

**STEWART MAYHEW**  
**Principal**

**Cornerstone Research**

1919 Pennsylvania Avenue, N.W. Suite 600 • Washington, D.C. 20006  
202.912.8960 • fax 202.912.8999  
[smayhew@cornerstone.com](mailto:smayhew@cornerstone.com)

**ACADEMIC BACKGROUND**

1996      **University of California, Berkeley**      Berkeley, California  
            **Walter A. Haas School of Business**  
            *Ph.D., Finance*

**Brigham Young University**      Provo, Utah  
1992      *M.S., Applied Economics*  
1991      *B.S., Economics*

**PROFESSIONAL EXPERIENCE**

**Cornerstone Research, Inc.**      Washington, D.C.  
2012-Present      *Principal*  
2010-2012      *Senior Economist*  
            Provides economic and financial consulting services and analysis in connection with litigation and regulatory investigations. Specializes in complex litigation involving financial institutions, securities, mutual funds, stock exchanges, investment advisors, broker dealers, derivative securities, and structured products. Experience includes cases involving allegations of securities fraud, market manipulation, violations of fiduciary obligations, and broker-dealer suitability standards. Experience with directing complex cases involving multiple experts.

**University of Maryland, Robert H. Smith School of Business**      College Park, MD  
2012-Present      *Adjunct Faculty*  
            Taught Masters-level course in derivative securities.

**U.S. Securities and Exchange Commission**      Washington, D.C.  
2008-2010      *Deputy Chief Economist (Senior Officer)*  
2004-2008      *Assistant Chief Economist*  
2002-2004      *Visiting Academic Scholar*  
            Supervised teams of PhD financial economists. Provided economic analysis and support for SEC Divisions of Trading and Markets, Investment Management, Corporation Finance, and Enforcement, and the Office of Compliance Inspections and Examinations. Worked on examinations and enforcement matters related to market manipulation, insider trading, derivative security valuation, mutual fund market timing/late trading, option backdating, churning, front-running, best execution, and other areas. Worked on rulemaking projects in areas including market structure, short selling, option trading,

regulation of broker dealers, clearing and settlement, securities lending, credit rating agencies, investment advisors, hedge funds, mutual funds, exchange-traded funds, asset-backed securities, municipal bonds, option expensing, and proxy voting.

- 2000-2004 **University of Georgia, Terry College of Business** Athens, GA  
*Assistant Professor*  
Taught courses in Mathematical Finance (PhD), Advanced Speculative Markets (MBA), Financial Engineering (MBA), Derivative Securities (undergraduate), Investments (undergraduate)
- 1996-1999 **Purdue University, Krannert School of Management** West Lafayette, IN  
*Assistant Professor*  
Taught Investments Seminar (PhD), Options and Futures (MBA), Investment Management (undergraduate). Helped organize interdisciplinary program in computational finance.
- 1993-1996 **Berkeley Options Database** Berkeley, CA  
*Database Manager*
- 1995-1996 **Financial Engineering Associates** Berkeley, CA  
*Financial Engineer*  
Consultant for financial engineering problems and valuation of fixed-income derivatives.

## **PUBLICATIONS**

Ex-dividend Arbitrage in Option Markets, **Review of Financial Studies**, v23 n1 (January 2010): 271-303. (with J. Hao and A. Kalay)

Microstructural Biases in Empirical Tests of Option Pricing Models, **Review of Derivatives Research**, v12 n3 (October 2009): 169-191. (with P. Dennis)

Option Strategies, in “Financial Derivatives: Pricing and Risk Management,” Robert Kolb and James Overdahl, eds. Wiley-Blackwell Publishers, 2009.

Stock Returns, Implied Volatility Innovations, and the Asymmetric Volatility Phenomenon **Journal of Financial and Quantitative Analysis**, v41 n2 (June 2006): 381-406. (with P. Dennis and C. Stivers)

Informed Trading in Stock and Option Markets, **Journal of Finance**, v59 n3 (June 2004): 1235-1259. (with S. Chakravarty and H. Gulen)

How Do Exchanges Select Stocks for Option Listing? **Journal of Finance**, v59 n1 (February 2004): 447-471. (with V. Mihov)

Stock Return Dynamics, Option Volume, and the Information Content of Implied Volatility **Journal of Futures Markets**, v23 n7 (July 2003): 615-646. (with C. Stivers)

Risk-Neutral Skewness: Evidence from Stock Options **Journal of Financial and Quantitative Analysis** v37 n3 (September 2002): 471-493. (with P. Dennis)

**PUBLICATIONS (continued)**

Competition, Market Structure and Bid-Ask Spreads in Stock Option Markets, **Journal of Finance** v57 n2 (April 2002): 931-958. [Reprinted in *Financial Markets*, Jeff Madura, editor, SAGE Library in Business and Management, Sage publications, 2004.]

The Dynamics of International Stock Index Returns, **Research in Banking and Finance** v1 (2000): 219-230. (with H. Gulen)

Stock Index Futures Trading and Volatility in International Equity Markets. **Journal of Futures Markets** v20 n7 (August 2000): 661-685. (with Huseyin Gulen)

The Allocation of Informed Trading Across Related Markets: An Analysis of the Impact of Changes in Equity-Option Margin Requirements **Journal of Finance** v50 n5 (December 1995): 1635-1653. (with A. Sarin and K. Shastri)

Implied Volatility, **Financial Analysts Journal**, v51 n4, (July/Aug 1995): 8-20.

The Political Economy of Early Federal Reclamation in the West, in “The Political Economy of the American West,” Anderson and Hill, eds., Rowman and Littlefield, 1994. (with B. D. Gardner)

**WORKING PAPERS**

The Information Content of NYSE Equity Prices and Closing Imbalances  
(with D. T. McCormick and C. Spatt)

Equity Trading and the Allocation of Market Data Revenue (with C. Caglio)

Short Sale Constraints, Overvaluation, and the Introduction of Options (with V. Mihov)

Market Fragmentation Metrics (with L. Harris)

**PRESENTATIONS**

“Market microstructure: An overview”

U.S. Senate Committee on Banking, Housing, and Urban Affairs Staff, 2010

“Economics of central clearing and exchange trading of security-based swaps”

SEC Division of Trading and Markets training seminar, 2010

“Black Scholes option pricing” and “Valuation of retail structured products”

SEC Enforcement Division, Structured and New Product Unit training seminar, 2010

“Regulation and risk management of new products,” “Index linked notes,” and 3 other presentations

APEC Financial Regulators Training Initiative, Shanghai, 2010

“Economics of securitization and the 2008 financial crisis”

SEC Graduate program, 2010

**PRESENTATIONS (continued)**

“Market Microstructure for Emerging Markets” and “Market Manipulation”

SEC International Institute for Securities Market Development, 2008

“Securities market regulation in a world of derivative securities”

SEC International Enforcement Institute, 2006

“Conflicts of interest for market intermediaries”

Council of Securities Regulators of the Americas (COSRA), 2006

SEC International Institute for Securities Market Development, 2006

“Market surveillance: theory, design, and execution,” “Market Manipulation,” and other presentations

SEC Market Oversight/Enforcement training program, Quito, 2006

SEC Market Oversight/Enforcement training program, Mumbai, 2005

Research papers presented on program at 25 conferences between 1996 and 2010 including:

- American Finance Association (4 papers)
- Western Finance Association (3 papers)
- European Finance Association (3 papers)
- Financial Management Association (3 papers)
- NBER Microstructure Conference
- Vanderbilt Financial Markets Conference
- Cornell/Queens Conference on Derivative Securities
- Q Group Conference
- Chicago Board of Trade Research Symposium

Research presented at 47 seminars at universities and other research organizations