

# A Sample JFE Paper

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## Abstract

There's nothing very interesting here, but the format (achieved using the file `jfe.sty`) makes it suitable for publication in the *Journal of Financial Economics* even if the content doesn't. Here's a nice, informative, single-spaced abstract.

*JEL classification:* XXX, YYY.

*Keywords:* L<sup>A</sup>T<sub>E</sub>X; papers with no content.

# 1. Introduction

The JFE likes the first section to have a title. The first line of each section is indented using the `indentfirst` package.<sup>1</sup> Let's put in some sections and subsections to see how they get formatted.

## 2. The Model

There's not actually a model here as it's not really a paper, but this is about where a model might go.

### 2.1. A Subsection

Nothing very odd about the formatting of section and subsection headings. Here's a reference to Section 2.2 or 2.2.1. Let's also add some parenthetical citations (see Stanton, 1995; Carpenter, Stanton, and Wallace, 2012; and Campbell, 2003).

To justify adding a subsection here, from now on, we'll assume

**Condition 1.**  $0 < \hat{\mu} < \gamma\sigma^2$ .

This condition might be useful if there was a model.

### 2.2. Another Subsection, With a Figure

Figures get put at the end, with a note marking where they should go in the text, like this:

[Insert Figure 1 near here]

#### 2.2.1. A Subsubsection with a Proposition

Let's put a proposition here.

**Proposition 1.** *If Condition 1 is satisfied, a solution to the central planner's problem,  $V(B, D, t) \in C^2(\mathbb{R}_+^2 \times [0, T])$ , with control  $a : [0, 1] \times [0, T] \rightarrow [-\lambda, \lambda]$  if  $\gamma > 1$  is*

$$V(B, D, t) = -\frac{(B+D)^{1-\gamma}}{1-\gamma} w\left(\frac{B}{B+D}, t\right). \quad (1)$$

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<sup>1</sup>Here's a sample footnote.

## Appendix A. An Appendix

Here's an appendix with an equation. Note that equation numbering continues where it left off in the main body and that the JFE wants the word "Appendix" to appear before the letter in the appendix title. This is all handled in `jfe.sty`.

$$E = mc^2. \tag{2}$$

## Appendix B. Another Appendix

Here's another appendix with an equation.

$$E = mc^2. \tag{3}$$

Note that this is quite similar to Equation (2) in Appendix A.

## References

- Campbell, J. Y., 2003. Consumption-based asset pricing. In: Constantinides, G. M., Harris, M., Stulz, R. M. (eds.), *Handbook of the Economics of Finance*, Elsevier, vol. 1, chap. 13, pp. 803–887.
- Carpenter, J., Stanton, R., Wallace, N., 2012. Rational vs. behavioral factors in the exercise and valuation of employee stock options. Working paper, U. C. Berkeley.
- Stanton, R., 1995. Rational prepayment and the value of mortgage-backed securities. *Review of Financial Studies* 8, 677–708.

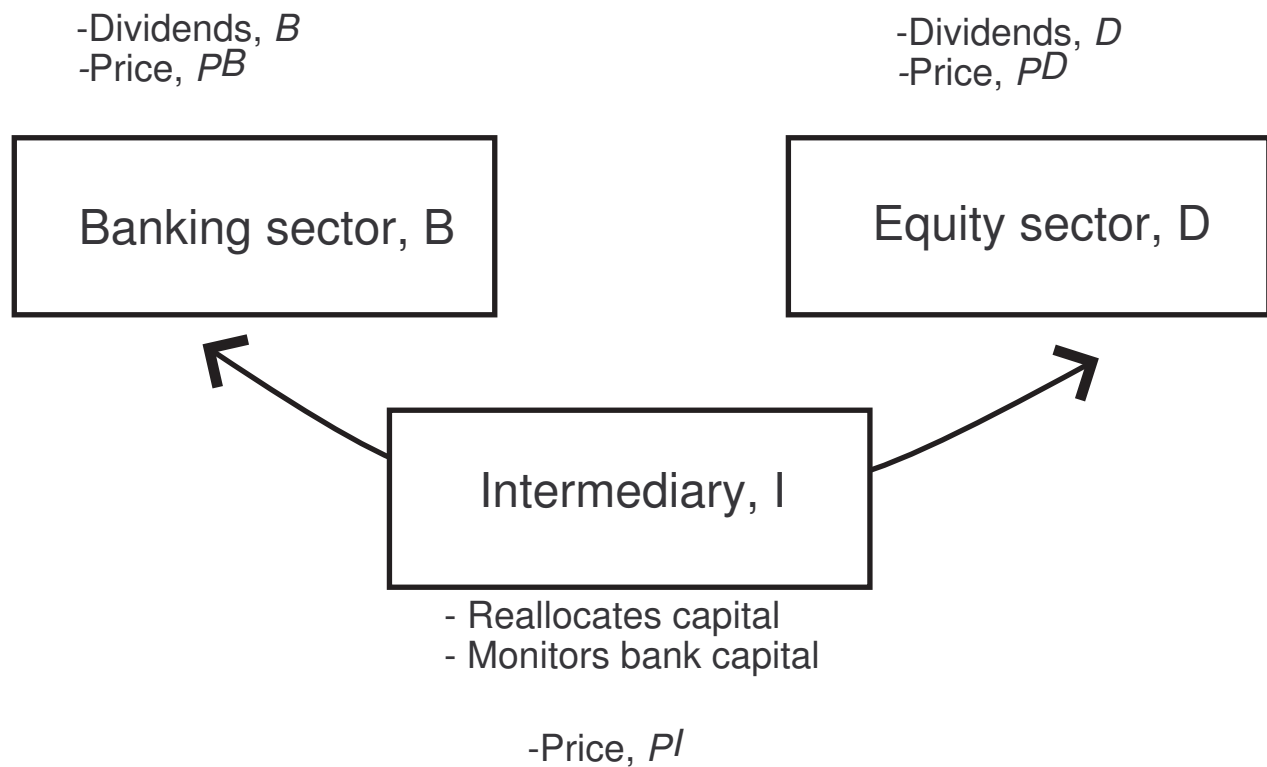


Fig. 1. Structure of model. Capital can be invested in a bank sector and an equity sector. An intermediary has the expertise to reallocate capital between the sectors and to monitor bank capital against bank crashes.