WFA

PROGRAM

Thirty First Annual Conference of the Western Finance Association

Sunriver Resort
Sunriver
Oregon
June 19 - 22, 1996

WESTERN FINANCE ASSOCIATION

...a society administered in the United States and Canada for academics and professionals 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 and regular publications sponsored or co-sponsored by the Association. Two classes of membership are available: lifetime membership ($100.00) and three year membership ($30.00). Members of the Association are 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. 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 1996 WFA meetings (co-sponsored by the Society for Financial Studies).

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

Professor Stephen Brown
Secretary-Treasurer, WFA
Department of Finance
New York University
Stern School of Business
44 West 4th Street, Suite 9-190
New York, NY 10012-1126
Email: sbrown@stern.nyu.edu
Telephone: (212) 998-0306

A call for papers and participants for the 1997 conference of the Western Finance Association appears on page 32 of this program.

REGISTRATION AND HOTEL INFORMATION

All sessions and conference functions will be held at the Sunriver Resort. The Western Finance Association has reserved limited blocks of rooms for the conference at the Resort. Please contact the Sunriver Resort as soon as possible to make reservations. The room rates are:

Lodge		Condo & Home	
• Single:	$110.00	• 2 Bedroom Condo:	$166.00
• Double:	$110.00	• 2 Bedroom with Loft:	$180.00
• Triple:	$120.00	• 3 Bedroom Condo:	$192.00
• Quad:	$130.00	• 3 Bedroom Home:	$207.00
• Loft Suites:	$165.00	• 4 Bedroom Home:	$226.00

Sunriver Resort reservation: Telephone (800)-547-3922 or (541) 593-1000 Fax (541) 593-5458

PRE-REGISTRATION

Pre-registration is urged and must be received no later than May 15. Please complete the enclosed form and mail to:

Professor Stephen Brown
Secretary-Treasurer, WFA
New York University
(see page 1 for address)

Registration fee:	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
Thursday night barbecue dinner		$32.00
Friday night annual meeting, dinner and featured speaker		$28.00

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

ON-SITE REGISTRATION

On-Site Registration will be during the following hours:

Wednesday,	June 19	3:30 p.m. - 8:30 p.m.
Thursday,	June 20	8:00 a.m. - 5:00 p.m.
Friday,	June 21	8:00 a.m. - 12:00 noon

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

PROGRAM ADVERTISING

Stephen Brown, New York University, see page 1 for address.

WESTERN FINANCE ASSOCIATION

Officers and Executive Committee, 1995-96

President	Chester Spatt, Carnegie Mellon University
President-Elect	Michael Brennan, UCLA and London Business School
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Presidents of the Western Finance Association 1965-96

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
1069-70	Lester Stickler	Oregon State University
1970-71	Harold Stevenson	Arizona State University
1971-72	W. Scott Bauman	University of Oregon
1972-73	David Eiteman	UCLA
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	UC 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	UC Berkeley
1984-85	Seha Tinic	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	UCLA
1991-92	Stephen J. Brown	New York University
1992-93	Hans R. Stoll	Vanderbilt University
1993-94	Kenneth J. Singleton	Stanford University
1994-95	Milton Harris	University of Chicago
1995-96	Chester Spatt	Carnegie Mellon University

1996 PROGRAM COMMITTEE

Program Chairman: Michael J. Brennan, UCLA and London Business School
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Anat Admati, Stanford University
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Douglas Foster, University of Iowa
Julian Franks, London Business School
Thomas George, University of Iowa
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Stuart Gilson, Harvard University
Lawrence R. Glosten, Columbia University
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Shmuel Kandel, University of Pennsylvania
Edward Kane, Boston College
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Charles Lee, NYSE and University of Michigan
Bruce Lehmann, UC San Diego
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Francis Longstaff, Salomon Brothers and UCLA
Deborah Lucas, Northwestern University
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Ananth Madhavan, University of Southern California
Vojislav Maksimovic, University of Maryland
Ron Masulis, Vanderbilt University
Ernst Maug, London Business School
Lisa Meulbroek, Harvard University
Roni Michaely, Cornell University
Wayne Mikkelson, University of Oregon
Kevin Murphy, University of Southern California
Narayan Naik, London Business School
Vasanttilak Naik, University of British Columbia
Vikram Nanda, University of Michigan
Thomas Noe, Georgia State University
Maureen O'Hara, Cornell University
Jonathan Paul, Northwestern University
Paul Pfleiderer, Stanford University
Manju Puri, Stanford University
Raghuram Rajan, University of Chicago
Matthew Richardson, New York University
Richard Roll, UCLA
Jesus Saa-Requejo, University of Chicago
Oded Sarig, Tel Aviv University
G.W. Schwert, University of Rochester
Lemma Senbet, University of Maryland
Duane Seppi, Carnegie Mellon University
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Jaime Zender, University of Utah
Luigi Zingales, University of Chicago
Jeffrey Zwiebel, Stanford University

WESTERN FINANCE ASSOCIATION

Distinguished Speakers
Western Finance Association Meetings
1979-1996

Year	Location	Speaker
1996	Sunriver	Joseph Williams
1995	Aspen	Kenneth French
1994	Santa Fe	Mark Rubinstein
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

1996 WFA ANNUAL MEETINGS

AWARD WINNERS

Trefftzs Award for Best Student Paper

Haitao Li, Yale University

"Pricing of Swaps with Default Risk"

American Association of Individual Investors Award for Best Paper on Investments

Roni Michaely, Cornell University
Kent L. Womack, Dartmouth College

"Conflicts of Interest and the Credibility of Underwriters' Analysts' Recommendations"

Chicago Board of Trade Award for Best Paper on Futures or Options on Futures

Laura E. Kodres, International Monetary Fund
Matthew Pritsker, Board of Governors of the Federal Reserve System

"Directionally-Similar Position Taking and Herding by Large Futures Market Participants"

New York Stock Exchange Award for Best Paper on Equity Trading

Donald B. Keim, University of Pennsylvania
Ananth Madhavan, University of Southern California

"Transactions Costs, Investment Style, and Exchange Listing:
An Analysis of Institutional Equity Trades"

THIRTY FIRST ANNUAL CONFERENCE
WESTERN FINANCE ASSOCIATION
SUNRIVER, OREGON
JUNE 19 - 22, 1996

PRESIDENT: CHESTER SPATT, CARNEGIE MELLON UNIVERSITY

PRESIDENT ELECT AND PROGRAM CHAIRMAN:
MICHAEL BRENNAN, UCLA AND LONDON BUSINESS SCHOOL

PROGRAM VICE CHAIRMAN:
AVANIDHAR SUBRAHMANYAM, UCLA

1996 PROGRAM:

Wednesday, June 19 *3:30 p.m.- 8:00 p.m.* **REGISTRATION** - *Pavilion*

Thursday, June 20 *8:00 a.m.- 5:00 p.m.* **REGISTRATION** - *Pavilion Foyer*

Thursday, June 20 *7:00 a.m. - 8:15 a.m.*
PARIS BOURSE BREAKFAST SEMINAR
- *Great Hall*

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

REGULATION OF FINANCIAL MARKETS - *Landmark I*
Chairperson: Lawrence Glosten, Columbia University

Sustainability of Capital Ratios and Regulator Reputation: Discretionary vs. Binding Legislation
Laura Sabani, Università di Roma "La Sapienza"

But I Know It When I See It: Asymmetric Information, Reputation, and Vague Rules in the Regulation of Financial Markets
Michael F. Ferguson, University of Arizona, and Stephen R. Peters, University of Connecticut

The Optimal Enforcement of Insider Trading Regulation
Peter DeMarzo, Northwestern University, Michael J. Fishman, Northwestern University, and Kathleen M. Hagerty, Northwestern University

Discussants:

Jianping Qi, University of South Florida
S. Nagarajan, McGill University
Avanidhar Subrahmanyam, UCLA

HEDGING AND RISK MANAGEMENT - *Landmark II*
Chairperson: Duane Seppi, Carnegie Mellon University

Arbitrage, Hedging, and the Welfare Economics of Securities Market Innovation: A Model of Cross-Market Liquidity Effects
James Dow, London Business School and CEPR

Corporate Risk Management for Multinational Corporations: Financial and Operational Hedging Policies
Bhagwan Chowdhry, UCLA, and Jonathan T. B. Howe, UCLA

How Well Can You Hedge Long Term Exposures with Multiple Short Term Futures Contracts?
Anthony Neuberger, London Business School

Discussants:

Uday Rajan, Carnegie Mellon University
Sugato Bhattacharyya, University of Michigan
Kaushik Amin, Lehman Brothers Inc.

INTERNATIONAL INVESTMENT - *Heritage I*
Chairperson: Geert Bekaert, Stanford University

The Design and Pricing of Country Funds Under Market Segmentation
Cheol S. Eun, Georgia Institute of Technology, S. Janakiramanan, University of Melbourne, and Lemma W. Senbet, University of Maryland

Another Look at the Role of the Industrial Structure of Markets for International Diversification Strategies
John M. Griffin, Ohio State University, and G. Andrew Karolyi, Ohio State University

Costly Arbitrage: Evidence from Closed-End Funds
Jeffrey Pontiff, University of Washington

Discussants:

Ked Hogan, McGill University
Steve Heston, Washington University
Mark Carhart, University of Southern California

EXECUTIVE COMPENSATION - *Heritage II*
Chairperson: Kevin Murphy, University of Southern California

The Executive Compensation Puzzle: Theory and Evidence
Todd T. Milbourn, Indiana University

Stock-Based Compensation as An Efficient Incentive Mechanism: the Monitoring Role of the Market
Michael L. Lemmon, Arizona State University, and James J. D. Wang, Duke University

Form of Compensation and Mangerial Decision Horizon
M. P. Narayanan, University of Michigan

Discussants:

Joseph G. Haubrich, Federal Reserve Bank at Cleveland
Jonathan Paul, Northwestern University
Laurie Simon Bagwell, Northwestern University

RATIONAL EXPECTATIONS MODELS - *Pavilion*
Chairperson: Michael Fishman, Northwestern University

On the Uniqueness of Fully Revealing Rational Expectations Equilibria
Peter DeMarzo, Northwestern University, and Costis Skiadas, Northwestern University

Market Structure, Security Prices and Information Efficiency
Jennifer Huang, MIT, and Jiang Wang, MIT and NBER

International Capital Flows When Investors Have Local Information
Joshua D. Coval, UCLA

Discussants:

Philip Dybvig, Washington University at St. Louis
Jonathan Berk, University of British Columbia and Washington University at St. Louis
Erzo Luttmer, Northwestern University and Tilburg University

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

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

SYMPOSIUM - THEORY OF BANKING - *Landmark I*
Chairperson: Douglas Diamond, University of Chicago

Why Is Bank Debt Senior? A Theory of Priority Among Creditors
Ivo Welch, UCLA

Banking Scope, Financial Innovation, and the Evolution of the Financial System
Arnoud W. A. Boot, University of Amsterdam, and Anjan V. Thakor, Indiana University

Strategic Mergers for Survival in Banks
Gary Gorton, University of Pennsylvania and NBER, and Richard Rosen, Indiana University

Discussants:

Luigi Zingales, University of Chicago
Andrew Winton, Northwestern University
Judy Chevalier, University of Chicago

MODELS OF ASSET RETURNS - *Landmark II*
Chairperson: Ravi Jagannathan, University of Minnesota

Optimal Investment, Growth Options and Security Returns
Jonathan Berk, University of British Columbia and Washington University at St. Louis, Richard C. Green, Carnegie Mellon University, and Vasant Naik, University of British Columbia

Conditional Skewness in Asset Pricing Tests
Campbell R. Harvey, Duke University, and Akhtar Siddique, Georgetown University

Book-To-Market as a Predictor of Market Returns
Jeffrey Pontiff, University of Washington, and Lawrence Schall, University of Washington

Discussants:

Deborah J. Lucas, Northwestern University
Jacob Boudoukh, New York University
Mark Carhart, University of Southern California

ORGANIZATIONAL FORM AND CORPORATE GOVERNANCE - *Heritage I*
Chairperson: Ronen Israel, Carnegie Mellon University

Corporate Performance, Governance, and Discipline: The Impact of Defensive Activity on Takeovers and Managerial Turnover
Sanjai Bhagat, University of Colorado, Boulder, and Richard H. Jefferis, Jr., Koch Supply and Trading

Synergies and Internal Agency Conflicts: the Double-Edged Sword of Mergers
Laurie Simon Bagwell, Northwestern University, and Paolo Fulghieri, INSEAD

The Effect of Organizational Form on Information Aggregation and Project Choice: The Problem of Informational Cascades in Teams
Naveen Khanna, Michigan State University, and Steve L. Slezak, University of North Carolina

Discussants:

Burton Hollifield, University of British Columbia
Elazar Berkovitch, Tel Aviv University and University of Michigan
Peter DeMarzo, Northwestern University

PRICING OF CONTINGENT CLAIMS - *Heritage II*
Chairperson: Steve Heston, Washington University at St. Louis

Pricing Catastrophe Insurance Futures Call Spreads
Carolyn W. Chang, California State University, Fullerton, Jack S. K. Chang, California State University, Los Angeles and National University of Singapore, and Min-Teh Yu, National Central University, Taiwan

American Options with Stochastic Volatility: A Nonparametric Approach
Mark Broadie, Columbia University, Jérôme Detemple, McGill University, MIT and CIRANO, Eric Ghysels, University of Montréal and CIRANO, and Olivier Torrès, Université Catholique de Louvain

Estimation of Statistical and Risk-Neutral Densities By Hermite Polynomial Approximation: with An Application To Eurodollar Futures Options
Peter Abken, Federal Reserve Bank of Atlanta, Dilip B. Madan, University of Maryland, and Sailesh Ramamurtie, Georgia State University

Discussants:

Jennifer Carpenter, New York University
Yacine Ait-Sahalia, University of Chicago
Charles Corrado, University of Missouri at Columbia

THE ECONOMICS OF REAL ESTATE AND LEASING - *Pavilion*
Chairperson: George Gau, University of Texas at Austin

Agency and Brokerage of Real Assets in Competitive Equilibrium
Joseph T. Williams, University of British Columbia

A Spatial Model of Housing Returns and Neighborhood Substitutability
William N. Goetzmann, Yale School of Management, and Matthew Spiegel, UC Berkeley

Leasing and Credit Risk
Steven R. Grenadier, Stanford University

Discussants:

Timothy J. Riddiough, MIT
Daniel Quan, University of Texas at Austin
David C. Ling, University of Florida

Lunch Break *12:30 p.m. - 2:15 p.m.*
NEW YORK STOCK EXCHANGE LUNCHEON
- Great Hall Courtyard

Thursday, June 20 *2:30 p.m. - 4:45 p.m.*

CURRENCY RISK - *Landmark I*
Chairperson: Robert Hodrick, Northwestern University

Exchange Rate Exposure Revisited
George Allayannis, New York University

Target Zones and Exchange Rates: An Empirical Investigation
Geert Bekaert, Stanford University and NBER, and Stephen F. Gray, Duke University

How Big Is the Premium for Currency Risk?
Giorgio De Santis, University of Southern California, and Bruno Gerard, UCLA and University of Southern California

Exchange Rate Volatility and Trade: A General Equilibrium Analysis
Piet Sercu, Katholieke Universiteit Leuven, and Raman Uppal, University of British Columbia

Discussants:

Darius Palia, Columbia University
Giorgio DeSantis, University of Southern California
Stephen Gray, Duke University
Silverio Foresi, New York University

EMPIRICAL STUDIES IN CORPORATE FINANCE - *Landmark II*
Chairperson: Laurie Simon Bagwell, Northwestern University

Actual Share Reacquisitions in Open-Market Repurchase Programs
Clifford P. Stephens, University of Arizona, and Michael S. Weisbach, University of Arizona

The Conditional Performance of Insider Trades
B. Espen Eckbo, Stocholm School of Economics, and David C. Smith, Norwegian School of Management

Do Financing Constraints Explain Why Investment Is Correlated with Cash Flow?
Steven N. Kaplan, University of Chicago and NBER, and Luigi Zingales, University of Chicago and NBER

R&D Budgets and Corporate Earnings Targets
Mary M. Bange, Michigan State University, and Werner F. M. De Bondt, University of Wisconsin-Madison

Discussants:

John Persons, Ohio State University
Ananth Madhavan, University of Southern California
Zsuzsanna Fluck, New York University
Jennifer Lynch Koski, University of Washington

SECONDARY ISSUES OF SECURITIES - *Heritage I*
Chairperson: Wayne Mikkelson, University of Oregon

Do Firms Knowingly Sell Overvalued Equity?
Inmoo Lee, University of Illinois at Urbana-Champaign

Information Asymmetry, Valuation, and the Corporate Spin-off Decision
Sudha Krishnaswami, Texas A&M University

The Long-Run Performance of Stock Returns Following Debt Offerings
D. Katherine Spiess, University of Notre Dame, and John Affleck-Graves, University of Notre Dame

The Operating Performance of Firms Conducting Seasoned Equity Offerings
Tim Loughran, University of Iowa, and Jay R. Ritter, University of Illinois and MIT

Discussants:

David Yermack, New York University
David Denis, Purdue University
Brad Barber, UC Davis
David Ikenberry, Rice University

INTEREST RATE MODELS - *Heritage II*
Chairperson: Robert Jarrow, Cornell University

Estimation of Continuous Time Models for Stock Returns and Interest Rates
A. Ronald Gallant, University of North Carolina, and George Tauchen, Duke University

Nonparametric Estimation of State-Price Densities Implicit in Financial Asset Prices
Yacine Aït-Sahalia, University of Chicago, and Andrew Lo, MIT

A Nonparametric Model of Term Structure Dynamics and the Market Price of Interest Rate Risk
Richard Stanton, UC Berkeley

Expected Returns on Bonds and the Yield Curve
Jacob Boudoukh, New York University, Matthew Richardson, University of Pennsylvania, and Tom Smith, Duke University

Discussants:

Peter Bossaerts, California Institute of Technology
Eric Ghysels, University of Montréal and CIRANO
Dilip Madan, University of Maryland
Ehud Ronn, University of Texas at Austin

THE NEXT 100 YEARS! - *Pavilion*
Chairperson: Maureen O'Hara, Cornell University

NASDAQ Market Structure and Spread Patterns
Eugene Kandel, University of Rochester, and Leslie M. Marx, University of Rochester

Do NASDAQ Market Makers "Paint the Tape"?
David C. Porter, Marquette University, and Daniel G. Weaver, Marquette University

Market Structure and Trader Anonymity: An Analysis of Insider Trading
Jon A. Garfinkel, Loyola University of Chicago, and M. Nimalendran, University of Florida

The Bid-Ask Spreads of NASDAQ Stocks That Quote on Even Eighths
Paul A. Laux, Case Western Reserve University

Discussants:

William Christie, Vanderbilt University
Robert Battalio, Notre Dame University
Ingrid Werner, Stanford University
Charles Lee, University of Michigan and New York Stock Exchange

Thursday, June 20 *5:00 p.m. - 7:00 p.m.*

WFA EXECUTIVE COMMITTEE AND BOARD OF DIRECTORS MEETING - *Heritage I*

Thursday, June 20 *7:00 p.m. - 7:30 p.m.* *RECEPTION - Pavilion*
7:30 p.m. - 9:30 p.m.
BARBECUE DINNER at Great Hall Courtyard

Friday, June 21 *8:00 a.m. - 12:00 noon* REGISTRATION - *Landmak Gallery*

Friday, June 21 *7:00 a.m. - 8:15 a.m.*
CHICAGO BOARD OF TRADE BREAKFAST SEMINAR
- Great Hall

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

SYMPOSIUM - EMPIRICAL STUDIES IN BANKING - *Landmark I*
Chairperson: Kim Dietrich, University of Southern California

Financial Covenants, Private Debt, and Financial Intermediation
Mark Carey, Board of Governors of the Federal Reserve System

Bank Underwriting of Debt Securities: Modern Evidence
Amar Gande, New York University, Manju Puri, New York University, Anthony Saunders, New York University, and Ingo Walters, New York University

Credit Rating Enhancement Norms and Rating-Based Bank Capital and Deposit Insurance Premium
Sankar Acharya, University of Illinois at Chicago

Discussants:

James Booth, Arizona State University
Clas Wihlborg, Goeteborg University
Christopher James, University of Florida

INSTITUTIONAL TRADING - *Landmark II*
Chairperson: Sanjai Bhagat, University of Colorado at Boulder

The Source of Autocorrelations: Evidence from Institutional Investors
Richard W. Sias, Washington State University, and Laura T. Starks, University of Texas, Austin

The Behavior of Institutions and Individual Investors: Test of Positive Feedback Trading
John R. Nofsinger, Washington State University

Transactions Costs, Investment Style, and Exchange Listing: An Analysis of Institutional Equity Trades
Donald B. Keim, University of Pennsylvania, and Ananth Madhavan, University of Southern California

Discussants:

Allan Kleidon, Cornerstone Research
Russ Wermers, University of Colorado
Philip Mistretta, U.S. Government Accounting office

ECONOMETRICS OF FINANCIAL MARKETS - *Heritage I*
Chairperson: Wayne Ferson, University of Washington

The Bootstrap in Event Studies
Lisa Kramer, University of British Columbia

Factor Selection for Beta Pricing Models
Olivier Ledoit, UCLA

Cross Moments and Volatility Bounds
Pierluigi Balduzzi, New York University, and Hédi Kallal, Salomon Brothers

Discussants:

Charles Corrado, University of Missouri
Anthony Lynch, New York University
Peter Knez, University of Wisconsin and Northwestern University

THE STRUCTURE OF CORPORATE OWNERSHIP - *Heritage II*
Chairperson: Deborah Lucas, Northwestern University

The Choice of Stock Ownership Structure: Agency Costs, Monitoring and Liquidity
Marco Pagano, Università di Napoli and CEPR, and Ailsa Röell, London School of Economics, ECARE and CEPR

Ownership Structure, Liquidity Demand, and Shareholder Monitoring
Charles Kahn, University of Illinois, and Andrew Winton, Northwestern University

Corporate Ownership Structures: Private versus Social Optimality
Lucian Anye Bebchuk, Harvard University and NBER, and Luigi Zingales, University of Chicago and NBER

Discussants:

Michael Fishman, Northwestern University
Roni Michaely, Cornell University
Zsuzsanna Fluck, New York University

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

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

SYMPOSIUM - BANKING STRUCTURE AND PERFORMANCE- *Landmark I*
Chairperson: Anjan Thakor, Indiana University

Imperfect Competition, Risk Taking, and Regulation in Banking
Carmen Matutes, Institut d'Anàlisi Econòmica, CSIC, and Xavier Vives, Institut d'Anàlisi Econòmica, CSIC

Financial Contracting, Reorganization and Mixed Finance: A Theory of Banking Systems
Robert B. H. Hauswald, University of Maryland and IMF

A Theory of Banking Structure
Sanjiv Das, Harvard Business School, and Ashish Nanda, Harvard Business School

Discussants:

Joe Haubrich, Federal Reserve Bank of Cleveland
Manju Puri, Stanford University
Arnoud Boot, University of Amsterdam

DELEGATED PORTOFOLIO MANAGEMENT - *Landmark II*
Chairperson: Paul Pfleiderer, Stanford University

The Relation Between Mutual-Fund Flow, Trading Activity, and Performance
Roger M. Edelen, University of Pennsylvania

Tax Exempt Money-Market Yields: An Empirical Study on the Impact of Taxes, Transaction Costs, Information Lags and Liquidity Trading
Robert Litzenberger, University of Pennsylvania, and Nir Rabinowitz, University of Pennsylvania

Herding and Delegated Portfolio Management: The Impact of Relative Performance Evaluation on Asset Allocation
Ernst Maug, London Business School, Narayan Naik, London Business School

Discussants:

Craig Holden, Indiana University
Jacob Boudoukh, New York University
Neal Stoughton, UC Irvine

THEORY OF MARKET MICROSTRUCTURE - *Heritage I*
Chairperson: Avanidhar Subrahmanyam, UCLA

Imperfect Competition Among Informed Traders
Kerry Back, Washington University at St. Louis, H. Henry Cao, UC Berkeley, and Gregory A. Willard, Washington University at St. Louis

To Believe or Not To Believe
Utpal Bhattacharya, University of Iowa, and Murugappa Krishnan, University of Minnesota

The Organization of Competitive Financial Exchanges
Vijay Bhasin, Federal Reserve Board of Governors, and David P. Brown, Indiana University

Discussants:

S. Viswanathan, Duke University
Matthew Spiegel, UC Berkeley
Steve Slezak, University of North Carolina

TRADING IN DERIVATIVES - *Heritage II*
Chairperson: Robert Whaley, Duke University

The Impact of Uninformed Futures Traders on the Volatility-Volume Relationship
Robert T. Daigler, Florida International University, and Marilyn Wiley, Florida Atlantic University

Options, Futures and Stock Market Interactions: Empirical Evidence from the Swiss Stock Market
Martin Bruand, Universite de Lausanne, and Rajna Gibson-Asner, Universite de Lausanne

Directionally-Similar Position Taking and Herding by Large Futures Market Participants
Laura E. Kodres, IMF, and Matthew Pritsker, Board of Governors of the Federal Reserve System

Discussants:

George Tauchen, Duke University
Barbara Ostdiek, Rice University
Fernando Diz, Syracuse University

Lunch Break *12:30 p.m. - 2:30 p.m.*

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

FIXED INCOME MARKETS - *Landmark I*
Chairperson: Kerry Back, Washington University at St. Louis

Pricing of Swaps with Default Risk
Haitao Li, Yale School of Management

Auctions with When-Issued Trading: A Model of the U.S. Treasury Markets
S. Viswanathan, Duke University, and James J. D. Wang, Duke University

Winner's Curse, Implicit Collusion and Awards Concentration: Evidence from Swedish Treasury Auctions
Kjell G. Nyborg, London Business School, Kristian Rydqvist, Indiana University, and Suresh Sundaresan, Columbia University

Financial Innovation and the Role of Derivative Securities: An Empirical Analysis of the Treasury Strips Program
Mark Grinblatt, UCLA, and Francis A. Longstaff, Salomon Brothers and UCLA

Discussants:

Ming Huang, Stanford University
Richard C. Green, Carnegie Mellon University
Jaime F. Zender, University of Utah
Kaushik Amin, Lehman Brothers Inc.

EMPIRICAL STUDIES OF CORPORATE CONTROL - *Landmark II*
Chairperson: Karen Wruck, Harvard University

The Post-Acquisition Returns of Cash vs. Stock Acquirers
Tim Loughran, University of Iowa, and Anand M. Vijh, University of Iowa

A Re-Examination of the Conglomerate Merger Wave in the 1960s: An Internal Capital Markets View
R. Glenn Hubbard, Columbia University and NBER, and Darius Palia, Columbia University

Board Composition, Board Effectiveness and the Observed Form of Takeover Bids
Mary M. Bange, Michigan State University, and Michael A. Mazzeo, Michigan State University

Glamour, Value and the Post-Acquisition Performance of Acquiring Firms
P. Raghavendra Rau, INSEAD, and Theo Vermaelen, INSEAD

Discussants:

Joetta Forsyth, University of Michigan
Gordon Phillips, University of Maryland
Diane Denis, Purdue University
Kevin Murphy, University of Southern California

INITIAL PUBLIC OFFERINGS - *Heritage I*
Chairperson: Ivo Welch, UCLA

A Theory of the Going-Public Decision
Thomas Chemmanur, Columbia University, and Paolo Fulghieri, INSEAD

Bookbuilding Versus Fixed Price: An Analysis of Competing Strategies for Marketing IPOs
Lawrence Benveniste, University of Minnesota, and Walid Busaba, University of Arizona

IPO-Mechanisms, Monitoring and Ownership Structure
Neal M. Stoughton, UC Irvine, and Josef Zechner, University of Vienna

Technological Innovation, the Timing of IPOs and the Decision to Go Public
Vojislav Maksimovic, University of Maryland, and Pegaret Pichler, University of Maryland

Discussants:

Francesca Cornelli, London Business School
Bhagwan Chowdhry, UCLA
Ernst Maug, London Business School
Sudipto Bhattacharya, London School of Economics

TRADING MECHANISMS - *Heritage II*
Chairperson: Ananth Madhavan, University of Southern California

An Empirical Analysis of An Electronic Limit Order Market
Burton Hollifield, University of British Columbia, Robert A. Miller, Carnegie Mellon University, and Patrik Sandas, Carnegie Mellon University

The Impact of Limit Order Executions on Trading Costs in NYSE Stocks: An Empirical Examination
Jason T. Greene, Indiana University and California State University, San Jose

A Specialist's Quoted Depth and the Limit Order Book
Kenneth A. Kavajecz, Northwestern University

Differences in Trading Behavior across New York Stock Exchange Specialist Firms
Shane A. Corwin, Ohio State University

Discussants:

David Brown, Indiana University
Duane Seppi, Carnegie Mellon University
Lawrence Harris, University of Southern California
Hendrik Bessembinder, Arizona State University

Friday, June 21 *5:00 p.m.- 6:00 p.m.*

SOCIETY FOR FINANCIAL STUDIES
MEMBERSHIP MEETING - *Landmark I*

Friday, June 21 *6:30 p.m. - 9:30 p.m. ANNUAL MEETING and DINNER - Pavilion*
Distinguished Speaker:
Joseph Williams, University of British Columbia

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

BANKING AND LIQUIDITY - *Landmark I*
Chairperson: Franklin Allen, University of Pennsylvania

Organization Structure and Credibility: Evidence from Commercial Bank Securities Activities Before the Glass-Steagall Act
Randall S. Kroszner, University of Chicago, and Raghuram G. Rajan, University of Chicago

Banking Relationship, Financial Constraints and Investment: Are Bank Dependent Borrowers More Financially Constrained?
Joel F. Houston, University of Florida, and Christopher James, University of Florida

Bank Liquidity Creation When Markets Are Illiquid
Douglas W. Diamond, University of Chicago

Discussants:

Manju Puri, Stanford University
Larry Wall, Federal Reserve Bank of Atlanta
John H. Boyd, University of Minnesota

THE ROLE OF BROKERAGE ANALYSTS - *Landmark II*
Chairperson: Charles Lee, NYSE

Are Financial Analysts Informed Traders?
David Easley, Cornell University, Maureen O'Hara, Cornell University, and Joseph Paperman, University of Washington

Conflicts of Interests and the Credibility of Underwriters' Analysts' Recommendations
Roni Michaely, Cornell University, and Kent L. Womack, Dartmouth College

Monitoring and Marketing Roles of Security Analysts and Their Impact on the Market Value of Firms
Kee H. Chung, University of Memphis, and Hoje Jo, Santa Clara University

Discussants:

Avanidhar Subrahmanyam, UCLA
Maureen McNichols, Stanford University
Patricia O'Brien, University of Michigan

ISSUES IN ASSET PRICING THEORY - *Heritage I*
Chairperson: Richard Green, Carnegie Mellon University

Growth Optimal Portfolio Restrictions on Stochastic Discount Factors
Ravi Bansal, Duke University and Bruce N. Lehmann, MIT and UC San Diego

An Alternative Valuation Model for Contingent Claims
Gurdip S. Bakshi, University of Maryland, and Zhiwu Chen, Ohio State University

Consumption and Portfolio Choice in the Presence of Fixed Costs
Erzo G. J. Luttmer, Northwestern University and Tilburg University

Discussants:

Chris Telmer, Carnegie Mellon University
Vasant Naik, University of British Columbia
Charles Jones, Princeton University

RESIDUAL OWNERSHIP RIGHTS - *Heritage II*
Chairperson: Vojislav Maksimovic, University of Maryland

The Resolution of Financial Distress and the Firm's Claims Structure
Philip O'Connor, State University of New York, Buffalo

Control Rights, Debt Structure, and the Loss of Private Benefits: the Case of the UK Insolvency Code
Julian R. Franks, London Business School, and Kjell G. Nyborg, London Business School

The Allocation of Residual Rights
Sugato Bhattacharyya, University of Michigan, and Rajdeep Singh, Washington University at St. Louis

Discussants:

Ronald Giammarino, University of British Columbia
Gordon Phillips, University of Maryland
S. Viswanathan, Duke University

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

Saturday, June 22 10:30 a.m. - 12:45 p.m.

NEW APPROACHES TO MODELLING FINANCIAL MARKETS - *Landmark I*
Chairperson: Chester Spatt, Carnegie Mellon University

The Effect of Green Investment on Corporate Behavior
Robert Heinkel, University of British Columbia, Alan Kraus, University of British Columbia, and Josef Zechner, University of Vienna

Genetic Algorithms, Learning, and the Dynamics of Corporate Takeovers
Thomas H. Noe, Federal Reserve Bank of Atlanta and Georgia State University, and Lynn Pi, California State University, Hayward

Adaptive Learning in Financial Markets
Bryan R. Routledge, Carnegie Mellon University

Discussants:

Suleyman Basak, University of Pennsylvania
Mark Bagnoli, University of Michigan
Jiang Wang, MIT

BIASES IN EMPIRICAL RESEARCH - *Landmark II*
Chairperson: Jennifer Conrad, University of North Carolina

"Peso Problem" Explanations for Term Structure Anomalies
Geert Bekaert, Stanford University and NBER, Robert J. Hodrick, Northwestern University and NBER, and David A. Marshall, Federal Reserve Bank of Chicago

The Delisting Bias in CRSP Data
Tyler Shumway, University of Michigan

Survivor Bias and Mutual Fund Performance
Mark M. Carhart, University of Southern California

Bias in Beta Estimation and Long-Term Mean Reversion in Stock Returns
Bing Liang, Case Western Reserve University

Discussants:

Chris Telmer, Carnegie Mellon University
William Christie, Vanderbilt University
William N. Goetzmann, Yale University
Gautam Kaul, University of Michigan

ASSET PRICING THEORY - *Heritage I*
Chairperson: Peter Bossaerts, California Institute of Technology

Stock Price Volatility in A Multiple Security Overlapping Generations Model
Matthew Spiegel, UC Berkeley

Transaction Costs and Asset Prices: A Dynamic Equlibrium Model
Dimitri Vayanos, Stanford University

Transaction Costs, Predictability, and Portfolio Choice
Pierluigi Balduzzi, New York University, and Anthony Lynch, New York University

Discussants:

Eric Hughson, University of Utah
Raghu Sundaram, New York University
Ravi Bansal, Duke University

SECURITY DESIGN - *Heritage II*
Chairperson: Neal Stoughton, UC Irvine

Optimal vs Traditional Securities under Moral Hazard
Michel A. Robe, University of Miami

The Use of Debt and Equity in Optimal Financial Contracts
John H. Boyd, Federal Reserve Bank of Minneapolis and University of Minnesota, and Bruce D. Smith, Federal Reserve Bank of Minneapolis and Cornell University

The Use of Covenants: An Empirical Analysis of Venture Partnership Agreements
Paul Gompers, Harvard Business School, and Josh Lerner, Harvard Business School

Discussants:

Anjan Thakor, University of Indiana
Sugato Bhattacharyya, University of Michigan
Joe Williams, University of British Columbia

THIRTY FIRST ANNUAL CONFERENCE
WESTERN FINANCE ASSOCIATION
SUNRIVER, OREGON
JUNE 19-22, 1996

PROGRAM SUMMARY

REGISTRATION:

Wednesday, June 19	*3:30 p.m.- 8:00 p.m.*	*- Pavilion*
Thursday, June 20	*8:00 a.m.- 5:00 p.m.*	*- Pavilion Foyer*
Friday, June 21	*8:00 a.m. - 12:00 noon*	*- Landmark Gallery*

SESSIONS:

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

REGULATION OF FINANCIAL MARKETS	*- Landmark I*
HEDGING AND RISK MANAGEMENT	*- Landmark II*
INTERNATIONAL INVESTMENT	*- Heritage I*
EXECUTIVE COMPENSATION	*- Heritage II*
RATIONAL EXPECTATIONS MODELS	*- Pavilion*

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

SYMPOSIUM - THEORY OF BANKING	*- Landmark I*
MODELS OF ASSET RETURNS	*- Landmark II*
ORGANIZATIONAL FORM AND CORPORATE GOVERNANCE	*- Heritage I*
PRICING OF CONTINGENT CLAIMS	*- Heritage II*
THE ECONOMICS OF REAL ESTATE AND LEASING	*- Pavilion*

Thursday, June 20 2:30 p.m. - 4:45 p.m.

CURRENCY RISK	*- Landmark I*
EMPIRICAL STUDIES IN CORPORATE FINANCE	*- Landmark II*
SECONDARY ISSUES OF SECURITIES	*- Heritage I*
INTEREST RATE MODELS	*- Heritage II*
THE NEXT 100 YEARS!	*- Pavilion*

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

SYMPOSIUM - EMPIRICAL STUDIES IN BANKING	*- Landmark I*
INSTITUTIONAL TRADING	*- Landmark II*
ECONOMETRICS OF FINANCIAL MARKETS	*- Heritage I*
THE STRUCTURE OF CORPORATE OWNERSHIP	*- Heritage II*

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

SYMPOSIUM - BANKING STRUCTURE AND PERFORMANCE	*- Landmark I*
DELEGATED PORTOFOLIO MANAGEMENT	*- Landmark II*
THEORY OF MARKET MICROSTRUCTURE	*- Heritage I*
TRADING IN DERIVATIVES	*- Heritage II*

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

FIXED INCOME MARKETS	*- Landmark I*
EMPIRICAL STUDIES OF CORPORATE CONTROL	*- Landmark II*
INITIAL PUBLIC OFFERINGS	*- Heritage I*
TRADING MECHANISMS	*- Heritage II*

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

BANKING AND LIQUIDITY	*- Landmark I*
THE ROLE OF BROKERAGE ANALYSTS	*- Landmark II*
ISSUES IN ASSET PRICING THEORY	*- Heritage I*
RESIDUAL OWNERSHIP RIGHTS	*- Heritage II*

Saturday, June 22 10:30 a.m. - 12:45 p.m.

NEW APPROACHES TO MODELLING FINANCIAL MARKETS	*- Landmark I*
BIASES IN EMPIRICAL RESEARCH	*- Landmark II*
ASSET PRICING THEORY	*- Heritage I*
SECURITY DESIGN	*- Heritage II*

THIRTY FIRST ANNUAL CONFERENCE
WESTERN FINANCE ASSOCIATION
SUNRIVER, OREGON
JUNE 19-22, 1996

PROGRAM SUMMARY

EVENTS:

Breakfast

Thursday, June 20 7:00 a.m. - 8:15 a.m.
PARIS BOURSE BREAKFAST SEMINAR - *Great Hall*

Friday, June 21 7:00 a.m. - 8:15 a.m.
CHICAGO BOARD OF TRADE BREAKFAST SEMINAR - *Great Hall*

Coffee Break

10:15 a.m. -10:30 a.m. everyday - *Heritage Gallery*

Luncheon

Thursday, June 20 12:30 p.m. - 2:15 p.m.
NEW YORK STOCK EXCHANGE LUNCHEON - *Great Hall Courtyard*

Meeting

Thursday, June 20 5:00 p.m. - 7:00 p.m.
WFA EXECUTIVE COMMITTEE & BOARD OF DIRECTORS MEETING - *Heritage I*

Friday, June 21 5:00 p.m. - 6:00 p.m.
SOCIETY FOR FINANCIAL STUDIES MEMBERSHIP MEETING - *Landmark I*

Dinner

Thursday, June 20
7:00 p.m. - 7:30 p.m. RECEPTION - *Pavilion*
7:30 p.m. - 9:30 p.m.
BARBECUE DINNER at Great Hall Courtyard

Friday, June 21
6:30 p.m. - 7:00 p.m. RECEPTION - *Pavilion*
7:00 p.m. - 9:30 p.m
WFA ANNUAL MEETING & DINNER with Distinguished Speaker:
Joseph Williams, University of British Columbia

INDEX OF PARTICIPANTS

Call for Papers and Participants

1997 ANNUAL MEETINGS OF
THE WESTERN FINANCE ASSOCIATION
June 18 -21, 1997
Loews Coronado Bay Resort
San Diego, California

Members and friends of the Western Finance Association are invited to submit papers to be considered for presentation at the 1997 Annual Meetings. Papers on any topic related to financial economics will be considered.

Submission of papers:

Send four (4) copies of your paper to the 1997 Program Chair no later than November 15, 1996. Each copy of the paper should include three parts: (i) an abstract that will assist the program chair in classifying it, (ii) a separate page at the beginning of the manuscript containing the title of the paper, author names, addresses, affiliations, telephone and fax numbers, e-mail addresses, and acknowledgements, (iii) the manuscript itself without author identification. Papers with only abstracts and papers already accepted for publication should not be submitted. Papers, absent author identification, will be reviewed anonymously by two members of the program committee. Authors will be notified of the program committee's decision regarding their paper in February, 1997. Multiple submissions by the same author or submission of papers presented at other major finance meetings reduce the chance of acceptance. An author willing to serve as a discussant (even if her paper is not accepted for the program) should indicate her interest.

Submission Fee:

A submission fee of $20.00, payable to the Western Finance Association, is required for each submitted paper. The fee will be used to help defray the cost of processing the paper. The submission fee is waived for papers written by Ph.D. students who have neither received their degree nor assumed a regular faculty position by the submission deadline.

Best Paper Awards:

The Trefftzs Award of $1,500 for the best student paper will be presented in honor of Kenneth L. Trefftzs, Professor of Finance, University of Southern California from 1941 to 1982, and the first president of the Western Finance Association. A paper written by a Ph.D. student who has neither received her degree nor assumed a regular faculty position by the submission deadline is eligible for this award. Please indicate your eligibility for the award.
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 Maureen O'Hara
Program Chair, 1997 WFA Meetings
Johnson Graduate School of Management
Malott Hall
Cornell University
Ithaca, NY 14853-4201

Call for Papers

SYMPOSIUM

on

"Finance and Public Policy"

at

The Western Finance Association Meetings
June 18 -21, 1997
Loews Coronado Bay Resort
San Diego, California

Authors are invited to submit papers on issues related to Finance and Public Policy. Empirical and theoretical papers are welcome. The focus of the Symposium is on public policy issues, and in particular how capital markets or their regulations should be changed to reflect the needs and the practices of modern finance. Topics include, but are not limited to, the regulation of trading between markets, the role of brokers and dealers in meeting fiduciary duties, the need for circuit breakers or tick size restrictions, the role of central banks, the regulation of financial intermediaries, the optimality of governmental intervention in foreign exchange markets, the regulation of IPO's and equity offerings, the design of bankruptcy procedures, the role of takeover restrictions, and the nature of insider trading rules. Public policy issues arise in a number of contexts, and authors are encouraged to submit papers that investigate such issues from a finance perspective.

Papers for the Symposium will be selected by the 1997 Program Chair of the Western Finance Association in collaboration with the Editors of the *Review of Financial Studies*. Papers accepted for the Symposium will be considered as submissions for publication in a special issue of the *Review of Financial Studies* with publication decisions being made by the editors using standard editorial procedures. The normal journal submission fee will be waived for such papers. If the author of a paper accepted for the Symposium wishes to make revisions prior to review for publication, the new version must be received by the Executive Editor of the *Review of Financial Studies* by March 1, 1997. Otherwise, the original version will be reviewed for possible publication. Papers submitted for the Symposium may not be under review at other journals, but may be submitted separately to the *Review of Financial Studies*. Submissions of sufficient quality that do not fit the Symposium may be included in regular WFA sessions.

Four (4) copies of the paper specifically marked "Symposium" should be sent to the WFA Program Chair by November 15, 1996. A submission fee of $20, payable to the Western Finance Association should accompany each submitted paper. The submission fee is waived for Ph.D. students who have neither finished their degree nor assumed a regular faculty position by the submission deadline. Authors must indicate their eligibility for such a waiver with their submission.

Professor Maureen O'Hara
Program Chair, 1997 WFA Meetings
Johnson Graduate School of Management
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NOTES