WFA

PROGRAM

Twenty-Eighth Annual Conference of the Western Finance Association

Chateau Whistler Resort
British Columbia
Canada
June 20-23, 1993

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. Membership includes subscriptions to any occasional or regular publications sponsored or co-sponsored by the Association. The 1993 membership dues ($US7.50) entitle the member 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. Members may also elect to pay an additional $US16.50 and receive the special issue of the ***Review of Financial Studies*** that contains papers presented at the symposium held at the 1993 WFA meetings (co-sponsored by Society for Financial Studies).

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

Professor Alan Hess
Secretary-Treasurer, WFA
Graduate School of Business Administration
University of Washington DJ-10
Seattle, WA 98195

A call for papers and participants for the 1994 conference of the Western Finance Association appears on the program's final page.

REGISTRATION INFORMATION

All sessions will be held at the Chateau Whistler Resort, Whistler, British Columbia, Canada. Use the enclosed reservation card to obtain convention rates and mail as directed.

On-Site registration will be located in the Lobby during the conference beginning at 4:00 p.m., Sunday, June 20, 1993.

PRE-REGISTRATION

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

Professor Alan Hess
Secretary-Treasurer, WFA
School of Business Administration
University of Washington DJ-10
Seattle, WA 98195

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

	Pre-Registration	On-Site Registration
WFA member and/or participant	$30.00	$65.00
Non-member	$65.00	$75.00
Student	no charge	$30.00
Annual meeting, luncheon and featured speaker		$26.00

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

ON-SITE REGISTRATION

Sunday, June 20, 4:00 p.m. - 8:00 p.m.
Monday, June 21, 8:00 a.m. - 5:00 p.m.
Tuesday, June 22, 8:00 a.m. - 12:00 noon

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

PROGRAM ADVERTISING

Alan Hess, University of Washington

WESTERN FINANCE ASSOCIATION

Officers and Executive Committee - 1992-93

President	Hans R. Stoll, Vanderbilt University
President-Elect	Kenneth Singleton, Stanford University
Vice President	Milton Harris, University of Chicago
Secretary-Treasurer	Alan Hess, University of Washington
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Presidents of the Western Finance Association 1965-93

1965-66 Kenneth L. Trefftzs	University of Southern California
1966-67 Edward Reed	University of Oregon
1967-68 Robert Carr	Fresno State College
1968-69 Burton Kolb	University of Colorado
1969-70 Lester Stickler	Oregon State University
1970-71 Harold Stevenson	Arizona State University
1971-72 W. Scott Bauman	University of Oregon
1972-73 David Eiteman	University of California at 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
1977-78 David Pyle	University of California at Berkeley
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 at Berkeley
1984-85 Seha Tiniç	University of Texas at Austin
1985-86 Alan Kraus	University of British Columbia
1986-87 Gerald Bierwag	University of Arizona
1987-88 Robert Litzenberger	University of Pennsylvania
1988-89 Alan Hess	University of Washington
1989-90 Lemma Senbet	University of Maryland
1990-91 Eduardo Schwartz	University of California at Los Angeles
1991-92 Stephen J. Brown	New York University
1992-93 Hans R. Stoll	Vanderbilt University

WESTERN FINANCE ASSOCIATION

Distinguished Speakers
Western Finance Association Meetings
1979-93

Year	Location	Speaker
1993	Whistler	Alan Kraus
1992	San Francisco	Myron S. Scholes
1991	Jackson Lake	Fischer Black
1990	Santa Barbara	Michael J. Brennan
1989	Seattle	William F. Sharpe, guest of honor
1988	Napa	Sanford J. Grossman
1987	San Diego	Edward J. Kane
1986	Colorado Springs	Merton H. Miller
1985	Scottsdale	Robert H. Litzenberger
1984	Vancouver	Richard Roll
1983	Long Beach	Myron S. Scholes
1982	Portland	Stephen A. Ross
1981	Jackson Lake	Eugene F. Fama
1980	San Diego	Kenneth J. Arrow
1979	San Francisco	Nils H. Hakansson

1993 PROGRAM COMMITTEE

Chair: Kenneth J. Singleton, Stanford University
Associate Program Chair: Anat R. Admati, Stanford University

Franklin Allen, University of Pennsylvania
Yakov Amihud, New York University
Christopher Barry, Texas Christian University
Sanjai Bhagat, University of Colorado
Fischer Black, Goldman Sachs Asset Management
Peter Bossaerts, California Institute of Technology
Jacob Boudoukh, New York University
Michael Brennan, University of California at Los Angeles
Stephen J. Brown, New York University
John Cochrane, University of Chicago
George Constantinides, University of Chicago
Robert Cumby, New York University
Robert Dammon, Carnegie-Mellon University
Werner DeBondt, University of Wisconsin
Darrell Duffie, Stanford University
Philip Dybvig, Washington University
B. Espen Eckbo, University of British Columbia
Wayne Ferson, University of Washington
Stephen Figlewski, New York University
Michael Fishman, Northwestern University
Mark J. Flannery, University of Florida
Doug Foster, Duke University
Kenneth Froot, Harvard University
Dwight Grant, University of New Mexico
Mark Grinblatt, University of California at Los Angeles
Kathleen Hagerty, Northwestern University
Yasushi Hamao, Columbia University
Milton Harris, University of Chicago
Campbell R. Harvey, Duke University
Joel Hasbrouck, New York University
Hua He, University of California at Berkeley
John Heaton, Massachusetts Institute of Technology
Robert Heinkel, University of British Columbia
Alan Hess, University of Washington
Ayman Hindy, Stanford University
David Hirshleifer, University of California at Los Angeles
James Hodder, University of Wisconsin
Robert J. Hodrick, Northwestern University
Burton Hollifield,The University of British Columbia
Takeo Hoshi, University of California at San Diego
David A. Hsieh, Duke University
Eric Hughson, California Institute of Technology
Charles J. Jacklin, Stanford University
Ravi Jagannathan, University of Minnesota
Christopher M. James, University of Florida

1993 PROGRAM COMMITTEE

Robert Jarrow, Cornell University
Narasimhan Jegadeesh, University of California at Los Angeles
Kose John, New York University
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Shmuel Kandel, Tel-Aviv University
Steve Kaplan, University of Chicago
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Josef Lakonishok, University of Illinois
Bruce N. Lehmann, University of California at San Diego
Andrew Lo, Massachusetts Institute of Technology
Francis Longstaff, University of California at Los Angeles
Craig MacKinlay, University of Pennsylvania
Ananth Madhavan, University of Pennsylvania
Vojislav Maksimovic, University of Maryland
Ronald Masulis, Vanderbilt University
John J. McConnell, Purdue University
Wayne Mikkelson, University of Oregon
David Modest, University of California, Berkeley
Maureen O'Hara, Cornell University
R. Richardson Pettit, Madrid Business School
Paul Pfleiderer, Stanford University
Marc Reinganum, University of Iowa
Matthew Richardson, University of Pennsylvania
Jay Ritter, University of Illinois at Urbana
Ehud Ronn, Merrill Lynch
Mark Rubinstein, University of California at Berkeley
Anthony Saunders, New York University
James S. Schallheim, University of Utah
G. William Schwert, University of Rochester
Lemma Senbet, University of Maryland
Duane Seppi, Carnegie Mellon University
Kuldeep Shastri, University of Pittsburgh
Gordon Sick, The University of Calgary
Richard Stanton, University of California at Berkeley
Suresh Sundaresen, Columbia University
Anjan Thakor, Indiana University
Seha Tinic, University of Texas at Austin
Walter Torous, University of California at Los Angeles
Robert Vishny, University of Chicago
S. Viswanathan, Duke University
Mark Weinstein, University of Southern California
Ingrid Werner, Stanford University
Robert Whaley, Duke University
Joseph Williams, University of British Columbia
Josef Zechner, University of British Columbia
Jeffrey Zwiebel, Stanford University

WFA Program Summary

Sunday, June 20

4:00 - 8:00 p.m. **REGISTRATION** - Frontenac Foyer
6:00 - 8:00 p.m. **Reception** - Empress A, B, C

Monday, June 21

7:00 - 8:15 a.m.
New York Stock Exchange Breakfast Seminar - Frontenac C

8:30 - 10:15 a.m.
Symposium: Foreign Exchange - Frontenac A
Announcement Effects of Financing Decisions - Frontenac B
Banking Regulation I - Empress A
Insider Trading - Empress B

Coffee Break

10:30 a.m.- 12:15 p.m.
Asset Pricing Theory - Frontenac A
Commodity Contingent Claims - Frontenac B
Ownership, Monitoring and Control - Frontenac C
Performance Evaluation - Empress A
Tax Effect on Asset Prices - Empress B

Lunch Break

1:45 - 2:15 p.m.
Society for Financial Studies: Membership Meetings - Empress B

2:30 - 4:45 p.m.
Symposium — Exchange Rates and Derivatives - Frontenac A
Costs of Institutional Trading - Frontenac B
Econometric Methods - Frontenac C
Investor Reaction to Information - Empress A

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

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

WFA Program Summary

Tuesday, June 22

7:00 - 8:15 a.m.
Chicago Board of Trade Breakfast Seminar - Frontenac C

8:30 - 10:15 a.m.
Symposium—Japanese Equity Markets - Frontenac A
Asset Pricing with Stochastic Volatility - Frontenac B
Takeovers - Empress A
Banking Regulation I - Empress B

Coffee Break

10:30 a.m.- 12:15 p.m.
Financial Contracting - Frontenac A
Intraday Stock Price Dynamics- Frontenac B
Volatility and Equity Risk - Empress A
Fixed Income Markets - Empress B

12:30 - 2:15 p.m.
ANNUAL MEETING and Luncheon - Frontenac C
Distinguished Speaker: Alan Kraus, University of British Columbia

2:30- 4:45 p.m.
Market Microstructure-Theory - Frontenac A
Symposium—Linkages Among Equity Markets - Frontenac B
Stock Index Derivatives - Empress A
Stock Price Reactions to Announcements - Empress B

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

WFA Program Summary

Wednesday, June 23

8:30 - 10:15 a.m.
Empirical Studies of Market Making - Frontenac A
Multifactor Models of Asset Returns - Frontenac B
Capital Structure - Theory - Frontenac C
Initial Public Offerings - Empress A

Coffee Break

10:30 a.m.- 12:15 p.m.
Fees and Transaction Costs - Frontenac A
Banking - Frontenac B
Empirical Corporate Finance - Frontenac C
Derivative Securities - Empress A

AWARD WINNERS

Trefftzs Awards for Best Student Papers

Edith Hotchkiss, New York University

"The Post-Bankruptcy Performance of Firms Emerging from Chapter 11"

Edward F. Nelling, University of Pennsylvania

"The Hidden Cost of Large Trades: The Price Effects of 'Shopping the Block'"

American Association of Individual Investors Award for Best Paper on Investments

Campbell R. Harvey, Duke University

"Predictable Risk and Returns in Emerging Markets"

Chicago Board of Trade Award for Best Paper on Futures

Paul A. Laux, University of Texas at Austin

"Intraday Price Formation in the Stock Index Futures Market"

New York Stock Exchange Award for Best Paper on Equity Trading

Wayne Ferson, University of Washington
Robert Korajczyk, Northwestern University

"Do Arbitage Pricing Models Explain the Predictability of Stock Returns?"

TWENTY-EIGHTH ANNUAL CONFERENCE
WESTERN FINANCE ASSOCIATION
WHISTLER, BRITISH COLUMBIA, CANADA
June 20 - 23, 1993

PRESIDENT: HANS R. STOLL, VANDERBILT UNIVERSITY

PRESIDENT-ELECT AND PROGRAM CHAIR:
KENNETH J. SINGLETON, STANFORD UNIVERSITY

Sunday, June 20 4:00-8:00 p.m. **REGISTRATION** - Frontenac Foyer
6:00-8:00 p.m. **Reception** - Empress A, B, C,

Monday, June 21 7:00-8:15 a.m.

NEW YORK STOCK EXCHANGE BREAKFAST SEMINAR - Frontenac C

Monday, June 21 8:30-10:15 a.m.

SYMPOSIUM—FOREIGN EXCHANGE - Frontenac A
Chair: Robert J. Hodrick, Northwestern University

Are Foreign Exchange Returns Subject to Permanent Shocks? - Martin D. D. Evans, New York University and Karen K. Lewis, University of Pennsylvania

Exchange Rate and Term Structure Dynamics and the Pricing of Derivative Securities - Lars Tyge Nielsen and Jesús Saá-Requejo, INSEAD

Stochastic Model of Exchange Rate Dynamics with Time-Varying Probability - Joon-Haeng Lee, University of Pennsylvania and Kap-Soo Oh, Drexel University

Discussants:

Erzo Luttmer, Northwestern University
Francisco Delgado, Duke University
Charles Engel, University of Washington

ANNOUNCEMENT EFFECTS OF FINANCING DECISIONS - Frontenac B
Chair: Maureen O'Hara, Cornell University

Cash Flow Signalling Hypothesis vs. Free Cash Flow Hypothesis: The Case of Dividend Change Announcements - Pyung Sig Yoon and Laura T. Starks, University of Texas at Austin

Convertible Bond Financing: The Significance of Costs of Financial Distress and Growth Funding Needs - Seong-Hyo Lee, First Economic Research Institute-Seoul, Frank C. Jen, State University of New York at Buffalo and Dosoung Choi, State University of New York at Buffalo

The Role of Growth Opportunities in Stock Price Reactions to Common Stock Offerings: Free Cash Flow Hypothesis or Informational Signaling Hypothesis - Hei-Wai Lee, University of South Florida

Discussants:

Roni Michaely, Cornell University
Rony Ofer, Northwestern Unviersity
Espen Eckbo, University of British Columbia

BANKING REGULATION I - Empress A
Chair: Christopher M. James, University of Florida

Self-Interested Bank Regulation: Theory and Policy Implications - Arnoud W. A. Boot, University of Amsterdam and Anjan V. Thakor, Indiana University

Bank Regulatory Triage: Optimal Closure Rules and An Economic Explanation of Forbearance - Raman Kumar and George E. Morgan, Virginia Polytechnic Institute and State University

Rents, Regulation, and Risk-Taking in the Banking Industry - Thomas H. Noe and Michael J. Rebello, Georgia State University and Larry D. Wall, Federal Reserve Bank of Atlanta

Discussants:

Helena Mullins, University of British Columbia
Sankarshan Acharya, Federal Reserve Board
Chistopher James, University of Florida

INSIDER TRADING - Empress B
Chair: Allan Kleidon, Stanford University

Insider Trading, Outside Search and Resource Allocation: Why Firms and Society May Disagree on Insider Trading Restrictions - Michael Bradley, Naveen Khanna and Steve L. Slezak, University of Michigan

Private Information, Market Efficiency and Insider Trading: A Rational Expectations Approach - Thomas J. George, Ohio State University and H. Nejat Seyhun, University of Michigan

Insider Trading and Antitakeover Measures - Kose John and Larry H. P. Lang, New York University and Feng-Ying L. Shih, Rider College

Discussants:

Matthew Spiegel, University of California at Berkeley
Bruce Grundy, University of Pennsylvania
Espen Eckbo, University of British Columbia

Coffee Break 10:15-10:30 a.m.

Monday, June 21 10:30 a.m.-12:15 p.m.

ASSET PRICING THEORY - Frontenac A
Chair: Hua He, University of California at Berkeley

Production and the Real Rate of Interest: A Sample Path Equilibrium - David Feldman, University of Illinois at Chicago

A General Equilibrium Model of Portfolio Insurance - Suleyman Basak, Carnegie Mellon University

Nonlinearities in Asset Prices and Infrequent Noise Trading - Pierluigi Balduzzi, New York University, Guiseppe Bertola, Princeton University and Silverio Foresi, New York University

Discussants:

Steven Heston, Yale University
S. Maheswaran, Washington University
Jiang Wang, Massachusetts Institute of Technology

COMMODITY CONTINGENT CLAIMS - Frontenac B
Chair: Kenneth J. Singleton, Stanford University

The Valuation of Commodity Contingent Claims - Gonzalo Cortazar and Eduardo S. Schwartz, University of California at Los Angeles

Price Dynamics in Physical Commodity Spot and Futures Markets: Spreads, Spillovers, Volatility, and Convergence in Refined Petroleum Products - Victor K. Ng and Stephen Craig Pirrong, University of Michigan

Backwardation in Oil Futures Markets: Theory and Empirical Evidence - Robert H. Litzenberger and Nir Rabinowitz, University of Pennsylvania

Discussants:

Suresh Sundaresen, Columbia University
Peter Bossaerts, California Institute of Technology
Gordon Phillips, Purdue University

OWNERSHIP, MONITORING AND CONTROL - Frontenac C
Chair: Artur Raviv, Northwestern University

Large Shareholder Activism, Risk Sharing, and Financial Market Equilibrium - Anat R. Admati and Paul Pfleiderer, Stanford University and Josef Zechner, University of British Columbia

Majority Owner-Managers and Organization Efficiency - David J. Denis and Diane K. Denis, Virginia Polytechnic Institute and State University

Corporate Takeovers, Firm Performance, and the Board of Directors - Omesh Kini and William A. Kracaw, Pennsylvania State University and Shehzad Mian, Emory University

Discussants:

Kathleen Hagerty, Northwestern University
M. P. Narayanan, University of Michigan
Avner Kalay, Tel Aviv University

PERFORMANCE EVALUATION - Empress A
Chair: Mark Grinblatt, University of California at Los Angeles

The Pricing of Closed-End Funds: Discounts and Managerial Performance - J. B. Chay, University of Auckland and Charles Trzcinka, State University of New York at Buffalo

The Performance of Bond Mutual Funds - Christopher R. Blake, Fordham University, Edwin J. Elton and Martin J. Gruber, New York University

Attrition and Mutual Fund Performance, Evidence From a Survivorship-Bias Free Database - William N. Goetzmann, Columbia University and Stephen J. Brown, New York University

Discussants:

Tarun Chordia, University of California at Los Angeles
Russell Wermers, University of California at Los Angeles
Robert Korajczyk, Northwestern University

TAX EFFECTS ON ASSET PRICES - Empress B
Chair: Robert Dammon, Carnegie Mellon University

Preferreds and Taxes: The Relative Price of Dividends and Coupons
Bruce D. Grundy, University of Pennsylvania

Estimation of Implicit Tax Parameters from Prices of Default Free Bonds - Richard C. Green, Carnegie Mellon University and Bernt A. Oedegaard, University of Illinois at Chicago

International Portfolio Investment with Dividend Imputation Taxes - John Bowers, Frank Russell Company and Justin Wood, University of New South Wales

Discussants:

Sugato Bhattacharyya, Carnegie Mellon University
Wayne Ferson, University of Washington
Frank Milne, Queen's University

Lunch Break 12:15 - 1:45 p.m.

Monday, June 21 1:45 - 2:15 p.m.

Society for Financial Studies: Membership Meeting - Empress B

Monday, June 21 2:30 - 4:45 p.m.

SYMPOSIUM—EXCHANGE RATES AND DERIVATIVES - Frontenac A
Chair: Robert Cumby, New York University

Corporate Incentives for Hedging and Hedge Accounting - Peter M. DeMarzo, Hoover Institution/Stanford University and Darrell Duffie, Stanford University

Pricing Foreign-Currency Options: A Comparison of the Modified Black-Scholes Model and a Modified Merton Model - Derming Lieu, National Sun Yat-Sen University

Concentrated Trading in the Foreign Exchange Futures Markets: Adverse Selection or Market Closure? - Michael Ferguson, Commodity Futures Trading Commission, Steven C. Mann, University of Utah and Leonard J. Schneck, Commodity Futures Trading Commission

Equilibrium Microstructure in the Foreign Exchange Market - Richard K. Lyons, Columbia University

Discussants:

Lemma Senbet, University of Maryland
James Bodurtha, University of Michigan
Joel Hasbrouck, New York University
Mark Flood, Federal Reserve Bank of St. Louis

COSTS OF INSTITUTIONAL TRADING - Frontenac B
Chair: Chester Spatt, Carnegie Mellon University

Anatomy of the Trading Process: Empirical Evidence on the Motivation for and Execution of Institutional Equity Trades - Donald B. Keim and Ananth Madhavan, University of Pennsylvania

The Cost of Institutional Trading - Erik R. Sirri and Scott Blasdell, Harvard University

The Hidden Cost of Large Trades: The Price Effects of "Shopping the Block" - Edward F. Nelling, University of Pennsylvania

The Price, Volatility, Volume, and Liquidity Effects of Changes in Federal Reserve Margin Requirements on both Marginable and Nonmarginable OTC Stocks - Stephen W. Pruitt and K. S. Maurice Tse, Indiana University

Discussants:

Duane Seppi, Carnegie Mellon University
Josef Lakonishok, University of Illinois at Urbana-Champaign
Bruno Biais, Groupe HEC and Carnegie Mellon University
Eric Hughson, California Institute of Technology

ECONOMETRIC METHODS - Frontenac C
Chair: Tim Bollerslev, Northwestern University

Bayesian Analysis of Stochastic Volatility Models - Eric Jacquier, Cornell University, Nicholas G. Polson and Peter E. Rossi, University of Chicago

Econometric Evaluation of Intertemporal Asset Pricing Models Using Volatility Bounds - Lars Peter Hansen, University of Chicago, John Heaton, Massachusetts Institute of Technology and Erzo Luttmer, Northwestern University

Stock Market Returns and Dividend Yields: A Helicopter Tour - Peter Algert and Peter K. Clark, University of California at Davis

A Multivariate Analysis of the Predictable Variation in Stock and Bond Returns - Christopher M. Kirby, Duke University

Discussants:

Torben G. Andersen, Northwestern University
Craig Burnside, University of Pittsburgh
John Y. Campbell, Princeton University
Phillip Braun, Northwestern University

INVESTOR REACTION TO INFORMATION - Empress A
Chair: Alan Kraus, University of British Columbia

Overreaction, Delayed Reaction, and Contrarian Profits - Narasimhan Jegadeesh and Sheridan Titman, University of California at Los Angeles

An Empirical Analysis of Insider Trades, News and Stock Prices - R. Glen Donaldson, University of British Columbia and Frank Hatheway, Princeton University

Security Analysis and Trading Patterns when Some Investors Receive Informa tion before Others - David Hirshleifer, University of California at Los Angeles, Avanidhar Subrahmanyam, Columbia University and Sheridan Titman University of California at Los Angeles

How Markets Process Information: News Releases and Volatility - Louis H. Ederington and Jae Ha Lee, University of Oklahoma

Discussants

Werner DeBondt, University of Wisconsin at Madison
Lisa Meulbroek, Harvard University
Eric Hughson, California Institute of Technology
Burton Hollifield, University of British Columbia

Monday, June 21 5:00-6:30 p.m

WFA EXECUTIVE COMMITTEE AND BOARD OF DIRECTORS MEETING
- Laurier Boardroom

Monday, June 21 5:30-7:30 p.m.

No-Host Cocktails-Frontenac Foyer

Tuesday, June 22 7:00-8:15 a.m.

CHICAGO BOARD OF TRADE BREAKFAST SEMINAR - Frontenac C

Tuesday, June 22 8:30-10:15 a.m.

SYMPOSIUM—JAPANESE EQUITY MARKETS- Frontenac A
Chair: James Hodder, University of Wisconsin at Madison

Securities Trading in the Absence of Dealers: Trades and Quotes on the Tokyo Stock Exchange - Yasushi Hamao, Columbia University and Joel Hasbrouck, New York University

The Ex-Dividend Day Behavior of Stock Prices: The Case of Japan - Kiyoshi Kato, Nanzan University and the University of Utah and Uri Loewenstein, University of Utah

An Intraday Transactions Data of Nikkei Stock Average Index FuturesPrice Behavior and Index Arbitrage Profitability - Y. Peter Chung, University of California at Riverside, Jun-Koo Kang and S. Ghon Rhee, University of Rhode Island

Discussants:

Mark Ready, University of Wisconsin at Madison
Ravi Jagannathan, University of Minnesota
Craig MacKinlay, University of Pennsylvania

ASSET PRICING WITH STOCHASTIC VOLATILITY - Frontenac B
Chair: Ayman Hindy, Stanford University

Jump Diffusion Asset Pricing with Stochastic Intensity - David R. Beaglehole, Goldman, Sachs & Co., New York

Pricing Stock Options in a Jump-Diffusion Model with Stochastic Volatility and Interest Rates: Applications of Fourier Inversion Methods - Louis O. Scott, University of Georgia

ARCH Processes and Option Valuation - Kaushik I. Amin and Victor K. Ng, University of Michigan

Discussants:

Steven Heston, Yale University
Yacine Ait-Sahalia, Massachusetts Institute of Technology
Kenneth Singleton, Stanford University

TAKEOVERS - Empress A
Chair: Josef Zechner, University of British Columbia

The Analytics of Takeover Bidding: Initial Bids and Their Premia - Sugato Bhattacharyya, Carnegie Mellon University

In Defense of Defensive Measures - Oded H. Sarig, Tel Aviv University and Eli Talmor, University of California at Irvine

Are Entrenched Managers Bad Managers: An Empirical Investigation - Lynn Pi, California State University at Hayward and Stephen G. Timme, Georgia State University

Discussants:

Neal Stoughton, University of California at Irvine
Robert Heinkel, University of British Columbia
Larry Dann, University of Oregon

BANKING REGULATION II - Empress B
Chair: Charles J. Jacklin, Stanford University

Universal Banking: Should Banks Hold Equity in Borrowing Firms? - Mitchell Berlin, Kose John and Anthony Saunders, New York University

Is the Glass-Steagall Act Justified? A Study of the U.S. Experience with Universal Banking before 1933 - Randall S. Kroszner and Raghuram G. Rajan, University of Chicago

Loan Monitoring, Competition and Socially Optimal Bank Capital Regulations - Sumon C. Mazumdar, McGill University and Suk Heun Yoon, Korea Institute of Finance

Discussants:

Anjan Thakor, Indiana University
Alan Hess, University of Washington
Allen Berger, Board of Governors of the Federal Reserve

Coffee Break 10:15-10:30 a.m.

Tuesday, June 22 10:30 a.m.-12:15 p.m.

FINANCIAL CONTRACTING - Frontenac A
Chair: Vojislav Maksimovic, University of Maryland

The Benefits of Firm-Creditor Relationships: Evidence from small business data - Mitchell A. Petersen and Raghuram Rajan, University of Chicago

Linear Securities as Optimal Contracts in Environments with an Infinite Number of Bad Projects - S. Abraham Ravid, Haifa University and Matthew Spiegel, University of California at Berkeley

The Design of Bankruptcy Procedures - Milton Harris, University of Chicago and Artur Raviv, Northwestern University

Discussants:

Alan Hess, University of Washington
Neal Stoughton, University of California at Irvine
Carliss Baldwin, Harvard University

INTRADAY STOCK PRICE DYNAMICS - Frontenac B
Chair: Robert Whaley, Duke University

Testing For Effects of the Introduction of the Major Market Index Contract on the Underlying Stocks Using Intraday Data - Hong Choi and Avanidhar Subrahmanyam, Columbia University

Intraday Price Formation in the Stock Index Futures Market - Paul A. Laux, University of Texas at Austin

Dynamic Price Discovery - Puneet Handa and Robert Schwartz, New York University

Discussants:

Tavy Ronen, New York University
Jayaram Muthuswamy, National University of Singapore
Peter Carr, Cornell University

VOLATILITY AND EQUITY RISK - Empress A
Chair: Shmuel Kandel, Tel Aviv University

Myopic Loss Aversion and the Equity Premium Puzzle - Shlomo Benartzi and Richard H. Thaler, Cornell University

Asset Return Volatility with Extremely Small Costs of Consumption Adjustment - David Marshall, Northwestern University

Nonlinearities in the Relation between the Equity Risk Premium and the Term Structure - Jacob Boudoukh, New York University, Matthew Richardson, University of Pennsylvania and Robert F. Whitelaw, New York University

Discussants:

Simon Wheatley, University of Washington
John Heaton, Massachusetts Institute of Technology
Campbell R. Harvey, Duke University

FIXED INCOME MARKETS - Empress B
Chair: Walter Torous, University of California at Los Angeles

Auctions of Divisible Goods: On the Rationale for the Treasury Experi ment - Kerry Back, Washington University in St. Louis and Jaime F. Zender, University of Utah

Pool Heterogeneity and Rational Learning: The Valuation of Mortgage-Backed Securities - Richard Stanton, University of California at Berkeley

Negative Put and Call Prices Implicit in Callable Treasury Bonds - Michael E. Edleson, Harvard University, David Fehr, ARGYL Associates and Scott P. Mason, Harvard University

Discussants:

Kent Daniel, University of Chicago
Jonathan Berk, University of British Columbia
Bruce Tuckman, New York University/University of California at Los Angeles

Tuesday, June 22 12:30 - 2:15 p.m.

ANNUAL MEETING AND LUNCHEON - Frontenac C
Distinguished Speaker: Alan Kraus, University of British Columbia

Tuesday, June 22 2:30 - 4:45 p.m.

MARKET MICROSTRUCTURE-THEORY - Frontenac A
Chair: Kathleen Hagerty, Northwestern University

Strategic Trading with Asymmetrically Informed Traders and Long-Lived Information - F. Douglas Foster and S. Viswanathan, Duke University

Limit and Market Orders with Optimizing Traders - Praveen Kumar and Duane Seppi, Carnegie Mellon University

On Intraday Risk Premia - Matthew Spiegel, University of California at Berkeley and Avanidhar Subrahmanyam, Columbia University

Market Making and the Bundling of Financial Services - Richard R. Lindsey, Yale University

Discussants

Costis Skiadas, Northwestern University
Ananth Madhavan, University of Pennsylvania
Erzo Luttmer, Northwestern University
Ruth Freedman, University of British Columbia

SYMPOSIUM—LINKAGES AMONG EQUITY MARKETS - Frontenac B
Chair: Philippe Jorion, University of California at Irvine

Economic News and Equity Market Linkages Between the U.S. and U.K. - Kent G. Becker, Temple University, Joseph E. Finnerty, University of Illinois and Joseph Friedman, Temple University

Predictable Risk and Returns in Emerging Markets - Campbell R. Harvey, Duke University

Closed-end Country Funds and U.S. Market Sentiment - James N. Bodurtha Jr., University of Michigan, Dong-Soon Kim, Ssang Yong Research Institute, and Charles M. C. Lee, University of Michigan

Round-the-clock Trading: Evidence from U.K. Cross-Listed Securities - Allan W. Kleidon and Ingrid M. Werner, Stanford University

Discussants:

Yasushi Hamao, Columbia University
Arjun Divecha, BARRA
Jeffrey Pontiff, University of Washington
Geert Rouwenhorst, Yale University

STOCK INDEX DERIVATIVES - Empress A
Chair: Hans Stoll, Vanderbilt University

The Rationality of Early Exercise Decisions: Evidence from the S&P 100 Index Options Market - Fernando Diz and Tom Finucane, Syracuse University

Pricing of Stock Index Futures Spreads: Theory and Evidence - Pradeep K. Yadav, University of Strathclyde and Peter F. Pope, University of Strathclyde/New York University

Direct Tests of Index Arbitrage Models - Robert Neal, University of Washington and United States Securities and Exchange Commission

The Integration of Stock, Futures, and Option Market Returns - Jeff Fleming, Barbara Bennett Ostdiek and Robert E. Whaley, Duke University

Discussants:

Craig Lewis, Vanderbilt University
George Sofianos, New York Stock Exchange
Hendrik Bessembinder, Arizona State University
Craig MacKinlay, University of Pennsylvania

STOCK PRICE REACTIONS TO ANNOUNCEMENTS - Empress B
Chair: Josef Lakonishok, University of Illinois at Urbana-Champaign

Ex-Dividend Price Behavior of Common Stocks: New Support for an Old Theory - John H. Boyd and Ravi Jagannathan, Federal Reserve Bank of Minneapolis and University of Minnesota

Stock Split Signaling and Reputation - Eugene Pilotte, University of Wyoming and Timothy Manuel, University of Montana

Timing of Annual Earnings Announcements and Information Asymmetry - Belinda Mucklow and Ken Shaw, University of Wisconsin at Madison

The Choice Between Dividends and Stock Repurchases and their Interre lated Information Content - Sreenivas Kamma, Indiana University, George Kanatas, University of South Florida and Steven Raymar, Fordham University

Discussants:

Stephen Brown, New York University
David Ikenberry, Rice University
Charles Lee, University of Michigan
Laurie Bagwell, Northwestern University

Tuesday, June 21 5:30-7:30 p.m.

No-Host Cocktails-Frontenac Foyer

Wednesday, June 23 8:30-10:15 a.m.

EMPIRICAL STUDIES OF MARKET MAKING - Frontenac A
Chair: Donald Keim, University of Pennsylvania

Entry, Exit, Market Makers and the Bid-Ask Spread - Sunil Wahal, University of North Carolina at Chapel Hill

Life in the Pits: Competitive Marketmaking and Inventory Control - Steven Manaster and Steven C. Mann, University of Utah

The Market for Market Makers: An Empirical Analysis of Intraday Quote and Trade Activity for NASDAQ Stocks - K.C. Chan, Ohio State University William G. Christie, Vanderbilt University and Paul H. Schultz, Ohio State University

Discussants:

Joel Hasbrouck, New York University
Ananth Madhavan, University of Pennsylvania
Lawrence Harris, University of Southern California

MULTIFACTOR MODELS OF ASSET RETURNS - Frontenac B
Chair: Bruce N. Lehmann, University of California at San Diego

A New Approach to International Arbitrage Pricing - Ravi Bansal, David A. Hsieh, and S. Viswanathan, Duke University

Do Arbitrage Pricing Models Explain The Predictability of Stock Returns? - Wayne Ferson, University of Washington and Robert Korajczyk, Northwestern University

Distinguishing Among Asset Pricing Theories: An Ex Ante Analysis - A. Craig MacKinlay, University of Pennsylvania

Discussants:

Peter Knez, University of Wisconsin at Madison
Narasimhan Jegadeesh, University of California at Los Angeles
John Heaton, Massachusetts Institute of Technology

CAPITAL STRUCTURE - THEORY - Frontenac C
Chair: Lemma Senbet, University of Maryland

The Design of Internal Control and Capital Structure - Elazar Berkovitch and Ronen Israel, University of Michigan

Agency, Capital Structure and Equilibrium - Joseph T. Williams, University of British Columbia

Optimal Incorporation, Structure of Debt Contracts, and Limited-Recourse Project Financing - Thomas J. Chemmanur, Columbia University and Kose John, New York University

Discussants:

Sankarshan Acharya, Federal Reserve Board
Raghuram Rajan, University of Chicago
Laurie Simon Bagwell, Northwestern University

INITIAL PUBLIC OFFERINGS - Empress A
Chair: Mark Weinstein, University of Southern California

The Decision to Go Public-An Empirical Study of Swedish Corporations - Kenneth Högholm, Swedish School of Economics and Kristian Rydqvist, Stockholm School of Economics

Evidence on the Strategic Allocation of Initial Public Offerings - Kathleen Weiss Hanley, University of Michigan and William J. Wilhelm, Boston College

Equity Offerings Following the IPO: Theory and Evidence - Ivo Welch, University of California at Los Angeles

Discussants:

Narasimhan Jegadeesh, University of California at Los Angeles
Vikram Nanda, University of Southern California
Jay Ritter, University of Illinois

Coffee Break 10:15-10:30 a.m.

Wednesday, June 23 10:30 a.m.-12:15 p.m.

FEES AND TRANSACTION COSTS - Frontenac A
Chair: Francis Longstaff, University of California at Los Angeles

Holding Costs and Equilibrium Arbitrage - Bruce Tuckman, New York University and University of California at Los Angeles and Jean-Luc Vila, Massachusetts Institute of Technology

The Effects of Transactions Costs on Consumption and Portfolio Choice When Investment Opportunities are Changing - Hyeng Keun Koo, Washington University in St. Louis

The Structure of Mutual Fund Charges - Tarun Chordia, University of California at Los Angeles

Discussants:

Francis Longstaff, University of California at Los Angeles
Avi Kamara, University of Washington
Andrew Karolyi, Ohio State University

BANKING - Frontenac B
Chair: Milton Harris, University of Chicago

Information Content in Bank Lines of Credit: Evidence From the Lender's Perspective - M. Cary Collins and Ramon P. DeGennaro, University of Tennessee, Fayez A. Elayan, Southwest Missouri State University and James W. Wansley, University of Tennessee

Bank Liquidity and Stability in an Overlapping-Generations Model - Jianping Qi, Washington University in St. Louis

Reputation, Renegotiation, and the Choice between Bank Loans and Publicly Traded Debt - Thomas Chemmanur and Paolo Fulghieri, Columbia University

Discussants:

Raghuram Rajan, University of Chicago
Bruce Smith, Cornell University
Gary Gorton, University of Chicago/University of Pennsylvania

EMPIRICAL CORPORATE FINANCE - Frontenac C
Chair: Michael Fishman, Northwestern University

Financing Decisions and the Investment Opportunity Set - John M. Pinkerton, Virginia Poytechnic Institute and State University and Atulya Sarin, Santa Clara University

Source of Gains in Asset Sales: Fit or Focus? - Kose John and Eli Ofek, New York University

The Post-Bankruptcy Performance of Firms Emerging from Chapter 11 - Edith Hotchkiss, New York University

Discussants:

Robert McDonald, Northwestern University
Judith Chevalier, Massachusetts Institute of Technology
David T. Brown, University of Florida

DERIVATIVE SECURITIES - Empress A
Chair: Eduardo Schwartz, University of California at Los Angeles

Derivative Security Markets, Market Maniputlation, and Option Pricing Theory - Robert A. Jarrow, Cornell University

Contingent Claims Valued and Hedged by Pricing and Investing in a Basis - Dilip B. Madan, University of Maryland and Frank Milne, Queen's University

The Valuation of American Capped Call Options - Mark N. Broadie, Columbia University and Jerome Detemple, McGill University

Discussants:

Vasant Naik, University of British Columbia
Andrew Morton, University of Michican
Ehud Ronn, Merrill Lynch Capital Markets

Call for Papers and Participants

1994 ANNUAL MEETINGS OF THE WESTERN FINANCE ASSOCIATION
June 19-22, 1994
Santa Fe, New Mexico

Members and friends of the Western Finance Association are invited to submit papers to be considered for presentation at the 1994 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 15, 1993. Each paper should include an abstract that will assist the program chairman in classifying it. Author names, affiliations and acknowledgements shall appear on a separate page at the beginning of the manuscript. Papers, absent author identification, will be reviewed by two members of the program committee. Authors will be notified of the program committee's decision regarding their paper in February, 1994. Multiple submissions by the same author or submission of papers presented at other major finance meetings reduce the chance of acceptance. Abstracts and papers accepted for publication should not be submitted.

Submission Fee:

A check for $20.00 payable to the Western Finance Association should be included with each submitted paper. The fee will be used to help defray the cost of processing the paper.

Best Paper Awards:

Trefftzs Award of $1,500 for the best student paper in honor of Kenneth L. Trefftzs, Professor of Finance, University of Southern California from 1941 to 1982 and first president of the Western Finance Association. Any student who has not received the Ph.D. at the submission deadline nor assumed a regular faculty position is eligible for the award. Please indicate your eligibility for the award. The submission fee is waived for students.

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

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

New York Stock Exchange Award of $1,000 for best paper on equity trading.

Submit to:

Professor Milton Harris
Graduate School of Business
University of Chicago
1101 East 58th Street
Chicago, IL 60637

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