WFA

Program

Twenty-Fifth Annual Conference of the Western Finance Association

Fess Parker's Red Lion Resort
Santa Barbara, California
June 17-20, 1990

WESTERN FINANCE ASSOCIATION

... a professional society administered in the United States and Canada for academicians and practitioners with a scholarly interest in the development and application of theory in finance.

Its purposes are (1) to serve as a focal point for communication among members, (2) to improve teaching and scholarship, and (3) to provide for the dissemination of information, including the holding of meetings and the support of publications.

The Association is an international organization with membership open to individuals from both the academic and professional community and to institutions who have an interest in furthering its purposes. Membership includes subscriptions to any occasional or regular publications sponsored or co-sponsored by the Association. Members are also entitled to receive a) notice of the annual meetings and a copy of the annual program, and b) a reduction in the registration fee at the annual meetings. The 1990 membership dues (U.S. $20.00) include a subscription to the special issue of the *Review of Financial Studies* that contains papers presented at the symposium held at the 1990 WFA meetings (co-sponsored by Society for Financial Studies).

Correspondence regarding membership and other business aspects of the Association should be addressed to:

Professor Michael J. Joehnk
Secretary-Treasurer, WFA
College of Business Administration
Arizona State University
Tempe, AZ 85287
(602) 965-3131

A call for papers and participants for the 1991 conference of the Western Finance Association appears on the program's final page.

REGISTRATION INFORMATION

All sessions will be held at Fess Parker's Red Lion Resort, Santa Barbara, California. Use the enclosed reservation card to obtain convention rates and mail as directed.

On-Site registration will be located in the foyer during the conference beginning at 4:00 p.m., Sunday, June 17.

PRE-REGISTRATION

Pre-registration is urged and the enclosed form is to be used. Mail to:

Professor Michael J. Joehnk
Secretary-Treasurer, WFA
College of Business Administration
Arizona State University
Tempe, AZ 85287
(602) 965-3131

Pre-registration must be received no later than May 15th.

	Pre-Registration	On-Site Registration
WFA member and/or participant	30.00	60.00
Non-member	65.00	75.00
Student	no charge	30.00

Annual meeting, luncheon and featured speaker $20.00

Make checks payable in U.S. funds only to the Western Finance Association.

ON-SITE REGISTRATION

Sunday, June 17, 4:00 p.m. — 8:00 p.m.
Monday, June 18, 8:00 a.m. — 5:00 p.m.
Tuesday, June 19, 8:00 a.m. — 12:00 noon

Registration for the Chicago Board of Trade Breakfast Seminar will take place on-site in the meeting registration area.

PROGRAM ADVERTISING

George W. Gallinger, Arizona State University

WESTERN FINANCE ASSOCIATION

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1971-72	W. Scott Bauman	University of Oregon
1972-73	David Eiteman	University of California-Los Angeles
1973-74	James Wert	University of Arizona
1974-75	George Kaufman	University of Oregon
1975-76	John Herzog	Simon Fraser University
1976-77	A. Blaine Huntsman	University of Utah
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1978-79	Guilford Babcock	University of Southern California
1979-80	Donald Farrar	University of Utah
1980-81	Charles D'Ambrosio	University of Washington
1981-82	James Van Horne	Stanford University
1982-83	Edward Dyl	University of Wyoming
1983-84	Nils Hakansson	University of California, Berkeley
1984-85	Seha Tinic	University of Texas-Austin
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1987-88	Robert Litzenberger	University of Pennsylvania
1988-89	Alan Hess	University of Washington
1989-90	Lemma Senbet	University of Maryland

1990 Program Committee

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Sheridan Titman, University of California, Los Angeles
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Mark Weinstein, University of Southern California
Robert Whaley, Duke University
Joe Williams, University of British Columbia
Josef Zechner, University of British Columbia

PROGRAM SUMMARY

Sunday, June 17

4:00 - 8:00 p.m. **REGISTRATION**
5:30 - 7:30 p.m. No-Host Cocktails

Monday, June 18

7:00 - 8:15 a.m.
CHICAGO BOARD OF TRADE BREAKFAST SEMINAR:
Treasury Bond Futures.

8:30 - 10:15 a.m.
Symposium Market Microstructure I
Financial Distress
Anomalies
International Investments

10:30 a.m. - 12:45 p.m.
Corporate Control
Debt Contracts and Information
Structure of Markets
Option Pricing

2:30 - 4:45 p.m.
Optimal Design of Securities
Bonds
Futures
Banking

5:00 - 6:30 p.m.
WFA EXECUTIVE COMMITTEE and BOARD OF DIRECTORS MEETING

5:30 - 7:30 p.m.
No-Host Cocktails

Tuesday, June 19

8:30 - 10:15 a.m.
Symposium Market Microstructure II
Pricing of Interest Rate Sensitive Claims
Dividend Yields and Predictability of Stock Returns
Exchange Rates I
Portfolio Theory

Tuesday, June 19 (cont.)

10:30 a.m. - 12:15 p.m.
Symposium Market Microstructure III
Empirical Asset Pricing I
Initial Public Offerings
Exchange Rates II

12:30 - 2:15 p.m.
ANNUAL Meeting and Luncheon:
Distinguished Speaker: Michael J. Brennan, University of California, Los Angeles

2:30 - 4:15 p.m.
Symposium Market Microstructure IV
Theoretical Asset Pricing
Empirical Asset Pricing II
Continuous Time Models
Dividends

5:30 - 7:30 p.m.
No-Host Cocktails

Wednesday, June 20

8:30 - 10:15 a.m.
Arbitrage Pricing Theory
Empirical Asset Pricing III
Informational Issues in Corporate Finance
Mergers and Acquisitions

10:30 a.m. - 12:15 p.m.
Seasoned Equity Offerings
Share Repurchases
Information and Asset Values
Interest Rate Futures

AWARD WINNERS

Trefftzs Award

Jiang Wang, University of Pennsylvania

"Asset Prices, Stock Returns, Price Volatility, Risk Premium and Trading Strategies Under Asymmetric Information"

American Association of Individual Investors Award

Robert Dammon and **Chester Spatt**, Carnegie Mellon University

"An Option-Theoretic Approach to the Valuation of Dividend Reinvestment and Voluntary Purchase Plans"

Chicago Board of Trade Award

Michael Fishman, Northwestern University
and
Francis Longstaff, Ohio State University

"Dual Trading in Futures Markets"

TWENTY-FIFTH ANNUAL CONFERENCE

WESTERN FINANCE ASSOCIATION
SANTA BARBARA, CALIFORNIA
June 17-20, 1990

PRESIDENT: LEMMA SENBET, UNIVERSITY OF MARYLAND

PRESIDENT-ELECT AND PROGRAM CHAIR: EDUARDO SCHWARTZ, UNIVERSITY OF CALIFORNIA, LOS ANGELES

Sunday, June 17

4:00 - 8:00 p.m. REGISTRATION
5:30 - 7:30 p.m. No-Host Cocktails

Monday, June 18 7:00 - 8:15 a.m.

Chicago Board of Trade Breakfast Seminar: Treasury Bond Futures.

Monday, June 18 8:30 - 10:15 a.m.

SYMPOSIUM (Joint with SFS): Market Microstructure I
- San Miguel
Chair: Albert Kyle, University of California, Berkeley

An Equilibrium Model of Futures Markets Dynamics - Ayman Hindy, MIT

Sunshine Trading: The Effects of Preannouncement on Traders' Welfare and on Price Variability - Anat Admati and Paul Pfleiderer, Stanford University

Market Microstructure Effects of Government Intervention in the Foreign Exchange Market - Peter Bossaerts, Carnegie Mellon University and Pierre Hillion, INSEAD

Discussants:
Stephen LeRoy, University of California, Santa Barbara
Deborah Lucas, Northwestern University
Peter Clark, University of California, Davis

FINANCIAL DISTRESS - Santa Rosa
Chair: Sheridan Titman, University of California, Los Angeles

Security Pricing and Deviations from the Absolute Priority Rule in Bankruptcy Proceedings - Allan Eberhart, Georgetown University, William Moore and Rodney Roenfeldt, University of South Carolina

Board of Director Accountability in Failing Firms: An Empirical Analysis - Stuart Gilson, University of Texas at Austin

The Valuation Impact of Offerings of High Yield Bonds - K.C. Ma, Texas Tech University, Ahron Rosenfeld and Kuldeep Shastri, University of Pittsburgh

Discussants:
Lakshmi Shyam-Sunder, Dartmouth College
Michael Weisbach, University of Rochester
Arthur Warga, Columbia University

ANOMALIES - Santa Cruz
Chair: Ed Dyl, University of Arizona

A Market Microstructure Explanation for Observed 'Overreaction' in Stock Returns Following Extreme Price Changes - Jinwoo Park, University of Iowa

New Evidence on the January Effect Before Personal Income Taxes: A Cross-Sectional/Time-Series Approach - Steven Jones, Winston Lee and Rudolph Appenbrink, University of Georgia

Re-entry and the January Anomaly - Mark Fedenia, University of Wisconsin-Madison, Robert Haugen, University of California, Irvine, and David Cho, University of Wisconsin-Madison

Discussants:
Werner DeBondt, University of Wisconsin & Cornell University
Josef Lakonishok, University of Illinois
Marc Reinganum, University of Iowa

INTERNATIONAL INVESTMENTS - Anacapa East
Chair: Lemma Senbet, University of Maryland

Eurobond Financing Bargains: Evidence Supporting the Clientele Hypothesis - M. Wayne Marr, Tulane University and John Trimble, University of Tennessee

Is There a Global Market for Convertible Bonds? - Yong-Cheon Kim, City University of New York and René Stulz, Ohio State University

Exchange Risk and International Diversification in Bond and Equity Portfolios - Evi Kaplanis and Stephen Schaefer, London Business School

Discussants:
Mark Ready, Cornell University
Craig Lewis, Vanderbilt University
Cheol Eun, University of Maryland

Monday, June 18 10:30 a.m. - 12.45 p.m.

CORPORATE CONTROL - San Miguel
Chair: Richard Roll, University of California, Los Angeles

Corporate Control, Optimal Capital Structure and Governance Rules - William Bradford and Badih Soubra, University of Maryland

Optimal Allocation of Debt and Wealth Effects of Spinoffs - Teresa John, New York University

Why Consolidate Corporate Control?: A Comparison of Dual Class Recapitalizations and Going Private Transactions - Kenneth Lehn, U.S. Securities & Exchange Commission, Jeffry Netter and Annette Poulsen, University of Georgia

Rational Voting: Evidence from Corporate Charter Amendments - James Brickley, University of Utah, Ronald Lease, Tulane University, and Clifford Smith, University of Rochester

Discussants:
Avri Ravid, Haifa University
Sheridan Titman, University of California, Los Angeles
Kathleen Weiss, University of Michigan
Stuart Gilson, University of Texas

DEBT CONTRACTS AND INFORMATION - Santa Rosa
Chair: David Pyle, University of California, Berkeley

Debt, Agency Costs and Industry Equilibrium - Vojislav Maksimovic and Josef Zechner, University of British Columbia

Debt Maturity Structure and Liquidity Risk - Douglas Diamond, University of Chicago

Signalling and the Observed Neutrality of Debt - Ivan Brick and Michael Frierman, Rutgers University

Agency Costs of Debt - An Empirical Analysis of Input Misallocation - Moshe Kim and Vojislav Maksimovic, University of British Columbia

Discussants:
Michael Keeley, Cornerstone Research, Inc.
Michael Katz, University of California, Berkeley
Ben Hermalin, University of California, Berkeley
Stewart Hodges, University of Warwick

STRUCTURE OF MARKETS - Santa Cruz
Chair: Bob Taggart, Boston College

Transactional Risk, Market Crashes, and the Role of Circuit Breakers - Bruce Greenwald, Bell Communications Research & Columbia University, and Jeremy Stein, Harvard University

The Organization of Financial Markets: Competitive versus Cooperative Market Mechanisms - James Gammill, Jr., Harvard University

Market Manipulation, Bubbles, Corners and Short Squeezes - Robert Jarrow, Cornell University

A Continuous-Time Discrete-State Stochastic Process for Transaction Stock Prices: Theory and Empirical Estimates - Jerry Hausman and Andrew Lo, M.I.T.

Discussants:
Erik Sirri, Harvard University
William Wilhelm, Boston College
Richard Green, Carnegie Mellon University
Lawrence Harris, New York Stock Exchange and University of Southern California

OPTION PRICING - Anacapa East
Chair: Gordon Sick, University of Calgary

European Option Valuation When Carrying Costs are Unknown: The Discrete Time Results - Peter Carr, Cornell University

On Analytic Valuation of American Puts - In Joon Kim, New York University

Dynamic Spanning Without Probabilities - Avi Bick, University of British Columbia and Walter Willinger, Bell Communications Research

Options, Short Sales, and Market Completeness - Stephen Figlewski, New York University and Gwendolyn Webb, City University of New York

Discussants:
John Hull, University of Toronto
Lionel MacMillan, University of Calgary
Frank Page, Indiana University
Robert Whaley, Duke University

Monday June 18 2:30 - 4:45 p.m.

OPTIMAL DESIGN OF SECURITIES - San Miguel
Chair: Art Raviv, Northwestern University

Design of Securities under Asymmetric Information - David Nachman, Georgia Institute of Technology and Thomas Noe, Georgia State University

Security Design and Equilibrium Refinements: Why Income Bonds Aren't Issued - Sankar De, University of Wisconsin-Madison and Jayant Kale, Georgia State University

Design and Marketing of Optimal Securities - Dilip Madan and Badih Soubra, University of Maryland

Arbitrage, Short Sales and Financial Innovation - Franklin Allen, University of Pennsylvania and Douglas Gale, University of Pittsburgh

Discussants:
Ronen Israel, University of Michigan
Michael Fishman, Northwestern University
Josef Zechner, University of British Columbia
Jaime Zender, University of Utah

BONDS - Santa Rosa
Chair: Mark Weinstein, University of Southern California

Bond Returns, Liquidity, and Missing Data - Arthur Warga, Columbia University

Liquidity and Short-Term Treasury Yields - Avraham Kamara, University of Washington

Tax-Induced Intra-Year Patterns in Bond Yields - Shalom Hochman, University of Houston, Oded Palmon, Rutgers University, and Alex Tang, University of Houston

Tax-Timing Options and the Relative Yields on Municipal and Taxable Bonds - Bradford Jordan and Susan Jordan, University of Missouri-Columbia

Discussants:
L. Sankar Subramanyam, University of Southern California
Bruno Gerard, University of Southern California
Bart Broadman, Arizona State University
Chester Spatt, Carnegie Mellon University

FUTURES - Santa Cruz
Chair: Dwight Grant, University of New Mexico

Futures Trading, Liquidity, and Stock Price Volatility - Hendrik Bessembinder, Arizona State University, and Paul Seguin, University of Rochester

Tests of a Simple Optimizing Model of Daily Price Limits on Futures Contracts - Lucy Ackert, Emory University and William Hunter, Federal Reserve Bank of Atlanta

Dual Trading in Futures Markets - Michael Fishman, Northwestern University and Francis Longstaff, Ohio State University

Futures Prices and Inflation Information - Chen-Chin Chu, Memphis State University

Discussants:
Nelson Woodard, University of New Mexico
John Shatzberg, University of New Mexico
Paul Laux, University of Texas at Austin
David Weeks, University of New Mexico

BANKING - Anacapa East
Chair: Alan Hess, University of Washington

Bank Balance Sheet Composition and Stock Market Return Sensitivity to Macroeconomic Risk Factors - J. Kimbell Dietrich, University of Southern California

The Design of Incentive Compatible Risk Adjusted Deposit Insurance - Ronald Giammarino, University of British Columbia and Tracy Lewis, University of California, Davis

Bank Equity Values, Bank Risk, and the Implied Market Value of Banks' Assets, Liabilities and Deposit Insurance - Kathleen Kuester and James O'Brien, Division of Research and Statistics, Federal Reserve System

Capital Regulation and Commercial Bank Sale-and-Leasebacks and Divestitures - Myron Slovin, Louisiana State University, Marie Sushka, Arizona State University and John Polonchek, Oklahoma State University

Discussants:
George Kaufman, Loyola University, Chicago
Edward Kane, Ohio State University
Tim Campbell, University of Southern California
Chris James, University of Florida

Tuesday, June 19 8:30 - 10:15 a.m.

SYMPOSIUM (Joint with SFS): Market Microstructure II - San Miguel
Chair: Chester Spatt, Carnegie Mellon University

Multi-Market Trading and Market Liquidity - Bhagwan Chowdhry University of California, Los Angeles, and Vikram Nanda, University of Southern California

Risk Aversion, Market Liquidity and Price Efficiency - Avanidhar Subrahmanyam, University of California, Los Angeles

The Process of Price Adjustment in Securities Markets - David Easley and Maureen O'Hara, Cornell University

Discussants:
Duane Seppi, Carnegie Mellon University
Paul Pfleiderer, Stanford University
Eric Hughson, California Institute of Technology

PRICING OF INTEREST RATE SENSITIVE CLAIMS - Santa Rosa
Chair: Stephen Brown, New York University

Estimation of Prepayments and the Valuation of Adjustable-Rate Mortgages - John McConnell, Purdue University and Manoj Singh, Boston College

Pricing Interest-Rate Derivative Securities - John Hull and Alan White, University of Toronto

A Modern Look at Asset Pricing and Short-Term Interests Rates - Martin Evans and Paul Wachtel, New York University

Discussants:
Bruce Tuckman, New York University
Philip Dybvig, Washington University
Campbell Harvey, Duke University

DIVIDEND YIELDS AND PREDICTABILITY OF STOCK RETURNS - Santa Cruz
Chair: Ken Singleton, Stanford University

Dividends Yields and Expected Stock Returns: Alternative Procedures for Inference and Measurement - Robert Hodrick, Northwestern University, and Lars Hansen, University of Chicago

Is the Stock Market Predictable? - Russell Fuller and John Kling, Washington State University

Predictable Stock Returns in the United States and Japan: A Study of Long-Term Capital Market Integration - John Campbell, Princeton University, and Yasushi Hamao, University of California, San Diego

Discussants:
Narasimhan Jegadeesh, University of California, Los Angeles
Matthew Richardson, University of Pennsylvania
Kobi Boudoukh, Stanford University

EXCHANGE RATES I - Anacapa East
Chair: Seha Tinic, University of Texas at Austin

Accounting for Forward Rates in Markets for Foreign Currency - David Backus, Federal Reserve Bank of Minneapolis, Allan Gregory and Chris Telmer, Queens University

The European Monetary System: Jump-Diffusion Processes and the Pricing of Options - Clifford Ball, University of Michigan and Antonio Roma, London Business School

The Negative Covariation of the Risk Premium and the Change in Spot Exchange Rate, and Market Rationality - Stanley Chan, Penn State University and Hassan Ehsani, Wayne State University

Discussants:
Dennis Logue, Dartmouth College
William Taylor, Rice University
James Hodder, Stanford University

PORTFOLIO THEORY - Anacapa West
Chair: Christopher Barry, Texas Christian University

When Will Mean-Variance Efficient Portfolios be Well Diversified? - Richard Green and Burton Hollifield, Carnegie Mellon University

Stein and CAPM Estimators of the Means in Portfolio Choice: A Case of Unsuccess - Robert Grauer, Simon Fraser University, and Nils Hakansson, University of California, Berkeley

Moral Hazard and the Portfolio Management Problem - Masako Darrough, Columbia University and Neal Stoughton, University of California, Irvine

Discussants:
Dan French, Texas Christian University
Philippe Jorion, Columbia University
Jeffrey Coles, University of Utah

Tuesday, June 19 10:30 a.m. - 12:15 p.m.

SYMPOSIUM (Joint with SFS): Market Microstructure III - San Miguel
Chair: Robert Schwartz, New York University

Inferring the Extent of Informational Asymmetries from Trades and the Variance of Efficient Prices: An Econometric Analysis - Joel Hasbrouck, New York University

Stock Price Clustering, Discreteness, and Bid/Ask Spreads - Lawrence Harris, New York Stock Exchange and University of Southern California

Market Microstructure and Corporate Takeovers - F. Douglas Foster and S. Viswanathan, Duke University

Discussants:
Lawrence Glosten, Columbia University
Kalman Cohen, Duke University
Hans Stoll, Vanderbilt University

EMPIRICAL ASSET PRICING I - Santa Rosa
Chair: Rex Thompson, Southern Methodist University

Asset Pricing and Production: Theory and Empirical Tests - Gopalakrishnan Sharathchandra, Southern Methodist University

On Tests of the Time and State Separable Utility-Based Asset Pricing Model - Narayana Kocherlakota, Northwestern University

Habit Persistence and Durability in Aggregate Consumption: Empirical Tests - Wayne Ferson and George Constantinides, University of Chicago

Discussants:
Suresh Sundaresan, Columbia University
Peter Boessarts, Carnegie Mellon University
Kenneth Singleton, Stanford University

INITIAL PUBLIC OFFERINGS - Santa Cruz
Chair: Dennis Logue, Dartmouth College

Sequential Sales, Path Dependence and Cascades - Ivo Welch, University of California, Los Angeles

The Relationship of Offer Price to the Preliminary File Range and the Use of the Overallotment Option in Initial Public Offerings - Kathleen Weiss, University of Michigan

Underpricing and the Costs of Going Public: The Case of Mutual Thrift to Stock Charter Conversions - Haluk Unal, University of Maryland, and Vojislav Maksimovic, University of British Columbia

Discussants:
Christopher Barry, Texas Christian University
Seha Tinic, University of Texas at Austin
Robert Hansen, LEK Partnership & Dartmouth College

EXCHANGE RATES II - Anacapa East
Chair: James Hodder, Stanford University

The Impact of Central Bank Intervention on Exchange Rate Volatility - Robert Connolly, University of California-Irvine and William Taylor, Rice University

Intra Day and Inter Market Volatility in Foreign Exchange Rates - Richard Baillie, Michigan State University and Tim Bollerslev, Northwestern University

Equity Risk Premia and the Pricing of Foreign Exchange Risk - Robert Korajczyk, Northwestern University, and Claude Viallet, INSEAD

Discussants:
David Backus, Federal Reserve Bank of Minneapolis
James Bodurtha, University of Michigan
Wayne Ferson, University of Chicago

Tuesday, June 19 2:30 - 4:15 p.m.

SYMPOSIUM (Joint with SFS): Market Microstructure IV - San Miguel
Chair: Hans Stoll, Vanderbilt University

Bid/Ask Spread, Price, and Volume in a Specialist Market - Erik Sirri, Harvard University

Inter and Intraday Volatility in the Foreign Currency Futures Market - Campbell Harvey, Duke University, and Roger Huang, Vanderbilt University

Are Treasury Bills Underpriced in the Primary Market? - Paul Spindt, University of North Carolina and Richard Stolz, California State University at Fullerton

Discussants:
Corinne Bronfman, University of Arizona
Robert Schwartz, New York University
Theodore Sternberg, Vanderbilt University

THEORETICAL ASSET PRICING - Santa Rosa
Chair: Michael Brennan, University of California, Los Angeles

Valuation of Nominal Securities - Silverio Foresi, University of California, Los Angeles

Pricing Risky Claims in Positive Net Supply - Alan Kraus, University of British Columbia and Maxwell Smith, Prudential Capital Management

Asset Prices, Stock Returns, Price Volatility, Risk Premium, and Trading Strategies Under Asymmetric Information - Jiang Wang, University of Pennsylvania

Discussants:
Albert Kyle, University of California, Berkeley
George Constantinides, University of Chicago
René Stulz, Ohio State University

EMPIRICAL ASSET PRICING: II - Santa Cruz
Chair: Marshall Blume, University of Pennsylvania

The Variation of Economic Risk Premiums - Wayne Ferson, University of Chicago and Campbell Harvey, Duke University

Conditional Variances and Asymmetric Information Flow Across Securities - Jennifer Conrad, University of North Carolina, Mustafa Gultekin, University of North Carolina and Gautam Kaul, University of Michigan

Inflation and Asset Returns in a Monetary Economy - David Marshall, Northwestern University

Discussants:
Yasushi Hamao, University of California, San Diego
A. Craig MacKinley, University of Pennsylvania
Kent Daniel, University of California, Los Angeles

CONTINUOUS TIME MODELS - Anacapa East
Chair: Phil Dybvig, Washington University

Asset Pricing for General Processes - Kerry Back, Indiana University and Washington University

Convergence from Discrete to Continuous Time Financial Models - Hua He, University of California, Berkeley

Optimal Dynamic Trading with Leverage Constraints - Sanford Grossman, University of Pennsylvania, and Jean-Luc Vila, New York University

Discussants:
Dilip Madan, University of Maryland
Andrew Morton, University of Illinois at Chicago
Neil Pearson, University of Rochester

DIVIDENDS - Anacapa West
Chair: Robert Litzenberger, University of Pennsylvania

An Option-Theoretic Approach to the Valuation of Dividend Reinvestment and Voluntary Purchase Plans - Robert Dammon and Chester Spatt, Carnegie Mellon University

Dividend Surprises Inferred from Option and Stock Prices - Sasson Bar-Yosef, Hebrew University of Jerusalem and Oded Sarig, Tel-Aviv University

Defensive Changes in Corporate Payout Policy: Share Repurchases and Special Dividends - David Denis, Virginia Polytechnic Institute

Discussants:
Michael Barclay, University of Rochester
Franklin Allen, University of Pennsylvania
Eli Talmor, Tel Aviv University and University of California, Irvine

Wednesday, June 20 8:30 - 10:15 a.m.

ARBITRAGE PRICING THEORY - San Miguel
Chair: Mark Reinganum, University of Iowa

International Factors and U.S. Equity Excess Returns - James Bodurtha, University of Michigan

On the Arbitrage Pricing Theory - Christian Gilles, Carleton University, and Stephen LeRoy, University of California, Santa Barbara

Data-Snooping Biases in Tests of Financial Asset Pricing Models - Andrew Lo, M.I.T., and A.Craig MacKinley, University of Pennsylvania

Discussants:
Paul Schultz, University of Iowa
Robert Korajczyk, Northwestern University
Dolores Conway, University of Southern California

EMPIRICAL ASSET PRICING III - Santa Rosa
Chair: Josef Lakonishok, University of Illinois

Stock Returns and Tobin's q - S.G.Badrinath, Northeastern University, and Omesh Kini, Penn State University

On the Measurement of Risk Aversion with Time-Varying Volatility an Unobservable Component Wealth - Ray Chou, Georgia Institute of Technology and Robert Engle and Alex Kane, University of California, San Diego

A Consumption-Based Asset Pricing Model with Personal Taxes: Theory and Empirical Tests - Peter Bossaerts and Robert Dammon, Carnegie Mellon University

Discussants:
Paul Halpern, University of Toronto
Stephen Brown, New York University
Louis Chan, University of Illinois at Urbana/Champaign

INFORMATIONAL ISSUES IN CORPORATE FINANCE
- Santa Cruz
Chair: Rob Heinkel, University of British Columbia

Insider Trading in a Rational Expectations Economy - Lawrence Ausabel, Northwestern University

Pooling, Separating and Semi-Separating Equilibria in Financial Markets: Some Experimental Evidence - Charles Cadsby, University of Guelph, Murray Frank and Vojislav Maksimovic, University of British Columbia

Insiders, Outsiders and Market Breakdowns - Utpal Bhattacharya and Matthew Spiegel, Columbia University

Discussants:
Neal Stoughton, University of California, Irvine
Tracy Lewis, University of California, Davis
Paul Pfleiderer, Stanford University

MERGERS AND ACQUISITIONS - Santa Rosa
Chair: Espen Eckbo, University of British Columbia

The Role of Acquisitions in Foreign Direct Investment: Evidence from the U.S. Stock Market - Robert S. Harris and David Ravenscraft, University of Virginia

Why Hang on to Losers: Divestitures and Takeovers - Arnoud W.A. Boot, Northwestern University

Medium of Payment in Corporate Acquisitions: Evidence from Interstate Bank Mergers - Marcia Millon Cornett, Southern Methodist University and Sankar De, University of Wisconsin-Madison

Discussants:
Sherry Jarrell, Southern Methodist University
Sanjai Bhagat, University of Colorado-Boulder
Michael Ryngaert, University of Florida

Wednesday, June 20 10:30 a.m. - 12:15 p.m.

SEASONED EQUITY OFFERINGS - San Miguel
Chair: Sanjai Bhagat, University of Colorado-Boulder

The Pricing of Seasoned and Quasi-Seasoned Public Offerings - Claudio Loderer, Dennis Sheehan and Gregory Kadlec, Purdue University

Production Technology and the Stock Price Response to New Financing - Eugene Pilotte, University of Wyoming

Publication Practices and the Use of Prediction Errors in Cross-Sectional Analysis: Evidence on Seasoned Equity Announcements - Richard Smith and Dong-man Kim, Arizona State University

Discussants:
Michael Barclay, University of Rochester
Jonathan Karpoff, University of Washington
Espen Eckbo, University of British Columbia

SHARE REPURCHASES - Anacapa West
Chair: Kose John, New York University

Dutch Auction vs. Fixed Price Self-Tender Offers for Common Stock: An Empirical Examination - Sreenivas Kamma, George Kanatas, and Steven Raymar, Indiana University

Shareholder Heterogeneity and Bidding Strategies in a Dutch Auction Share Repurchase - Gerald Gay, Jayant Kale and Thomas Noe, Georgia State University

Open Market Stock Repurchases and Earnings Information: An Empirical Analysis - Eli Bartov, University of Rochester

Discussants:
James Seward, Dartmouth College
Laurie Bagwell, Northwestern University
Rex Thompson, Southern Methodist University

INFORMATION AND ASSET VALUES - Santa Cruz
Chair: Anjan Thakor, Indiana University

Non-Disclosure and Adverse Disclosure as Signals of Firm Value - Siew Hong Teoh, University of California, Los Angeles, and Chuan Yang Hwang, University of Pittsburgh

Stock Prices and the Supply of Information - Michael Brennan, University of California, Los Angeles, and Patricia Hughes, University of Southern California

The Timing of Information in a General Equilibrium Framework - Jonathan Berk, Yale University

Discussants:
Kathleen Hagerty, Northwestern University
Arnoud Boot, Northwestern University
David Brown, Indiana University

INTEREST RATE FUTURES - Anacapa East
Chair: Christopher James, University of Florida

A Non-Stationary Trinomial Model for the Valuation of Options on Treasury Bond Futures Contracts - Ehud Ronn, University of Texas at Austin and Robert Bliss, Jr., Indiana University

Arbitrage Free Pricing of Interest Rate Futures and Forward Contracts - Bjorn Flesaker, University of California, Berkeley

Pricing Treasury Bills and Futures Contracts: Theory and Tests - I.G. Morgan and E.H. Neave, Queens University

Discussants:
Alan Hess, University of Washington
Daniel Siegel, Northwestern University
David Brown, University of Florida

Call for Papers and Participants
1991 ANNUAL MEETINGS OF
THE WESTERN FINANCE ASSOCIATION
June 19-22, 1991
Jackson Lake Lodge
Grand Teton National Park, Wyoming

Members and friends of the Western Finance Association are invited to submit papers to be considered for presentation at the 1991 Annual Meetings. Papers on any topic related to financial economics will be considered.

Submission of Papers:

Send **four (4)** copies of the paper to the Program Chairman no later than **November 16, 1990**. Each paper should include an abstract that will assist the program chairman in classifying it. Papers will be sorted and mailed, absent author identification, to the program committee immediately thereafter. Authors will be notified of the program committee's decision regarding their paper in late February, 1991. Multiple submissions by the same author reduce the chance that any of the author's papers will be accepted.

Best Paper Awards:

Trefftzs Award of $1,000 for the best student paper.

American Association of Individual Investors Award of $1,000 for the best paper in investments.

Chicago Board of Trade Award of $1,000 for the best paper on futures or options on futures.

Program Chairman:

Professor Stephen Brown
WFA Program Chairman
Stern School of Business Administration
New York University
New York, NY 10006

INDEX OF PARTICIPANTS