



Press Release

Winner Chosen for the II Journals Peter L. Bernstein Award

NEW YORK, NY, January 10, 2018 — An article in *The Journal of Trading*, published by II Journals, has been named the winner of the 2017 Peter L. Bernstein Award. “Footprints on a Blockchain: *Trading and Information Leakage in Distributed Ledgers*” — written by Rune Tevasvold Aune, Adam Krellenstein, Maureen O’Hara, and Ouziel Slama considers information leakage when trading assets via a blockchain system. The authors show how the lack of time priority in the period between the publication of a transaction and its validation in the blockchain can leak information and enable front-running and manipulation. They propose a solution based on breaking information about a transaction into two communications.

The Peter L. Bernstein Award honors extraordinary and compelling research published in any of II Journals’ 11 market-leading publications over the previous 12 months. The award is named for Peter L. Bernstein, the celebrated economic historian, consultant, and Founding Editor of *The Journal of Portfolio Management*. He is the author of seminal works, such as *Against the Gods: The Remarkable Story of Risk* and *Capital Ideas: The Improbable Origins of Modern Wall Street*.

Aune, Krellenstein, and Slama are associated with Symbiont.io. O’Hara is a professor of finance at Cornell University.

The winning article was chosen through a blind review process by an independent committee that comprised Gary Gastineau (ETF Consultants LLC), William Goetzmann (Yale School of Management) and Ronald Kahn (BlackRock).

Kahn noted, “In a sea of articles on blockchain technology, this year’s winner of the Peter L. Bernstein Award is a surprise find, and a great outcome. It is interesting and important, and I learned something.”

Robert Arnott (Chairman and CEO, Research Affiliates LLC) stated, “Most professionals in the finance community have heard of “blockchain,” the intellectual heart of

cryptocurrencies like bitcoin; few understand it well enough to recognize its potential to revolutionize finance. While bitcoin has become an important, if controversial (and perhaps temporary!), part of the investment landscape, blockchain is far more important. Blockchain is here to stay.

“Transaction intermediaries disappear, as do the lags to sort out electronic paperwork; even title and other forms of proof of ownership can become relics of history with blockchain. Aune, Krellenstein, O’Hara, and Slama have taken a hard look at some of the problems that current blockchain constructs will not fix, notably information leakage about a transaction in progress, and the corresponding risk of manipulation and front-running. They present an elegant idea that can solve this problem.

“I doubt that Peter Bernstein would ever conceive that an award in his name might go to – in effect – a software “fix” to make manipulation and front-running more difficult. I don’t doubt that he’d be thrilled by the idea, and would find great joy in watching the fast-evolving technology of blockchain massively disrupt our staid old banking and securities industries.”

The authors will share an award of \$5,000, which has been generously provided by Research Affiliates LLC (www.rallc.com), and will be presented by II Journals. The winning article can be found online at <http://jot.iijournals.com/content/12/3/5>.

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Research Affiliates, LLC, is a global leader in innovative indexing and asset allocation strategies. Dedicated to solving complex investment issues, Research Affiliates creates innovative strategies that respond to the current needs of the market. Approximately \$113 billion in assets are managed worldwide using investment strategies developed by Research Affiliates.

Media Contacts

II Journals

Mark Adelson, +1-212-224-3215

mark.adelson@ijjournals.com

or

Research Affiliates, LLC

620 Newport Center Dr, Ste 900

Newport Beach, CA 92660

+1-949-325-8700

info@rallc.com