
Corporate Finance	2016, 2017	
Financial Econometrics (graduate)	2016	
Business Finance (graduate)	2015, 2016	
Asset Pricing	2015, 2016	

## ADDITIONAL INFORMATION

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*Citizenship:* Canadian

*Languages:* English (native), Korean (native)

## REFERENCES

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### **Jordi Mondria**

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University of Toronto  
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