

Accepted Manuscript

Contracting to compete for flows

Jason Roderick Donaldson, Giorgia Piacentino

PII: S0022-0531(17)30105-9
DOI: <https://doi.org/10.1016/j.jet.2017.10.003>
Reference: YJETH 4702

To appear in: *Journal of Economic Theory*

Received date: 1 January 2017
Revised date: 8 October 2017
Accepted date: 12 October 2017

Please cite this article in press as: Donaldson, J.R., Piacentino, G. Contracting to compete for flows. *J. Econ. Theory* (2017), <https://doi.org/10.1016/j.jet.2017.10.003>

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.



CONTRACTING TO COMPETE FOR FLOWS*

Jason Roderick Donaldson[†] Giorgia Piacentino[‡]

October 23, 2017

Abstract

We present a model in which asset managers design their contracts to attract flows of investor capital. We find that they make their contracts depend on public information, e.g. credit ratings or benchmark indices, as a way to attract flows, rather than as a way to mitigate incentive problems, as has been emphasized in the literature. Unfortunately, asset managers' competition for flows triggers a race to the bottom: asset managers use public information in their contracts even though it is socially inefficient. This inefficiency arises because contracting on public information prevents risk sharing.

*For helpful comments, we thank two anonymous referees, Ron Anderson, Vladimir Asriyan, Ulf Axelson, the late Sudipto Bhattacharya, Bruno Biais, Max Bruche, Mike Burkart, Jon Danielsson, Phil Dybvig, Alex Edmans, Daniel Ferreira, Stéphane Guibaud, Jamie McAndrews, Alan Morrison, Francesco Nava, Paul Pfleiderer, Uday Rajan, Brian Rogers, Joel Shapiro, Balazs Szentes, Laura Veldkamp (the editor), Jonathan Weinstein, Lucy White, Wei Xiong, Kostas Zachariadis, Jean-Pierre Zigrand and audiences at the London School of Economics, the 2014 FIRS conference, the 2014 NBER Summer Institute on the Economics of Credit Rating Agencies, the London Financial Intermediation Theory Network, the 2014 Summer Meeting of the EEA, and Washington University in St Louis.

[†]Washington University in St Louis; jasonrdonaldson@gmail.com.

[‡]Columbia University and CEPR; g.piacentino@gsb.columbia.edu.

متن کامل مقاله

دریافت فوری ←

ISIArticles

مرجع مقالات تخصصی ایران

- ✓ امکان دانلود نسخه تمام متن مقالات انگلیسی
- ✓ امکان دانلود نسخه ترجمه شده مقالات
- ✓ پذیرش سفارش ترجمه تخصصی
- ✓ امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
- ✓ امکان دانلود رایگان ۲ صفحه اول هر مقاله
- ✓ امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
- ✓ دانلود فوری مقاله پس از پرداخت آنلاین
- ✓ پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات