

# MICHAEL A. KELLY

## EDUCATION

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- 1988 – 1992 Cornell University Ithaca, NY  
*M.A. & Ph.D. in Economics*  
Dissertation, “Essays in Intertemporal Economics.”  
Distinction in Macroeconomics.  
Fields of Study: Industrial Organization, Monetary Theory, Microeconomics Theory, and Natural Resource Economics.
- 1982 – 1986 Harvard University Cambridge, MA  
*A.B. in Economics cum laude*
- 2008 – CFA Charterholder

## PROFESSIONAL EXPERIENCE

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- 2005 – Lafayette College Easton, PA  
*Associate Professor (Fall 2012 – )*  
Teach Corporate Finance/Introduction to Finance, Investments, Futures & Options, Causes of Financial Crises, Financial Markets, Principles of Economics, and Microeconomics.  
*Assistant Professor (Fall 2005 – Spring 2012)*  
*Visiting Assistant Professor (Spring 2005)*
- 1998 – 2004 Onyx Capital Management, LLC New York, NY  
*Founding Partner*  
Founded, with four partners, a hedge fund focused on derivatives arbitrage and equity relative value. Involved in all aspects of building the business (creation of firm infrastructure, risk management, systems-building, and capital-raising) as well as portfolio construction.  
Built the US & European convertible and statistical arbitrage portfolios.  
Volatility arbitrage portfolio based upon Michael’s research on dispersion.
- 1986 – 1998 JP Morgan & Co. New York, NY  
*Vice President*  
Produced, published and directed the firm’s research regarding convertible securities and derivative trade strategies. (1992 – 1998)  
Published and quoted in the Wall Street Journal, RISK magazine and Barron's on the relationship between index volatility and single stock volatility.  
Designed curriculum and taught equity derivatives section of JP Morgan training program. (1992 – 1998)  
Developed JP Morgan's Emerging Markets Bond Index, EMBI. (1992)  
Equity analyst assistant for energy and capital goods firms. (1986 – 1988)

## COMMUNITY INVOLVEMENT

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2017 – 2019     The Council on Local Mandates     Trenton, NJ  
*Council Member*

I was appointed by Assembly Minority Leader John Bramnick. The Council on Local Mandates has the exclusive constitutional authority to rule that a State law, rule, or regulation imposes an unconstitutional "unfunded mandate" on boards of education, counties, or municipalities. Under the Constitution, if the Council so rules, the "unfunded mandate" in the law, rule or regulation ceases to be mandatory in effect and "expires."

2008 – 2013     Somerset County Energy Council     Somerset County, NJ  
*Vice Chair*

The first formal energy council in New Jersey which recommends alternative energy opportunities, sustainable energy initiatives, and strategies that reduce energy demand to the county freeholders. Implemented energy audit program for municipalities and school districts. Advised on a "solar initiative" which allowed municipalities and school boards to install solar arrays while taking advantage of federal tax benefits. Advised Freeholders on energy efficiency for a new \$20 million social services building.

2007 – 2021     KMS Farmstead/Farmstead Arts     Basking Ridge, NJ  
*Trustee*

Farmstead Arts is an historic site dating back to before the Revolutionary War. The 1700's farmhouse and barn are now home to a center for fine, performing and practical arts in Basking Ridge, NJ. Farmstead Arts offers art classes, workshops, art exhibits, theater and concerts. Local artists utilize the rooms in the historic house for individual studio space.

## AWARDS

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May 2017     James E. Lennertz Prize for Exceptional Teaching and Mentoring

## CONSULTING

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2006     International Securities Exchange     New York, NY

Evaluated the feasibility of and requirements for the development of a listed credit default swap product.

## PEER-REVIEWED ARTICLES

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"Faster Implied Volatilities via the Implicit Function Theorem," *The Financial Review*, **41**, 4, 2006, 589-97.

"The Role of the Constant Recovery Assumption in the Subprime Bubble," *Journal of Alternative Investments*, **13**, 1, Summer 2010, 30-40 (with Donald R. Chambers and Qin Lu).

"Trend of Subjects Published in Economics Journals 1969-2007," *Economic Inquiry*, **49**, 3, 2011, 658-673 (with Stephen Bruestle).

“Returns in Trading versus Non-trading Hours: The Difference is Day and Night,” *Journal of Asset Management*, **12**, 2, 2011, 132-45 (with Steven P. Clark).

“CDO Squareds: the Case of Subprime Mortgages,” *Journal of Structured Finance*, **17**, 2, Summer 2011, 96-133 (with Donald R. Chambers, Qin Lu, Adam Biesenbach, Angela King, Kuni Natsuki, and Qi Sun).

“Capital Gains Taxation and Equity Returns: The Case of Mutual Savings Banks,” *Journal of Business Finance & Accounting*, **39**, 5-6, 2012, 785-805. (with Donald R. Chambers and Xin Wu).

“Understanding the Estimation Risks of Value at Risk,” *Journal of Alternative Investments*, **16**, 3, Winter 2014, 64-85 (with Donald R. Chambers and Qin Lu).

#### WORKING PAPERS

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“Pass/Fail Grading During the Corona Virus as a Real Option,” under review (with Steve Swidler)

“Non-Linear Asset Returns: Overnight Returns as a Market Timing Strategy”

#### OTHER PUBLICATIONS

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“Stock Answer,” *Risk Magazine* **8**, Summer 1994, 40-43. First discussion of dispersion trading.

“Forward Rate Agreements” and “Financial Forward and Futures Contracts,” 1997, in Controlling and Managing Interest-Rate Risk, A. Cornyn, R. Klein, and J. Lederman. ed., 131-39.

CAIA Notes: Prerequisite Materials, Institutional Investor Exam Prep, 2007.

#### CONFERENCE PRESENTATIONS

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"Returns in Trading versus non-Trading Hours: The Difference is Day and Night," Eastern Finance Association, April 2007.

"Returns in Trading versus non-Trading Hours: The Difference is Day and Night," Midwestern Finance Association, May 2007.

“Trend of Subjects Published in Economics Journals 1969-2007,” Eastern Economic Association, February 2008.

“Were ABS-CDOs Rated Reasonably?” NABET, October 2010.

“Changes in the Cross-Sectoral Synchronization of Shocks and the Great Moderation,” Eastern Economic Association, February 2012.

“Pass/Fail Grading During the Corona Virus as a Real Option,” Academy of Behavioral Finance & Economics Conference, September 2021.

#### JOURNALS REFEREED

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Journal of Banking & Finance, Eastern Economic Journal, Economics e-Journal, Journal of Economics and Business, Journal of Economic Education, Quantitative Finance, Southern Economics Journal, and Columbia University Press.

UNPUBLISHED DISSERTATION PAPERS

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“Leasing As a Solution to the Akerlof ‘Lemons’ Problem,” Ph.D. Dissertation, Dept. of Economics, Cornell University, 1992. This paper was cited in M. Waldman and J. Johnson, “Leasing, Lemons, and Buybacks,” *Rand Journal of Economics* **34** (2003), 247-265.

“Does Gramm-Rudman Matter?” Working Paper 91-19, Center for Analytic Economics, Cornell University, 1991. This paper was cited in C. Ghiglino and K. Shell, “The Economic Effects of Restrictions on Government Budget Deficits,” *Journal of Economic Theory* **94** (2000), 106-137 and cited in E. O’N Fisher, “A New Way of Thinking about the Current Account,” *International Economic Review* **36** (1995), 555-568.