

**Capital Markets Board of Turkey  
in cooperation with  
Bilkent University  
jointly present  
the Financial Seminar Series**

**April 8<sup>th</sup> 2011, Ankara**

**Associate Professor, Nadia Massoud,  
York University**

**Speaking on  
'Should Short Selling of Financial Firm Stocks  
be Restricted during a Financial Crisis?'**

**Dr. Nadia Massoud,**

Dr. Nadia Massoud is an Associate Professor of Finance at the Schulich School of Business, York University in Toronto. Massoud earned her Ph.D. from Queen's University and her Master of Economics from the Waterloo University. Massoud has extensively conducted researched in the areas of Financial Intermediation, Corporate Finance, Corporate Governance and Market Microstructure. She has published in major academic journals such as the Review of Financial Studies, Journal of Finance, Journal of Financial and Quantitative Analysis and Rand Journal of Economics. Her research has won several prestigious awards and grants including Social Sciences and Humanities Research Council, SSHRC, Canada.

**Abstract**

The short selling of financial company stocks around the time of the SEC September 2008 short-selling ban is investigated. More specifically, an examination is made on whether this short selling was purely speculative or whether it was driven by rational responses to a financial company's risk exposure, in particular its holdings of risky assets such as subprime related mortgages and its overall credit risk exposure. Results show that during the crisis period the short-selling of financial firms' stocks was not significantly greater than that of non-financial firms, after controlling for firm size and risk. More importantly, results show that short sellers sold short those financial company stocks with the greatest asset and insolvency risk exposures. This finding has important implications regarding short sale bans, since it suggests that such a regulation may mute the disciplining effects of investors on those financial companies with the greatest risk exposures and would be contrary to the intentions of bank regulators who have emphasized an increased reliance on market discipline.

This result can also be seen as a counterweight to any perceived macro or systemic risk reduction benefits resulting from such a ban.

**Venue:** Capital Markets Board of Turkey  
Kare Oda- Makam Katı.

**Date:** April 8<sup>th</sup> 2011

**Time:** 14:00hrs - 15:00hrs Seminar  
15:00hrs – 15:30hrs Questions & Answers Session  
15:30hrs – 16:00hrs Reception

**RSVP:** Sedef Baran Gurbuz [sedef.baran@spk.gov.tr](mailto:sedef.baran@spk.gov.tr)

Dr. Bařak Tanyeri [basak@bilkent.edu.tr](mailto:basak@bilkent.edu.tr)

***The seminar shall be conducted in English.***