WESTERN FINANCE

WFA

ASSOCIATION

PROGRAM

34th Annual Conference
of the
Western Finance Association

Loews Santa Monica Beach Hotel
Santa Monica, California

June 20-23, 1999

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 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.

Information on the Association and membership application is available on our web site (at http://www.gsm.cornell.edu/wfa).

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 1999 Conference of the Western Finance Association appears at the end of this program.

REGISTRATION AND HOTEL INFORMATION

All sessions and conference functions will be held at The Loews Santa Monica Beach Hotel. The Western Finance Association has reserved limited blocks of rooms for the conference at Loews Santa Monica Beach Hotel. Please contact the facility as soon as possible to make reservations. The special WFA rate at Loews Santa Monica Beach Hotel is $180 a night. For reservations call: Loews Santa Monica Beach Hotel, Santa Monica: (310) 458-6700 or Loews Hotels: (800) LOEWS11.

On-site registration will be located in the Arcadia Foyer at Loews Santa Monica Beach Hotel beginning at 4:00pm, Sunday, June 20, 1999.

PRE-REGISTRATION

Pre-registration is being handled this year via our web site, which can be found at http://www.gsm.cornell.edu/wfa. Those who pre-register are entitled to a discount on registration fees, and students who pre-register can do so without charge. To qualify for these discounted rates you must pre-register before May 15. You will be billed for all charges at the Meetings, and you can pay this bill by a check in US funds payable through a US bank, or by Visa/Mastercard.

FEE SCHEDULE:

	Pre-Registration	On-site Registration
WFA member	$50	$85
Non-member	$80	$125
Student	no charge	$30
Annual meeting, luncheon and featured speaker	$40	$40

ON-SITE REGISTRATION

Sunday, June 20, 4:00-8:00 pm
Monday, June 21, 8:00 am-4:00 pm
Tuesday, June 22, 8:00 am-12 noon

Registration for the NASDAQ Breakfast and the New York Stock Exchange Luncheon will take place on-site in the meeting registration area.

SOCIETY FOR FINANCIAL STUDIES MEMBERSHIP MEETING

All members of the SFS are invited to attend the Annual Meeting to be held on Tuesday, June 22 from 4:45-5:30 pm in Catalina. All subscribers to the *Review of Financial Studies* are members of the SFS.

WESTERN FINANCE ASSOCIATION

Officers and Executive Committee - 1998-99

President	Franklin Allen, University of Pennsylvania
President-Elect	Richard C. Green, Carnegie Mellon University
Vice President	Wayne Ferson, University of Washington
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Past President	Maureen O'Hara, Cornell University
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	Jennifer Conrad, University of North Carolina at Chapel Hill
	Laura Starks, University of Texas at Austin
	Sheridan Titman, University of Texas at Austin

Presidents of the Western Finance Association 1965-98

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	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	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 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 Brown	New York University
1992-93 Hans Stoll	Vanderbilt University
1993-94 Kenneth Singleton	Stanford University
1994-95 Milton Harris	University of Chicago
1995-96 Chester Spatt	Carnegie Mellon University
1996-97 Michael Brennan	UCLA
1997-98 Maureen O'Hara	Cornell University

1999 PROGRAM COMMITTEE

Yacine Ait-Sahalia, Princeton University
Gurdip Bakshi, University of Maryland
Suleyman Basak, University of Pennsylvania
Geert Bekaert, Stanford University
Jonathan Berk, University of California at Berkeley
Anthony Bernardo, UCLA
Hendrik Bessembinder, Arizona State University
Sanjai Bhagat, University of Colorado
Utpal Bhattacharya, Indiana University
Sugato Bhattacharyya, University of Michigan
Bruno Biais, Toulouse University
Arnoud Boot, University of Amsterdam
Peter Bossaerts, California Institute of Technology
Jacob Boudoukh, New York University
Phelim P. Boyle, University of Waterloo
Henry Cao, University of California at Berkeley
Jennifer Carpenter, New York University
John Chalmers, University of Oregon
Jonathan Carmel, University of Michigan
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George Constantinides, University of Chicago
Francesca Cornelli, London Business School
Dominico Cuoco, University of Pennsylvania
Robert Dammon, Carnegie Mellon University
Kent Daniel, Northwestern University
Peter DeMarzo, University of California at Berkeley
David Denis, Purdue University
Diane Denis, Purdue University
Philip Dybvig, Washington University at Saint Louis
Michael Fishman, Northwestern University

Zsuzsanna Fluck, New York University
Thierry Foucault, HEC
Paolo Fulghieri, INSEAD
Tom George, University of Iowa
Ron Giammarino, University of British Columbia
William Goetzmann, Yale University
Paul Gompers, Harvard University
John Graham, Duke University
Mark Grinblatt, UCLA
Kathleen Weiss Hanley, University of Maryland
Lawrence Harris, University of Southern California
Milton Harris, University of Chicago
Campbell Harvey, Duke University
Joel Hasbrouck, New York University
Rob Heinkel, University of British Columbia
David Hirshleifer, University of Michigan
Laurie Hodrick, Columbia University
Robert Hodrick, Columbia University
Craig Holden, Indiana University
Burton Hollifield, Carnegie Mellon University
Edie Hotchkiss, Boston College
Pat Hughes, UCLA
Eric Hughson, University of Utah
Ronen Israel, University of Michigan
Christopher James, University of Florida
Narasimhan Jegadeesh, University of Illinois
Kose John, New York University
Charles Jones, Columbia University
Philippe Jorion, University of California at Irvine
Gautam Kaul, University of Michigan
Naveen Khanna, Michigan State University
Robert Korajczyk, Northwestern University
Jennifer Koski, University of Washington
Alan Kraus, University of British Columbia
Chris Leach, University of Colorado
Charles Lee, Cornell University
Bruce Lehmann, University of California at San Diego
Uri Loewenstein, University of Utah
Francis Longstaff, UCLA
Erzo Luttmer, London School of Economics
Richard Lyons, University of California at Berkeley
Craig MacKinlay, University of Pennsylvania
Dilip Madan, University of Maryland
Ananth Madhavan, University of Southern California
Vojislav Maksimovic, University of Maryland

Ernst Maug, Duke University
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Wayne Mikkelson, University of Oregon
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Vasant Naik, University of British Columbia
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Raghuram Rajan, University of Chicago
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Mark Ready, University of Wisconsin at Madison
Matthew Richardson, New York University
Bryan Routledge, Carnegie Mellon University
Kristian Rydqvist, Norwegian School of Management
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Lemma Senbet, University of Maryland
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Jamie Zender, University of Utah
Goufu Zhou, Washington University at Saint Louis
Stanley Zin, Carnegie Mellon University
Luigi Zingales, University of Chicago

WESTERN FINANCE ASSOCIATION

Distinguished Speakers
Western Finance Association Meetings
1979-99

Year	Location	Speaker
1999	Santa Monica	Andrei Shleifer
1998	Monterey	Milton Harris
1997	San Diego	Richard Thaler
1996	Sunriver	Joseph Williams
1995	Aspen	Kenneth French
1994	Santa Fe	Mark Rubinstein
1993	Whistler	Alan Kraus
1992	San Francisco	Myron Scholes
1991	Jackson Lake	Fischer Black
1990	Santa Barbara	Michael Brennan
1989	Seattle	William Sharpe
1988	Napa	Sanford Grossman
1987	San Diego	Edward Kane
1986	Colorado Springs	Merton Miller
1985	Scottsdale	Robert Litzenberger
1984	Vancouver	Richard Roll
1983	Long Beach	Myron Scholes
1982	Portland	Stephen Ross
1981	Jackson Lake	Eugene Fama
1980	San Diego	Kenneth Arrow
1979	San Francisco	Nils Hakansson

1999 WFA PROGRAM SUMMARY

Sunday, June 20

4:00-8:00 pm
REGISTRATION - Arcadia Foyer

5:30-7:30 pm
Oxford Press and MIT PRESS RECEPTION
Lower Pool Deck - (Arcadia AB if weather bad) Open to all attendees and guests

Monday, June 21

7:00-8:15 am
NASDAQ BREAKFAST - Arcadia Foyer

8:00 am-4:00 pm
REGISTRATION - Arcadia Foyer

8:30-10:15 am
Information in Option Prices - Palisades AB
Term Structure -Empirical - Palisades CD
IPO's - Catalina
Bosses and Banks - Arcadia D
Empirical Microstructure I – Arcadia EF

10:15-10:30 am
COFFEE BREAK - Arcadia Foyer

10:30 am-12:15 pm
Asset Pricing Theory I - Palisades AB
Corporate Diversification - Palisades CD
Changes in Expected Returns - Catalina
Optimal Disclosures of Information - Arcadia D
Performance of Professional Traders – Arcadia EF

12:30-2:00 pm
NEW YORK STOCK EXCHANGE LUNCHEON
Lower Pool Deck - (Arcadia AB if weather bad)

2:15-4:30 pm
Options on Whatever - Palisades AB
International Returns - Palisades CD
Sentiment and Trading Behavior - Catalina
Microstructure of Fixed Income Markets - Arcadia D
The Structure of Financial Institutions – Arcadia EF

4:45-6:15 pm
WFA Executive Committee and Board of Directors Meeting – Palos Verdes

5:30-7:30 pm
CORNERSTONE RECEPTION
Lower Pool Deck - (Arcadia AB if weather bad) Open to all attendees and guests

Tuesday, June 22

8:00 am-12:00 noon
REGISTRATION - Arcadia Foyer

8:30-10:15 am
Asset Pricing Theory II - Palisades AB
Corporate Investment Policies - Palisades CD
Motives for Trade - Catalina
Dealer Indications, Quotes and Trades - Arcadia D
Information in the Cross Section of Returns – Arcadia EF

10:15-10:30 am
COFFEE BREAK - Arcadia Foyer

10:30 am-12:15 pm
Volatility and Option Prices - Palisades AB
International Corporate: Empirical - Palisades CD
"Anomalies?" - Catalina
Financial Services Contracts - Arcadia D
Mutual Funds – Arcadia EF

12:30-2:00 pm
WFA ANNUAL MEETING AND LUNCHEON
Arcadia AB - Distinguished Speaker: Andrei Shleifer, Harvard University

2:15-4:30 pm
Issuing and Retiring Securities - Palisades AB
Volume and Returns - Palisades CD
Portfolio Choice - Catalina
International Capital Markets - Arcadia D
Microstructure Theory – Arcadia EF

4:45-5:30 pm
Society for Financial Studies Annual Meeting - Catalina

5:30-7:30 pm
SFS/RFS RECEPTION
Lower Pool Deck - (Arcadia AB if weather bad) Open to all attendees and guests

Wednesday, June 23

8:30-10:15 am
Dynamic Portfolio Selection - Palisades AB
Dividends - Palisades CD
Risks in Global Markets - Catalina
Corporate Control: Theory - Arcadia D
Empirical Microstructure II - Arcadia EF

10:15-10:30 am
COFFEE BREAK - Arcadia Foyer

10:30 am-12:15 pm
American Option Valuation - Palisades AB
Corporate Control: Empirical - Palisades CD
Determinants of Expected Returns - Catalina
Theoretical Corporate - Arcadia D
Effects of Liquidity - Arcadia EF

34th ANNUAL CONFERENCE
WESTERN FINANCE ASSOCIATION
SANTA MONICA, CALIFORNIA
June 20-23, 1999

PRESIDENT: FRANKLIN ALLEN, UNIVERSITY OF PENNSYLVANIA

PRESIDENT-ELECT AND PROGRAM CHAIR: RICHARD C. GREEN, CARNEGIE MELLON UNIVERSITY

Sunday, June 20

	4:00-8:00 pm	**REGISTRATION** - Arcadia Foyer
	5:30-7:30 pm	**OXFORD AND MIT PRESS RECEPTION** - Lower Pool Deck (Arcadia AB if weather is bad) Open to all attendees and guests

Monday, June 21

	7:00-8:15 am	**NASDAQ BREAKFAST** – Arcadia Foyer

Monday, June 21

	8:00 am-4:00 pm	**REGISTRATION** - Arcadia Foyer

Monday, June 21 8:30-10:15 AM

INFORMATION IN OPTION PRICES – Palisades AB
Andrew Lo, Massachusetts Institute of Technology

Option Prices, Implied Price Processes, and Stochastic Volatility – Mark Britten-Jones and Anthony Neuberger, London Business School

Credit Risk and Risk Neutral Default Probabilities: Information About Rating Migrations and Default – Gordon Delianedis and Robert Geske, UCLA

What Data Should Be Used To Price Options? - Mikhail Chernov and Eric Ghysels, The Pennsylvania State University

Discussants:
Harry Mamaysky, Massachusetts Institute of Technology
Ming Huang, Stanford University
Peter Muller, Morgan Stanley

TERM STRUCTURE-EMPRICAL – Palisades CD
David Hsieh, Duke University

An Empirical Examination of the Convexity Bias in the Pricing of Interest Rate Swaps – Anurag Gupta and Marti G. Subrahmanyam, New York University

How Well Do Forward Repo Spreads Price Future Specialness? – Andrea Buraschi and Davide Menini, London Business School

Local Time in the Econometrics of Continuous-Time Finance: an Application to the Short Term Interest Rate Dynamics – Federico Maria Bandi, Yale University

Discussants:
Peter Kyle, Duke University
Ravi Bansal, Duke University
Heber Farnsworth, Washington University in St. Louis

IPO's – Catalina
Kathleen Hanley, University of Maryland

The Seven Percent Solution – Hsuan-Chi Chen and Jay R. Ritter, University of Florida

Bookbuilding and Strategic Allocation – Francesca Cornelli and David Goldreich, London Business School

How Does Underwriter Price Support Affect IPO's? Empirical Evidence – N. R. Prabhala, Yale University and Manju Puri, Stanford University

Discussants:
Craig Dunbar, University of Western Ontario
Alexander Ljungqvist, Oxford University
Kent Womack, Dartmouth College

BOSSES AND BANKS – Arcadia D
Craig Lewis, Vanderbilt University

CEO Compensation and Bank Mergers – Richard T. Bliss, Babson College and Richard J. Rosen, Indiana University

Voting with their Feet: Institutional Investors and CEO Turnover – Robert Parrino, University of Texas at Austin, Richard W. Sias, Washington State University and Laura T. Starks, University of Texas at Austin

The Effects of Banking Mergers on Loan Contracts – Paola Sapienza, Northwestern University

Discussants:
Gordon Hanka, University of Texas at Austin
Kenneth Lenn, University of Pittsburgh
Gary Gorton, The University of Pennsylvania

EMPIRICAL MICROSTRUCTURE – Arcadia EF
Ananth Madhavan, University of Southern California

Liquidity in the Future Pits: Inferring Market Dynamics from Incomplete Data – Joel Hasbrouck, New York University

Stock and Flow Information as Inputs to Limit Order Book Trading Activity – Mark Coppejans, Duke University and Ian Domowitz, Pennsylvania State University

What is the Spread without Rounding? A Monte Carlo Markov Chain Approach – Clifford A. Ball and Tarun Chordia, Vanderbilt University

Discussants:
Lawrence Harris, University of Southern California
Burton Hollifield, Carnegie Mellon University
Venkatesh Panchapagensan, Washington University, St. Louis

COFFEE BREAK - 10:15-10:30 am - Arcadia Foyer

Monday, June 21 10:30-12:15 PM

ASSET PRICING THEORY I – Palisades AB
Burton Hollifield, Carnegie Mellon University

Regime Shifts and Bond Returns – Jacob Boudoukh, Matthew Richardson, New York University, Tom Smith, University of New South Wales, Robert F. Whitelaw, New York University

The Term Structure with Credible and Semi-credible Targeting – Heber Farnsworth, Washington University in St. Louis and Richard Bass, University of Connecticut

Value-at-Risk Based Risk Management: Optimal Policies and Asset Prices – Suleyman Basak, University of Pennsylvania and Alex Shapiro, New York University

Discussants:
Murray Carlson, University of Texas at Austin
Pierre Collin-Dufresne, Carnegie Mellon University
Tan Wang, University of British Columbia

CHANGES IN EXPECTED RETURNS – Catalina
David Chapman, University of Texas at Austin

The Equity Premium and Structural Breaks – Lubos Pastor and Robert F. Stambaugh, University of Pennsylvania

How Much Do Expected Stock Returns Move Over Time? Answers from the Options Market – Wayne E. Ferson, University of Washington, Andrea Heuson and Tie Su, University of Miami

Stock Prices, Expected Returns and Inflation – Steven A. Sharpe, Federal Reserve Board

Discussants:
Kent Daniel, Northwestern University
Neil Pearson, University of Illinois at Urbana-Champaign
Rossen Valkanov, Princeton University

CORPORATE DIVERSIFICATION – Palisades CD
Espen Eckbo, Dartmouth College

Is It Inefficient Investment that Causes the Diversification Discount? – Toni M. Whited, University of Delaware

Corporate Structure and Equity Offerings: Are There Benefits to Diversification? – Charles Hadlock, Michigan State University, Michael Ryngaert and Shawn Thomas, University of Florida

Explaining the Diversification Discount – Jose Manuel Campa, New York University and Simi Kedia, Harvard University

Discussants:
David Denis, Purdue University
Ronald Masulis, Vanderbilt University
Vojislav Maksimovic, University of Maryland

OPTIMAL DISCLOSURES OF INFORMATION – Arcadia D
Ronen Israel, University of Michigan

Corporate Disclosures: Strategic Donation of Information – Jhinyoung Shin, The Hong Kong University of Science and Technology and Rajdeep Singh, University of Michigan

Insider Trading and Corporate Governance – Ernst Maug, Duke University

Public Disclosure of Insider Trades, Trading Costs, and Price Discovery – Steven Huddart, Jack Hughes and Carolyn Levine, Duke University

Discussants:
Marc Lars Lipson, NYSE and University of Georgia
Efrat Tolkowsky, Tel Aviv University
Sugato Bhattacharyya, University of Michigan

PERFORMANCE OF PROFESSIONAL TRADERS – Arcadia EF
Bhagwan Chowdhry, UCLA

Do Professional Traders Exhibit Loss Realization Aversion? – Peter R. Locke, U.S. Commodity Futures Trading Commission and Steven C. Mann, Texas Christian University

The Performance of Professional Market Timers: Daily Evidence from Executed Strategies - Don M. Chance, Virginia Tech and Michael L. Hemler, University of Notre Dame

Monthly Measurement of Daily Timers – William N. Goetzmann, Jonathan Ingersoll, Jr. and Zoran Ivkovic, Yale University

Discussants:
Terrance Odean, University of California at Davis
Andrew Metrick, Harvard University
Mark Grinblatt, UCLA

NEW YORK STOCK EXCHANGE LUNCHEON 12:30-2:00 pm
Lower Pool Deck - (Arcadia AB if weather bad)

Monday, June 21 2:15-4:30 PM

OPTIONS ON WHATEVER – Palisades AB
Alex Triantis, University of Maryland

Valuation of Commodity-Based "Swing" Options – Patrick Jaillet, Ehud I. Ronn and Stathis Tompaidis, University of Texas at Austin

When are real options exercised? An empirical study of mine closings –Alberto Moel and Peter Tufano, Harvard Business School

Major League Baseball Player Contracts: An Investigation of the Empirical Properties of Real Options – Matthew Clayton and David Yermack, New York University

Exhaustible Resource Mining is the Exercise of a Call Option: An Equilibrium Approach – Scott A. Hoover and Frederic P. Sterbenz, University of Wyoming

Discussants:
James Hodder, University of Wisconsin
Gordon Phillips, University of Maryland
Kenneth Lehn, University of Pittsburgh
Steven Grenadier, Stanford University

INTERNATIONAL RETURNS – Palisades CD
Ravi Jagannathan, Northwestern University

The Forward Premium Puzzle: Different Tales from Developed and Emerging Economies – Ravi Bansal and Magnus Dahlquist, Duke University

Mean Reversion across National Stock Markets and Parametric Contrarian Investment Strategies – Ronald Balvers, West Virginia University, Yangru Wu, Rutgers University and Erik Gilliland, West Virginia University

Can Book-to-Market, Size and Momentum Be Risk Factors That Predict Economic Growth? – Jimmy Liew, Morgan Stanley and Maria Vassalou, Columbia University

Valuation Ratios and Dynamic Asset Pricing: Some International Evidence - Robert J. Hodrick, David Tat-Chee Ng and Paul Sengmueller, Columbia University

Discussants:
Pierluigi Balduzzi, Boston College
Chunsheng Zhou, University of California at Riverside
Leonid Kogan, Massachusetts Institute of Technology
Luis Viceira, Harvard Business School

MICROSTRUCTURE OF FIXED INCOME MARKETS – Arcadia D
Matthew Spiegel, University of California at Berkeley

News Releases, Private Information, and Intraday Price Movements in the U.S. Treasury Market – T. Clifton Green, New York University

The Informational Efficiency of the Corporate Bond Market: An Intraday Analysis – Edith S. Hotchkiss, Boston College and Tavy Ronen, Rutgers University

Liquidity in U.S. Fixed Income Markets: Comparative Evidence from Transactions in Corporate, Government and Municipal Bond Markets – Sugato Chakravarty, Purdue University and Asani Sarkar, Federal Reserve Bank of New York

Corporate Bond Trading Costs and Practices: A Peek Behind the Curtain – Paul Schultz, University of Notre Dame

Discussants:
David Kuipers, University of Houston
Greg Duffee, Federal Reserve Board
Robert Whitelaw, New York University
Arthur Warga, University of Houston

THE STRUCTURE OF FINANCIAL INSTITUTIONS – Arcadia EF
Neal Stoughton, University of California at Irvine

Private versus Public Offerings: Optimal Selling Mechanisms with Adverse Selection – Vojislav Maksimovic, University of Maryland and Pegaret Pichler, Boston College

An Optimal IPO Mechanism – Bruno Biais, Toulouse University, Peter Bossaerts, CALTECH and Jean-Charles Rochet, Toulouse University

Privatization with Political Constraints – Zsuzsanna Fluck, Kose John, New York University and S. Abraham Ravid, Rutgers University

Emerging Markets Crises: An Asset Markets Perspective – Ricardo J. Caballero, Massachusetts Institute of Technology and Arvind Krishnamurthy, Northwestern University

Discussants:
Kit Pong Wong, Hong Kong University
Dmitry Lukin, University of California at Irvine
Paolo Fulghieri, INSEAD
Bhagwan Chowdhry, UCLA

SENTIMENT AND TRADING BEHAVIOR – Catalina
Michael Brennan, UCLA

Is Sound Just Noise? – Joshua D. Coval and Tyler Shumway, University of Michigan

Investor Overconfidence, Covariance Risk, and Predictors of Securities Returns – Kent Daniel, Northwestern University, David Hirshleifer, University of Michigan and Avanidhar Subrahmanyam, UCLA

Investor Sentiment and the Stock Market – Gregory W. Brown and Michael T. Cliff, University of North Carolina at Chapel Hill

Irrational Trading in a Financial Market – Ben Jacobsen, University of Amsterdam

Discussants:
Ananth Madhavan, University of Southern California
Simon Gervais, University of Pennsylvania
Bhaskaran Swaminathan, Cornell University
Rosemary Luo, Rutgers University

4:45-6:15 pm
WFA Executive Committee and Board of Directors Meeting – Palos Verdes

5:30-7:30 pm
CORNERSTONE RECEPTION
Lower Pool Deck - (Arcadia AB if weather bad) Open to all attendees and guests

Tuesday, June 22 8:30 – 10:15 am

REGISTRATION - 8:00 am-12:00 Noon Arcadia Foyer

ASSET PRICING THEORY II – Palisades AB

Yacine Ait-Sahalia, Princeton University

Spanning & Derivative-Security Valuation – Gurdip Bakshi and Dilip Madan, University of Maryland

Asset Prices and Irreversible Real Investment – Leonid Kogan, Massachusetts Institute of Technology

Correlated Nontrading and Short-Term Stock Return Predictability – Yu Wang, Washington University in St. Louis

Discussants:
Dimitri Vayanos, Massachusetts Institute of Technology
Kerry Back, Washington University in St. Louis
Michael Brandt, University of Pennsylvania

THE CROSS SECTION OF RETURNS – Arcadia EF

Bruce Lehmann, University of California at San Diego

Nonlinear Pricing Kernels, Kurtosis Preference, and Evidence from the Cross-Section of Equity Returns – Robert R. Dittmar, University of North Carolina at Chapel Hill

The Theoretical Implications of Asymmetric Information on The Dynamic and Cross-Sectional Characterisitics of Asset Returns – Charles M. Jones, Columbia University and Steve L. Slezak, University of North Carolina at Chapel Hill

Understanding the Nature of the Risks and the Source of the Rewards to Momentum Investing – Bruce D. Grundy, University of Pennsylvania and J. Spencer Martin, The Ohio State University

Discussants:
George Tauchen, Duke University
Jiang Wang, Massachusetts Institute of Technology
Christopher K. Polk, Northwestern University

CORPORATE INVESTMENT POLICIES – Palisades CD

Lemma Senbet, University of Maryland

Managing Financial Policy Evidence from the Financing of Extraordinary Investments – Erik Stafford, University of Chicago

Real Flexibility and Financial Structure: An Empirical Analysis – Peter MacKay, Southern Methodist University

The Substitutability of Foreign and Domestic Capital: Evidence from TRA – Mihir A. Desai, Harvard Business School

Discussants:
Robert McDonald, Northwestern University
Robert Hauswald, Indiana University
Craig Lewis, Vanderbilt University

MOTIVES FOR TRADE – Catalina
Jeffrey Pontiff, University of Washington

Investor Behavior and Asset Allocation – Mary M. Bange, University of Oregon

What Makes Investors Trade? – Mark Grinblatt, UCLA and Matti Keloharju, Helsinki School of Economics and Business Administration

Boys Will be Boys: Gender, Overconfidence, and Common Stock Investment - Brad M. Barber and Terrance Odean, University of California at Davis

Discussants:
Tyrone Callahan, UCLA
Michael Schill, University of California at Riverside
Diane DelGuercio, University of Oregon

DEALER INDICATIONS, QUOTES AND TRADES – Arcadia D
Lawrence Harris, University of Southern California

Price Discovery without Trading: Evidence from the NASDAQ Pre-opening – Charles Cao, Eric Ghysels and Frank Hatheway, Pennsylvania State University

The Quotation Behavior of ECNs and NASDAQ Market Makers – Yusif Simaan, Fordham University, Daniel G. Weaver, Baruch College and David K. Whitcomb, Rutgers University

Adverse Selection, Anonymity and Interdealer Trade Type – Peter C. Reiss, Stanford University and Ingrid M. Werner, Ohio State University

Discussants:
Chester S. Spatt, Carnegie Mellon University
Robert Battalio, Georgia State University
Joel Hasbrouck, New York University

COFFEE BREAK - 10:15-10:30 am - Arcadia Foyer

Tuesday, June 22 10:30 AM-12:15 PM

VOLATILITY AND OPTION PRICES – Palisades AB
Vasant Naik, Lehman Brothers

Implied Volatility: Evidence From Options on Individual Equities – Patrick Dennis, University of Virginia and Stewart Mayhew, Purdue University

Is Volatility Risk Priced in the Option Market? Deterministic vs. Stochastic Models – Andrea Buraschi and Jens Jackwerth, London Business School

A Solution to Real Options Problems Under General Specifications for the Stochastic Process – Ramzi Zein, Yale University

Discussants:
Qiang Dai, New York University
George Chacko, Harvard Business School
Luca Benzoni, Northwestern University

"ANOMALIES?" – Catalina
Jonathan Berk, University of California at Berkeley

Dangers of Data-Driven Inference: The Case of Calendar Effects in Stock Returns – Ryan Sullivan, Allan Timmermann, and Halbert White, University of California at San Diego

Value Versus Glamour – Jennifer Conrad, University of North Carolina at Chapel Hill, Michael Cooper, Purdue University and Gautam Kaul, University of Michigan

Equilibrium 'Anomalies' – Michael F. Ferguson and Richard L. Shockley, Indiana University

Discussants:
Andrew Lo, Massachusetts Institute of Technology
Tobias Moskowitz, University of Chicago
Richard Stanton, University of California at Berkeley

INTERNATIONAL CORPORATE: EMPIRICAL – Palisades CD
Kathryn Dewenter, University of Washington

The Information and Monitoring Role of Capital Markets: Theory and International Evidence – Solomon Tadesse, Pennsylvania State University

Japan's Corporate Returns on Value and Cost: A Comprehensive Look – Xueping Wu, City University of Hong Kong, Piet Sercu, Catholic University of Leuven and Charles J.P. Chen, City University of Hong Kong

Information Sharing in Credit Markets: International Evidence – Tullio Jappelli and Marco Pagano, Università de Salerno

Discussants:
Vincent Warther, University of Michigan
Amar Gande, Vanderbilt University
Darius Miller, Texas A&M University

FINANCIAL SERVICES CONTRACTS – Arcadia D
Rob Heinkel, University of British Columbia

Fee Speech: Adverse Selection and the Regulation of Mutual Fund Fees – Sanjiv Ranjan Das, Harvard Business School and Rangarajan K. Sundaram, New York University

The Enforcement Policy of a Self-Regulatory Organization – Peter M. DeMarzo, University of California at Berkeley, Michael J. Fishman and Kathleen M. Hagerty, Northwestern University

Trading on Short-Term Information – Alexander Gümbel, European University Institute

Discussants:
Steven Huddart, Duke University
Gerald Garvey, University of British Columbia
Craig W. Holden, Indiana University

MUTUAL FUNDS – Arcadia EF
Eric Sirri, Securities and Exchange Commission

Causes and Consequences of Mutual Fund Mergers – Narayanan Jayaraman, Ajay Khorana and Edward Nelling, Georgia Institute of Technology

Demand Curves and the Pricing of Money Management – Susan Christoffersen, McGill University and David Musto, University of Pennsylvania

Evaluating Mutual Fund Managers by the Operational Efficiency of their Trades – John M.R. Chalmers, University of Oregon, Roger M. Edelen, University of Pennsylvania and Gregory B. Kadlec, Virginia Tech

Discussants:
John Rea, Investment Company Institute
Carl Ackermann, University of Notre Dame
Vincent Warther, University of Michigan

WFA ANNUAL MEETING AND LUNCHEON 12:30-2:00 pm
Arcadia AB - Distinguished Speaker: Andrei Shleifer, Harvard University

Tuesday, June 22 2:15-4:30 PM

PORTFOLIO CHOICE – Catalina
Suresh Sundaresan, Columbia University

Heterogeneity and Proprietary Income Risk: Implications for Stock Market Participation and Asset Prices – Valery Polkovnichenko, Northwestern University

International Asset Allocation with Time-Varying Correlations – Andrew Ang and Geert Bekaert, Stanford University

Optimal Consumption and Investment with Capital Gains Taxes – Robert M. Dammon, Chester S. Spatt and Harold H. Zhang, Carnegie Mellon University

Who Should Buy Long-Term Bonds? – John Y. Campbell and Luis M. Viceira, Harvard University

Discussants:
Pietro Veronesi, University of Chicago
Raman Uppal, Massachusetts Institute of Technology
Anthony Lynch, New York University
Qiang Dai, New York University

VOLUME AND RETURNS – Palisades CD
Jiang Wang, Massachusetts Institute of Technology

The Informational Role of Stock and Option Volume – Kalok Chan, Y. Peter Chung and Wai-Ming Fong

The High Volume Return Premium – Simon Gervais, Ron Kaniel and Dan Mingelgrin, University of Pennsylvania

Price Momentum and Trading Volume – Charles M. C. Lee and Bhaskaran Swaminathan, Cornell University

Informed Trading in the Options Market – Charles Cao, Pennsylvania State University, Zhiwu Chen, Ohio State University and John M. Griffin, Arizona State University

Discussants:
Antonio Bernardo, UCLA
Gideon Saar, Cornell University
Michael Brandt, University of Pennsylvania
Dimitri Vayanos, Massachusetts Institute of Technology

ISSUING AND RETIRING SECURITIES – Palisades AB
Laurie Hodrick, Columbia University

When the Underwriter is the Market Maker: An Examination of Trading in the IPO Aftermarket – Katrina Ellis, Roni Michaely and Maureen O'Hara, Cornell University

Are Analysts Overoptimistic Around Seasoned Equity Offerings? – Robert S. Hansen, Virginia Tech and Atulya Sarin, Santa Clara University

On the Timing and Execution of Open Market Repurchases – Douglas O. Cook, University of Mississippi, Laurie Krigman, University of Arizona and J. Chris Leach, University of Colorado

IPO Selling Procedures and the Control of IPO Underpricing in Various Market Conditions: Evidence from the French IPO Market – Francois Derrien, HEC and Kent L. Womack, Dartmouth College

Discussants:
Elizabeth Odders-White, University of Wisconisn-Madison
Matthew Clayton, New York University
David Ikenberry, Rice University
Paolo Fulghieri, INSEAD

INTERNATIONAL CAPITAL MARKETS – Arcadia D
Alan Kraus, University of British Columbia

Capital Market Development, Legal Systems and the Value of Corporate Diversification: A Cross-Country Analysis – Larry Fauver, Joel Houston and Andy Naranjo, University of Florida

Default Correlation and Systemic Risk In Economies with Private Information – Adriano A. Rampini, Northwestern University

Dividend Tax Credits, the Ex-Day, and Cross-Border Tax Arbitrage: The Case of Germany – Robert L. McDonald, Northwestern University

On the Possibility of Ponzi Schemes in Transition Economies – Utpal Bhattacharya, Indiana University

Discussants:
Alex Stomper, University of Vienna
Andy Winton, University of Minnesota
Josef Zechner, University of Vienna
Bryan Routledge, Carnegie Mellon University

MICROSTRUCTURE THEORY – Arcadia EF
Eric Hughson, University of Utah

Imperfect Market Monitoring and SOES Trading – Thierry Foucault, HEC, Ailsa Röell, Princeton University and Patrik Sandås, University of Pennsylvania

Why is Inter-Dealer Trading so Pervasive in Financial Markets? – S. Viswanathan and James J.D. Wang, Duke University

Competition in Financial Dealership Markets – Ilan Kremer and Valery Polkovnichenko, Northwestern University

Inventory Information – H. Henry Cao and Richard K. Lyons, University of California at Berkeley

Discussants:
Ingrid Werner, Ohio State University
Dan Bernhardt, University of Illinois
Christine Parlour, Carnegie Mellon University
Bruno Biais, Toulouse University

4:45-5:30 pm
Society for Financial Studies Annual Meeting - Catalina

5:30-7:30 pm
SFS/RFS RECEPTION
Lower Pool Deck - (Arcadia AB if weather bad) Open to all attendees and guests

Wednesday, June 23 8:30-10:15 AM

DYNAMIC PORTFOLIO SELECTION – Palisades AB
Raman Uppal, Massachusetts Institute of Technology

Nonlinear Taxation, Tax Arbitrage and Equilibrium Asset Prices – Suleyman Basak and Benjamin Croitoru, University of Pennsylvania

A Martingale Characterization of Consumption Choices and Hedging Costs with Margin Requirements – Domenico Cuoco, University of Pennsylvania and Hong Liu, Washington University in St. Louis

Common Factors and Local Factors: Implications for Term Structures and Exchange Rates – Dong-Hyun Ahn, University of North Carolina at Chapel Hill

Discussants:
Mark Schroder, Michigan State University
Vasant Naik, Lehman Brothers
Kaushik Amin, Lehman Brothers

RISKS IN GLOBAL MARKETS – Catalina
Campbell Harvey, Duke University

A Rational Expectations Model of Financial Contagion – Laura E. Kodres, International Monetary Fund and Matthew Pritsker, Board of Governors of the Federal Reserve

International Equity Market Comovements: Economic Fundamentals or Contagion? – Robert A. Connolly, University of North Carolina at Chapel Hill and F. Albert Wang, Rice University

The Long-Term Risks of Global Stock Markets – Philippe Jorion, University of California at Irvine

Discussants:
Bernard Dumas, HEC School of Management
Angela Ng, Hong Kong University of Science and Technology
Francis X. Diebold, University of Pennsylvania

DIVIDENDS – Palisades CD
Ronald Masulis, Vanderbilt University

Dividend Changes As a Sign of Firm Maturity – Gustavo Grullon, Rice University, Roni Michaely, Cornell University and Tel Aviv University and Bhaskaran Swaminathan, Cornell University

Do Dividend Forecasts Matter? – Upinder S. Dhillon, Binghamton University, Kartik Raman, Wayne State University and Gabriel G. Ramirez, Virginia Commonwealth University

Disentangling the Dividend Information in Splits: A Decomposition Using Conditional Event-Study Methods – Subhankar Nayak and N. R. Prabhala, Yale University

Discussants:
Doug Skinner, University of Michigan
Felicia Marston, University of Virginia
Rex Thompson, Southern Methodist University

CORPORATE CONTROL: THEORY – Arcadia D
Jaime Zender, Cornell University

Blockholder Identity, Equity Ownership Structures, and Hostile Takeovers – Gary Gorton, University of Pennsylvania and Matthias Kahl, UCLA

Mergers, Employee Hold-Up and the Scope of the Firm: An Intrafirm Bargaining Approach to Mergers – Lars Stole, University of Chicago and Jeffrey Zwiebel, Stanford University

Barbarians in Chains: Takeover Regulation and Minority Shareholder Wealth – Ulrike Hoffmann-Burchardi, London School of Economics

Discussants:
John Persons, Ohio State University
Andy Winton, University of Minnesota
Michael J. Fishman, Northwestern University

EMPIRICAL MICROSTRUCTURE II – Arcadia EF
Hank Bessembinder, Arizona State University

Order Aggressiveness, Price Impact and Adverse Selection: Evidence from Order Flow Data – Mark D. Griffiths, The American Graduate School of International Management, Brian F. Smith, Wilfrid Laurier University, S. Alasdair D. Turnbull, Memorial University of Newfoundland and Robert W. White, The University of Western Ontario

The Economic Value of the Amex Trading Floor – Puneet Handa, University of Iowa, Robert Schwartz, Baruch College and Ashish Tiwari, University of Iowa

Eighths, Sixteenths and Market Depth: Changes in Tick Size and Liquidity Provision on the NYSE – Michael A. Goldstein, University of Colorado at Boulder and Kenneth A. Kavajecz, University of Pennsylvania

Discussants:
George Sofianos, NYSE
Bill Christie, Vanderbilt University
Robert Jennings, Indiana University

COFFEE BREAK - 10:15-10:30 am - Arcadia Foyer

Wednesday, June 23 *10:30 AM-12:15 PM*

AMERICAN OPTION VALUATION – Palisades AB
Walter Torous, UCLA

The American Put Option and Its Critical Stock Price – David S. Bunch, University of California at Davis and Herb Johnson, University of California at Riverside

Valuing American Options by Simulation: A Simple Least-Squares Approach – Francis A. Longstaff and Eduardo S. Schwartz, UCLA

Monte Carlo Valuation of American Options Through Computation of the Optimal Exercise Frontier – Alfredo Ibañez, ITAM and Fernando Zapatero, University of Southern California

Discussants:
Robert Geske, UCLA
Mark Britten-Jones, London Business School
Pedro Santa-Clara, UCLA

Determinants of Expected Returns – Catalina
Sheridan Titman, University of Texas at Austin

Bad News Travels Slowly: Size, Analyst Coverage and the Profitability of Momentum Strategies – Harrison Hong, Stanford University, Terence Lim, Dartmouth College and Jeremy C. Stein, Massachusetts Institute of Technology

Does Book-to-Market Equity Proxy for Distress Risk? – John M. Griffin and Michael L. Lemmon, Arizona State University

The Market as a Hedge – Christopher K. Polk, Northwestern University

Discussants:
Kent Daniel, Northwestern University
Russ Wermers, University of Colorado
Kenneth French, Massachusetts Institute of Technology

CORPORATE CONTROL: EMPIRICAL – Palisades CD
Mitchell Petersen, Northwestern University

Spin-offs, Diversity and the Conglomerate Discount – Timothy R. Burch, University of Miami Business School and Vikram Nanda, University of Michigan

Do Takeovers Create Value? Evidence from 1962-1997 – Sanjai Bhagat, University of Colorado, David Hirshleifer, University of Michigan and Robert Noah, Milken Institute

Diversification and Efficiency of Investment By East Asian Corporations – Stijn Claessens and Simeon Djankov, World Bank, Joseph P.H. Fan, Hong Kong University of Science and Technology and Larry H.P. Lang, University of Chicago

Discussants:
Todd Pulvino, Northwestern University
Stuart Gilson, Harvard University
Gregor Andrade, University of Chicago

Theoretical Corporate – Arcadia D
Ronald Giammarino, University of British Columbia

A Theory of the Syndicate: Form Follows Function – Pegaret Pichler and William Wilhelm, Boston College

The Impact of Debt Financing on Entry and Exit in a Duopoly – Bart M. Lambrecht, University of Cambridge

Corporate Reorganizations and Non-Cash Auctions – Matthew Rhodes-Kropf, Columbia University and S. Viswanathan, Duke University

Discussants:
Nathalie Moyen, University of Colorado
Denis Gromb, Massachusetts Institute of Technology
Francesca Cornelli, London Business school

EFFECTS OF LIQUIDITY – Arcadia EF
Jennifer Lynch Koski, University of Washington

Demand Curves for Stocks *Do* Slope Down: New Evidence From An Index Weights Readjustment – Aditya Kaul, Vikas Mehrotra and Randall Morck, University of Alberta

International Listing and Visibility: Limit Order Driven versus Quote Driven Markets – H. Kent Baker, The American University, John R. Nofsinger, Marquette University and Daniel G. Weaver, Baruch College

Do Concentrated Trading Equilibria Exist? The Migration of Informed Trading Following Index Addition – Jarrad Harford, University of Oregon and Aditya Kaul, University of Alberta

Discussants:
Marc Lars Lipson, NYSE and University of Georgia
Michael Melvin, Arizona State University
Elizabeth Odders-White, University of Wisconsin-Madison

Call for Papers and Participants
2000 ANNUAL MEETINGS OF
THE WESTERN FINANCE ASSOCIATION
June 21 – 24, 2000
Sun Valley Resort
Sun Valley, Idaho

Members and friends of the Western Finance Association are invited to submit papers to be considered for presentation at the 2000 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 1999 Program Chair no later than **November 15, 1999**. Each copy of the paper should include three parts: (i) a separate page at the beginning of the manuscript that can be easily removed containing the title of the paper, author names, addressed, affiliations, telephone and fax numbers, e-mail addresses, and acknowledgments; (ii) an abstract that will assist the program chair to classify it; (iii) the manuscript itself without author identification. 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, 2000. Submission of papers presented at other major finance meetings reduce the chance of acceptance. Those people willing to serve as a discussant or to chair a session, even if they do not have a paper on the program, should indicate their willingness to the Program Chair.

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. Papers written by Ph.D. students who have neither received their degree nor assumed a regular faculty position by the submission deadline are 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 Educational Research Foundation Award of $1,000 for the best paper on futures or options on futures.
NASDAQ Award of $2,000 for the best paper on capital formation.
New York Stock Exchange Award of $2,000 for the best paper on equity trading.
WFA Corporate Finance Award of $2,000 for the best corporate finance paper.
Cornerstone Research Best Paper Award of $2,000 for the best paper at the conference.

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Submit to:
Professor Wayne Ferson
Program Chair, 2000 WFA Meetings
University of Washington
Box 353200
Seattle, WA 98195-3200

INDEX OF PARTICIPANTS