Review of grant proposal:

IPO Underpricing in an Era of Asset Manager Capitalism: Theory, Evidence, and Policy

This is a strongly constructed and well-crafted proposal that shows focus and expertise. Most of my comments are at a detailed level in the document itself, but I do have a few general points:

I’m concerned about the appearance of bias. You seem already convinced that collusion has taken place among the Big Three, and maybe more widely, and while your methodology to test this as a hypothesis is sensible and well constructed, there are places where you seem ready to extrapolate statistical effects to the strongest possible conclusions. I’ve suggested some softening of language because a) if it feels like you already know what you’re going to find (even though you may well be right), a referee might wonder how scientifically objective you would be about the analysis, and b) these are potentially fairly serious allegations, and perhaps even actionable. You would know whether that is realistically a concern, but – hence my caution. I don’t think you have to do much to take the risk level down, as your methodology is indeed very sound. However you might also think about shifting your emphasis toward the *extent* to which cartel-like effects are observed, or the level of evidence to support a finding that institutional investors are *likely* acting in concert. To put it another way, it may look like a cartel and quack like a cartel, but you can aim for concluding that it *probably* is a cartel rather than declaring ”Cartel, j’accuse!” You do also mention off-the-record interviews as a possibility, which would certainly add to the picture, but again, it’s not clear that anonymous tips about collusion will help you in terms of forming an airtight statistically based conclusion.

From the point of view of a perhaps non-specialist referee, say, someone more on the legal than the financial/markets side: While it will be clear to the referee that you understand concepts like market power and information cascade, there are a few technical spots where the referee might find it tricky to follow. It’s a judgment call, of course, but I’ve indicated a few places where you could “provide an on ramp” for some of the basic concepts.

You give a fairly clear time frame for growing market concentration, but might you discuss whether the landscape has shifted post-COVID: is it worth, as an option for the evolution of the project, further splitting the data into pre- and post-2020? If not, were there reasons that the trend of market concentration continued unabated even as lots of other things changed? Did the trend even accelerate?

Is this a situation in which anti-trust law might be relevant, as is the case for big tech companies such as Meta, Amazon etc.? You already point toward how the IPO underpricing phenomenon varies around the world; could that be connected to regulatory differences, just as Europe (and Australia a fortiori) is taking a firmer line in the case of big tech?

BlackRock and Larry Fink in particular have taken a lot of flack from the Right on ESG, as your Fox News citation acknowledges, and in fact have been in the news again today, this time being criticized from the other “side”:  
<https://fintech.global/2024/10/22/blackrock-faces-legal-action-over-sustainable-investment-claims/>  
Are these essentially separate issues from potential abuse of market power in the IPO context, or is there a bigger picture that could be considered?

Finally, a technical issue: I found quite a few discrepancies between citations in the proposal and corresponding references in the Bibliography, including a number of cited works that are missing from the Bibliography. I’ve been as thorough as possible about highlighting the instances, and the Bibliography itself looks to be accurate, but it might be worth giving this aspect of the proposal another check just to be sure.