Sample of PhD dissertation English editing

Field of research: Finance – trading and securities

Introduction

Microstructure research has mainly focused on the transaction mechanics in the financial market all the time. In recent years, scholars have been mainly concerned about such issues, such as liquidity and asymmetric information. Nowadays, people generally accept the concept of the influence of liquidity on the asset-pricing (Amihud and Mendelson (1986); Acharya (2005)), but the sources of the liquidity which influences the asset pricing have always been ambiguous. However, the liquidity of stocks partly originate from the information asymmetry. There are some supports on the side of asset-pricing that it is affected by the information asymmetry. The asymmetric information describes when some traders having private information and using it to profit. Today, corporations separate their rights into management rights and proprietary rights, with the managers in charge of the operation of the firm, and resulting in the information asymmetries between managers and investors. Beaver (1998) divided the information asymmetries into two parts: one being the asymmetric information between investors, and the other being between investors and managers of the firm. However, the existence of the informed trading or insider trading will interfere with the efficiency and the fairness of the securities market, and harm the liquidity of the capital market. Therefore, the discussion and comprehension of the information asymmetry are very crucial issues for not only for general investors, but also financial institutions.

In the past, scholars have wanted to know the scale of the asymmetric information, thus focusing on finding the measure of information asymmetries. The most notable is a series of papers of Easley and O’Hara. They created a quantifiable measurement of asymmetric information, being the called probability of informed trading (PIN) in Easley et al. (1996). Before the presentence of PIN, researchers
have always used the spread as the indirect measurement of informed trading because of the difficulty of observing the informed trading. In addressing When—the PIN—is addressed, a group of scholars have presented different models of the PIN in auction markets (Handa et al. (1997)). After Since then that, PIN has been generally regarded as the measurement of informed trading. Besides In addition, Easley et al. (1997) showed that the PIN measure is useful in explaining the asset returns, and even Aslan et al. (2008) suggested that there existed the evidences of the relationship between PIN and other firm’s characteristics related to information asymmetry.

**Final text**

**Introduction**

Microstructure research has mainly focused on transaction mechanics in the financial market. In recent years, scholars have been mainly concerned about such issues as liquidity and asymmetric information. Nowadays, people generally accept the concept of the influence of liquidity on asset-pricing (Amihud and Mendelson (1986); Acharya (2005)), but the sources of liquidity which influences asset pricing have always been ambiguous. However, the liquidity of stocks partly originate from the information asymmetry. There is some support on the side of asset-pricing that it is affected by information asymmetry. The asymmetric information describes when some traders have private information and use it to profit. Today, corporations separate their rights into management rights and proprietary rights, with the managers in charge of the operation of the firm, and resulting in the information asymmetries between management and investors. Beaver (1998) divided the information asymmetries into two parts: one being the asymmetric information between investors, and the other being between investors and managers of the firm. However, the existence of informed trading or insider trading will interfere with the efficiency and fairness of the securities market, and harm the liquidity of the capital market. Therefore, the discussion and comprehension of information asymmetry are crucial issues not
only for general investors, but also financial institutions.

In the past, scholars investing microstructure have wanted to determine the scale of the asymmetric information, thus focusing on determining the measure of information asymmetries. The most notable is a series of papers of Easley and O’Hara. They created a quantifiable measurement of asymmetric information, being the probability of informed trading (PIN) in Easley et al. (1996). Before the presentence of PIN, researchers have always used the spread as the indirect measurement of informed trading because of the difficulty of observing informed trading. In addressing the PIN, scholars have presented different models of the PIN in auction markets (Handa et al. (1997)). Since then, PIN has been generally regarded as the measurement of informed trading. In addition, Easley et al. (1997) showed that the PIN measure is useful in explaining asset returns, and even Aslan et al. (2008) suggested that there existed evidence of the relationship between PIN and other firm’s characteristics related to information asymmetry.