Review of: "An Empirical Examination of Collateralization in Financial Markets"

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Potential competing interests: No potential competing interests to declare.

Data Verification

First and foremost, the data utilized in this study lacks the basic criteria of verifiability by an independent third party. In the realm of academic research, this is not merely a shortcoming; it is a fundamental flaw that undermines the credibility of the entire work.

Temporal Relevance of Data

Furthermore, the choice to employ data from the years 2005 to 2011 in a manuscript intended for publication in 2023 is not only puzzling but egregiously out of touch. The period in question was marked by the subprime crisis, which had profound implications on asset valuations, interbank trust, and legislative frameworks, including the ban on naked short sales. This era was not just volatile but transformative, making it an unsuitable basis for current analysis unless explicitly justified, which the manuscript fails to do.

Methodological Ambiguity

The manuscript also suffers from a lack of clear methodology. The hypothetical example provided—a 5-year interest rate swap between Party A and Party B—does little to elucidate the connection to the dataset in question. While the authors suggest that "collateralization affects swap rates," they do not adequately explain how this finding is derived from or applicable to the chosen data. The impact of collateralization being "time-varying" is stated, yet no empirical evidence is provided to substantiate this claim within the context of the real-world data being analyzed.