Sébastien Plante

Contact Information

Finance Department
The Wharton School
3620 Locust Walk
Philadelphia, PA 19104

Phone: 215-960-1775
splante@wharton.upenn.edu
https://fnce.wharton.upenn.edu/profile/splante/
Citizenship: Canada

Education

The Wharton School, University of Pennsylvania

Ph.D. in Finance, September 2012 - present

Laval University, Canada

M.Sc. in Financial Engineering, September 2009 - December 2011

Laval University, Canada

B.Sc. in Mathematical Economics, September 2007 - May 2009

Research Interests

Microstructure, Credit Markets, Liquidity, Corporate Finance

Working Papers

Should Corporate Bond Trading be Centralized? (Job Market Paper)
- BlackRock Applied Research Award Finalist

Financial Development, Growth, and the Political Economy of Shareholder Protection
- John Hodges PhD Prize in Finance for the best second-year paper

Work in Progress

Debt Overhang in Distress Times: Evidence from the 1935 Abrogation of Gold Clauses
(with Joao Gomes and Mete Kilic)

Teaching Assistantships

The Wharton School, University of Pennsylvania

FNCE 239/739 – Behavioral Finance for Nick Roussanov (Spring 2015)

FNCE 393/893 – Global Monetary and Financial Institutions for Zvi Eckstein (Fall 2015)

FNCE 612 – Accelerated Corporate Finance for Ronen Israel (Fall 2015)

FNCE 612 – Accelerated Corporate Finance for Simon Gervais (Fall 2014)

Conference Attendance

9th Macro Finance Workshop (Chicago, IL; 2017)

6th Macro Finance Workshop (Philadelphia, PA; 2015)

Liquidity and Financial Fragility Conference (Philadelphia, PA; 2015, 2014)

Honors and Awards

University of Pennsylvania

Dean's Fellowship for Distinguished Merit (2012–2016)

John Hodges PhD Prize in Finance (2015)

Jacobs Levy Equity Management Center Research Grant (2016, 2017)

The Rodney L. White Center for Financial Research (2017)

Canadian Grants

IFM2 PhD Grant (2012–2015)

FQRSC PhD Grant (2015–2017)

Referee Service

Economics Letters

Languages

English (fluent), French (native)

References

Joao Gomes (Chair)
Howard Butcher III Professor of Finance
The Wharton School
University of Pennsylvania
Phone: 215-898-3666
Email: gomesj@wharton.upenn.edu

Itay Goldstein
Joel S. Ehrenkranz Family Professor
The Wharton School
University of Pennsylvania
Phone: 215-746-0499
Email: itayg@wharton.upenn.edu

Nick Roussanov
Moise Y. Safra Associate Professor of Finance
The Wharton School
University of Pennsylvania
Phone: 215-746-0004
Email: nroussan@wharton.upenn.edu

Research abstracts

Should Corporate Bond Trading Be Centralized? (Job Market Paper)

This paper shows that centralizing the US corporate bond market would yield large gains in efficiency. By studying two markets where corporate bonds are successfully traded on central limit order books, I estimate that the transaction costs of US corporate bonds would decrease by 70% on average if trading migrated from over-the-counter markets to limit order markets. To study the social value of reforming the corporate bond market, I build a parsimonious model of centralized and decentralized trading. The model implies that the optimal market structure can be determined by appropriately scaling the transaction costs associated with each market structure. Estimating the scaling factors reveals that a centralized market structure would be optimal for 91% of the bonds studied. For the average bond, moving to limit order markets would generate a social surplus equal to 1.28% of total par value. Large bond issues with low credit ratings and long time to maturity would benefit the most.

Financial Development, Growth, and the Political Economy of Shareholder Protection

Given the well documented benefits of protecting outside investors, why are poor countries lagging behind in terms of their governance standards? Focusing on shareholder protection, I build a model proposing two complementary explanations. First, I show that the welfare maximizing level of shareholder protection is lower in poor countries. Improving shareholder protection not only expands public firms' risk sharing possibilities but also imposes an additional compliance burden, leading smaller firms to go private. The later effect hinders financial development the most in poor countries. Second, I show that improving shareholder protection induces a transfer of wealth from the poor to the rich, creating political opposition to investor protection reforms. These reforms become politically viable only above some threshold of economic development.

Debt Overhang in Distress Times: Evidence from the 1935 Abrogation of Gold Clauses
(with Joao Gomes and Mete Kilic)

Financial theory has long established that debt overhang can distort corporate decisions in many ways, such as foregoing profitable investment or the diversion of firm cash-flows. Despite clear theoretical predictions, quantifying the empirical relevance of debt overhang has proven more difficult, for at least two reasons. Many empirical studies either rely on variations in leverage that are unlikely to be exogenous, or use empirical settings that identify very local effects. In this paper, we overcome these two limitations by studying the 1935 supreme court decision to uphold the abrogation of gold indexation clauses in private contracts. Had the divided court (5-4) instead ruled against the abrogation, the debt burden of a large fraction of corporate borrowers would have increased by 69%. We use this setting to investigate how changes in expected future leverage affect firm decisions.