PROGRAM

32nd Annual Conference of the Western Finance Association

Loews Coronada Bay Resort San Diego, California

June 18-21, 1997
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 1998 Conference of the Western Finance Association appears on page 28 of this program.
REGISTRATION AND HOTEL INFORMATION

All sessions and conference functions will be held at the Loews Coronado Bay Resort. The Western Finance Association has reserved limited blocks of rooms for the conference at the Loews Coronado Bay Resort. Please contact this facility as soon as possible to make reservations. The conference rate at the Loews Coronado Bay Resort is $150 per night. Reservations may be made by calling the Loews Coronado Bay Resort at (800) 81-LOEWS or by fax at (619) 424-4400.

On-Site registration will be located in the Floral Atrium at the Loews Coronado Bay Resort beginning at 4:00 p.m., Wednesday, June 18, 1997.

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 cash.

FEE SCHEDULE:

<table>
<thead>
<tr>
<th></th>
<th>Pre-Registration</th>
<th>On-Site Registration</th>
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<tbody>
<tr>
<td>WFA member/Program participant</td>
<td>$30.00</td>
<td>$65.00</td>
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<tr>
<td>Non-member</td>
<td>$65.00</td>
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<td>Student</td>
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<tr>
<td>Annual meeting, luncheon and featured speaker</td>
<td>free</td>
<td>$26.00</td>
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*Pre-registration must be received no later than May 15.

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

ON-SITE REGISTRATION

Wednesday, June 18, 4:00 p.m. - 8:00 p.m.
Thursday, June 19, 8:00 a.m. - 4:00 p.m.
Friday, June 20, 8:00 a.m. - 12:00 p.m.

Registration for the NASDAQ Breakfast, New York Stock Exchange Luncheon, and Chicago Board of Trade Breakfast 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 Friday, June 20 from 5:00-6:00 p.m. in the Aurora Room. All subscribers to the Review of Financial Studies are members of the SFS.

WESTERN FINANCE ASSOCIATION

Officers and Executive Committee - 1996-97

President: Michael Brennan, UCLA
President-Elect: Maureen O'Hara, Cornell University
Vice President: Franklin Allen, University of Pennsylvania
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           Richard Green, Carnegie-Mellon University
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           Paul Pfeifer, Stanford University
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Presidents of the Western Finance Association 1965-96

1965-66 Kenneth L. Treftz 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 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 Soha 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 Lemna Senth University of Maryland
1990-91 Eduardo Schwartz UCLA
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
WESTERN FINANCE ASSOCIATION

Distinguished Speakers
Western Finance Association Meetings
1979-97

<table>
<thead>
<tr>
<th>Year</th>
<th>Location</th>
<th>Speaker</th>
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<tbody>
<tr>
<td>1997</td>
<td>San Diego</td>
<td>Richard Thaler</td>
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<tr>
<td>1996</td>
<td>Sunriver</td>
<td>Joseph Williams</td>
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<td>1995</td>
<td>Aspen</td>
<td>Kenneth French</td>
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<td>1994</td>
<td>Santa Fe</td>
<td>Mark Rubinstein</td>
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<td>1993</td>
<td>Whistler</td>
<td>Alan Kraus</td>
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<td>1992</td>
<td>San Francisco</td>
<td>Myron S. Scholes</td>
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<td>1991</td>
<td>Jackson, Lake</td>
<td>Fischer Black</td>
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<td>1990</td>
<td>Santa Barbara</td>
<td>Michael J. Brennan</td>
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<td>1989</td>
<td>Seattle</td>
<td>William F. Sharpe</td>
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<td>1988</td>
<td>Napa</td>
<td>Sanford J. Grossman</td>
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<td>1987</td>
<td>San Diego</td>
<td>Edward J. Kane</td>
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<td>1986</td>
<td>Colorado Springs</td>
<td>Merton H. Miller</td>
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<td>1985</td>
<td>Scottsdale</td>
<td>Robert H. Litzenberger</td>
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<td>1984</td>
<td>Vancouver</td>
<td>Richard Roll</td>
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<td>1983</td>
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<td>Myron S. Scholes</td>
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<td>Portland</td>
<td>Stephen A. Ross</td>
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<td>Jackson Lake</td>
<td>Eugene F. Fama</td>
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<td>1980</td>
<td>San Diego</td>
<td>Kenneth J. Arrow</td>
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<td>1979</td>
<td>San Francisco</td>
<td>Nils H. Hakansson</td>
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1997 PROGRAM COMMITTEE

Program Chairman: Maureen O'Hara, Cornell University

Anat Admati, Stanford University
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Jiang Wang, MIT
Ingrid Werner, NYSE and Stanford University
Robert Whaley, Duke University
Joseph Williams, University of Arizona
Andrew Winton, Northwestern University
Jaime Zender, University of Utah
Luigi Zingales, University of Chicago

PROGRAM SUMMARY

Wednesday, June 18
4:00-8:00 p.m.
REGISTRATION—Floral Atrium
5:30-7:30 p.m.
RECEPTION—Bay Terrace

Thursday, June 19
7:00-8:15 a.m.
NASDAQ BREAKFAST—Azura Point
8:00-4:00 p.m.
REGISTRATION—Floral Atrium
8:30-10:15 a.m.
Corporate Governance—Aurora
Emerging Markets—Constellation A
Overconfidence—Constellation B
Banking—Britannia
Derivatives—Cambria
10:15-10:30 a.m.
COFFEE BREAK—Constellation Foyer
10:30 a.m.—12:15 p.m.
Symposium I—Investments—Constellation A
International Corporate Finance—Constellation B
Order Flows and Executions—Aurora
Management Compensation—Britannia
Futures & Swaps—Cambria
12:30-2:00 p.m.
NEW YORK STOCK EXCHANGE LUNCHEON—Poolside
2:30-4:45 p.m.
Decomposition—Constellation A
Econometrics of Information—Cambria
IPO’s—Aurora
Economics, News, and Returns—Britannia
Term Structure—Constellation B
5:00-6:30 p.m.
WFA Executive Committee and Board of Directors
Meeting—Board Room
6:15-8:15 p.m.
RECEPTION—Bay Terrace
PROGRAM SUMMARY

Friday, June 20

7:00-8:15 a.m.
CHICAGO BOARD OF TRADE BREAKFAST—Azura Point

8:00 a.m.—12:00 p.m.
REGISTRATION—Floral Atrium

8:30-10:15 a.m.
Markets—Theory—Constellation A
Risk Management & Hedging—Constellation B
Capital Investment Decisions—Britannia
Financial Markets & Development—Cambria

10:15-10:30 a.m.
COFFEE BREAK—Constellation Foyer

10:30 a.m.—12:15 p.m.
Symposium—Markets—Constellation A
Dividends—Constellation B
Stock Markets & Retarius—Britannia
Exchange Rates—Cambria

12:30-2:15 p.m.
WFA ANNUAL MEETING and Luncheons—Commodore A
Distinguished Speaker: Richard H. Thaler, University of Chicago

2:30-4:45 p.m.
Asset Pricing—Testing—Constellation A
Volume—Constellation B
Mutual Funds and Hedge Funds—Britannia
Financial Contracts—Cambria

5:00—6:00 p.m.
Society for Financial Studies Membership Meeting—Aurora

6:00—8:00 p.m.
RECEPTION—Bay Terrace

Saturday, June 21

8:30-10:15 a.m.
Insider Trading and Disclosure—Britannia
Stockholders and Bondholders—Cambria
How Rational Are Markets?—Constellation A
Financing Entrepreneurs—Constellation B

10:15—10:30 a.m.
COFFEE BREAK—Constellation Foyer

10:30 a.m.—12:15 p.m.
Symposium—Banking—Constellation A
Ownership and Control—Britannia
Options and Pricing Models—Constellation B
International Finance—Cambria

22nd ANNUAL CONFERENCE
WESTERN FINANCE ASSOCIATION
SAN DIEGO, CALIFORNIA
June 18-21, 1997

PRESIDENT: MICHAEL BRENNAN, UCLA

PRESIDENT-ELECT AND PROGRAM CHAIR:
MAUREEN O'HARA, CORNELL UNIVERSITY

Wednesday, June 18

4:00—8:00 p.m.  REGISTRATION—Floral Atrium
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Thursday, June 19

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Thursday, June 19

8:00—4:00 p.m.  REGISTRATION—Floral Atrium

Thursday, June 19

8:30—10:15 a.m.
CORPORATE GOVERNANCE - Aurora
Milton Harris, University of Chicago

Corporate Governance Proposals and Shareholder Activism: The
Role of Institutional Investors - Laura T. Starks, University of
Texas at Austin and Stuart L. Gillan, University of Hong Kong

Board Structure and Fee-Setting in the U.S. Mutual Fund Industry
- Peter Tufano, Harvard University and Matthew Sevick,
Monitor Company

Shareholder Proposals to Rescind Poison Pills: All Bark and No
Bite - John M. Bizjak and Christopher J. Marquette, Texas
A&M University

Discussants:

Ronen Israel, University of Michigan
Luigi Zingales, University of Chicago
Todd Pulvino, Northwestern University
EMERGING MARKETS - Constellation A
Bhargwan Chowdhry, UCLA

Foreign Speculators and Emerging Equity Markets - Campbell R. Harvey, Duke University and Geert Bekaert, Stanford University

Market Segmentation and Stock Prices: Evidence from an Emerging Market - Ananth Madhavan, University of Southern California, Ian Domowitz, Northwestern University, and Jack Glen, International Finance Corporation


Discussants:
Giorgio DeSantis, University of Southern California
Avandhar Subrahmanyan, UCLA
Jonathan Howe, Hochkir & Wiley

OVERCONFIDENCE - Constellation B
Richard Thaler, University of Chicago

A Theory of Overconfidence, Self-Attribution, and Securities Returns Anomalies - David Hirshleifer, University of Michigan, Kent Daniel, Northwestern University, and Avandhar Subrahmanyan, UCLA

Why Do Investors Trade Too Much? - Terrance Odean, University of California, Berkeley

Overconfidence, Delegated Fund Management, and Survival - F. Albert Wang, Columbia University

Discussants:
Simon Gervais, University of Pennsylvania
Richard Thaler, University of Chicago
Nick Barberis, University of Chicago

BANKING - Britannia
George Pennacchi, University of Illinois at Urbana-Champaign

Can Relationship Banking Survive Competition? - Anjan V. Thakor, University of Michigan and Arnoed W.A. Boot, University of Amsterdam

Is Investment Bank Reputation Related to the Post-Acquisition Performance of Acquiring Firms? - P. Raghavendra Rau, INSEAD

Does Corporate Lending by Banks and Finance Companies Differ? Evidence on Specialization in Private Debt Contracting - Mark Carey, Mitch Post and Steven A. Sharpe, Federal Reserve Board

Discussants:
Joseph G. Haubrich, Federal Reserve Bank of Cleveland
Vikram Nanda, University of Michigan
Joel F. Houston, University of Florida

DERIVATIVES - Cambria
Dilip Madan, University of Maryland

Stock Index Dynamics and the Valuation of Stock Index Derivatives in a General Equilibrium Model with Stochastic Interest Rates - Carsten Soreinen, Copenhagen Business School

Incomplete Information, Exercise Policy, and the Valuation of Claims on Noisy Real Assets - Steven Ott and Paul D. Childs, University of Kentucky and Timothy J. Riddough, MIT

Constructing Binomial Trees from Multiple Implied Probability Distributions - Klaus Bjerre Toft and Gregory Brown, University of Texas at Austin

Discussants:
Zhiwu Chen, Ohio State University
Alex Triantis, University of Maryland
Joe Zhou, Washington University - St. Louis

Coffee Break 10:15-10:30 a.m.—Constellation Foyer
Thursday, June 19 10:30 a.m.-12:15 p.m.

**SYMPOSIUM - Investments** - Constellation A
Chester Spatt, Carnegie-Mellon University

*The Effect of Socially Activist Investment Policies on the Financial Markets: Evidence From the South African Boycott* - Ivo Welch, UCLA, Siew Hong Teoh, University of Michigan, and C. Paul Wazzan, UCLA

*Inflation Risk in the U.S. Yield Curve: The Usefulness of Indexed Bonds* - Eli M. Remolona and Frank F. Gong, Federal Reserve Bank of New York


**INTERNATIONAL CORPORATE FINANCE** - Constellation B
Lemma Sebabi, University of Maryland

*Financing Decisions and Investment Opportunities: Evidence from Germany* - Yaron Brook, Robert J.  
Hendershott, and Atulya Sarin, Santa Clara University

*The Determinants of Bankruptcy Procedures in Japan* - Frank Packer, Federal Reserve Bank of New York


**ORDER FLOWS AND EXECUTIONS** - Aurora
Larry Glosten, Columbia University


*SOES Trading and Market Volatility* - Brian Hauch, University of Delaware, Robert H. Battalio, University of Notre Dame, and Robert Jennings, Indiana University

*Short-term Traders and Liquidity: A Test Using the Bombay Stock Exchange Data* - V. Eleswarapu and Henk Berkmann, University of Auckland

**MANAGEMENT COMPENSATION** - Britannia
Kevin Murphy, University of Southern California

*Compensation Committees, Government Regulations, and CEO Pay* - Ronald C. Anderson, Texas A&M University

*Pay for Performance?* - Marc Zenner and Tod Perry, University of North Carolina at Chapel Hill

*Product Market Competition and Top Management Compensation* - Simi Kedia, New York University

**Discussants:**

Ingrid Werner, New York Stock Exchange and Stanford University
Charles M. Jones, Princeton University
Avner Wolf, Baruch College

Hamid Mehran, Northwestern University
Darius Palia, Columbia University
Ravish Aggarwal, Dartmouth (Tuck)
FUTURES AND SWAPS - Cambria
Steve Figlewski, New York University

Determinants of Interest Rate Swap Spreads - Andy L. Liu and Larry H.P. Lang, City University of Hong Kong, and Robert H. Litzenberger, University of Pennsylvania and Goldman Sachs

Liquidity Risk in Long-Term Hedging with Short-Term Futures Contracts - Paul Glasserman, Columbia University

A Model of Futures Returns and Trading Under Asymmetric Information - Harrison G. Hong, MIT

Discussants:
Silverio Foresi, New York University
N.K. Chidambaram, Tulane University
Hank Bessembrink, Arizona State University

Lunch Break 12:30-2:00 p.m. NEW YORK STOCK EXCHANGE LUNCHEON—Poolside

Thursday, June 19 2:30-4:45 p.m.

DECIMALIZATION - Constellation A
William Christie, Vanderbilt University

Does a Large Minimum Price Variation Encourage Order Exposure? - Lawrence Harris, University of Southern California

Minimum Price Variations, Time Priority and Quotes Dynamics - Thierry Foucault and Tito Cordella, Universitat Pompeu Fabra

Decimation and Market Quality - Daniel G. Weaver, Baruch College and CUNY

The Impact of Decimation on Market Quality: An Empirical Investigation of the Toronto Stock Exchange - Jeffrey M. Baciciora, Indiana University

Discussants:
James Angel, Georgetown University
Gerald Garvey, University of British Columbia
Frank Hathaway, Penn State
Hank Bessembrink, Arizona State University

ECONOMETRICS OF INFORMATION - Cambria
Joel Hasbrouck, New York University

The Econometrics of Ultra-High Frequency Data - Robert F. Engle, University of California - San Diego

Information Flow and Pricing Errors: A Unified Approach to Estimation and Testing - Thomas J. George, University of Iowa and Chuan-Yang Hwang, Hong Kong University of Science and Technology

Retrogressive Information Arrivals and Return Volatility Dynamics: Uncovering the Long-Run in High Frequency Returns - Tim Bollerslev, University of Virginia and Torben G. Andersen, Northwestern University

Is there Private Information in the FX Market? The Tokyo Experiment - Richard K. Lyons, University of California, Berkeley and NBER, Takatoshi Ito, Hitotsubashi University, IMF, and NBER, and Michael T. Melvin, Arizona State University

Discussants:
Ian Domowitz, Northwestern University
Mark Ready, University of Wisconsin
Joshua Rosenberg, New York University
Jian Yao, New York University

IPO's - Aurora
Jay Ritter, University of Florida

The Persistence of IPO Misp pricing and The Predictive Power of Flipping - Kent L. Womack, Dartmouth College, Laurie Krigman, University of Colorado at Boulder, and Wayne Shaw, Southern Methodist University

The Demand for Stocks and IPO Underpricing: An Analysis of Stock Auctions - Oded Sarig and Shmuli Kandel, University of Pennsylvania and Tel-Aviv University and Avi Wohl, Bar Ilan University and Rutgers University

Going Public and the Ownership Structure of the Firm - Antonio S. Mello, University of Wisconsin-Madison and John E. Parsons, Charles River Associates

IPOs in Previously Centrally-Planned Economies: Chinese A-Share Evidence - C. Terry Grant, University of Southern Mississippi, Chak Tong Chau, University of Texas at San Antonio, and Conrad S. Ciccotello, United States Air Force Academy

Discussants:
Robert Miller, Northern Illinois University
Mario Levis, City University (London)
Li-Aune Woo, University of New South Wales
Ann Sherman, Hong Kong University of Science and Technology
Thursday, June 19
6:15–8:15 a.m. RECEPTION—Bay Terrace

Friday, June 20
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Friday, June 20
8:00 a.m.—12:00 p.m. REGISTRATION—
Floral Atrium

Friday, June 20 8:30–10:15 a.m.

MARKETS - Theory - Constellation A
David Easley, Cornell University

Persistent Idiosyncratic Shocks and Incomplete Markets - Chris Telmer and Amir Yaron, Carnegie-Mellon University, and Kjetil Storesletten, Stockholm University

Strategic Trading in a Dynamic Noisy Market - Dimitri Vayanos, Stanford University

Liquidity Shocks and Equilibrium Liquidity Premia - Ming Huang, University of Chicago

Discussants:
Nicholas Kiefer, Cornell University
Rangarajan Sundaram, New York University
Jiang Wang, MIT

RISK MANAGEMENT AND HEDGING - Constellation B
Peter DeMarzo, Stanford University

Risk Measurement and Hedging - Mitchell A. Petersen, Northwestern University and S. Ranu Thiagarajan, Northwestern University

Exchange Rate Exposure, Hedging, and the Use of Foreign Currency Derivatives - George Aiyayannis and Eli Ofek, University of Virginia and New York University

The Role of Corporate Hedging: Evidence From Oil and Gas Producers - David Haushalter, University of Oregon

Discussants:
Judy Chevalier, University of Chicago
Mike Stutzer, University of Minnesota
George Fenn, Federal Board of Governors

ECONOMICS, NEWS, AND RETURNS - Britania
Deborah Lucas, Northwestern University

Stock Returns and Inflation with Supply and Demand Disturbances - Hong-Seo Lee, University of Houston and Patrick J. Hess, University of Minnesota

Inflation and Financial Market Performance - John H. Boyd, Federal Reserve Bank of Minneapolis and University of Minnesota, Ross Levine, The World Bank, and Bruce D. Smith, Federal Reserve Bank of Minneapolis and University of Texas-Austin

Macroeconomic News and Bond Market Volatility - Charles M. Jones, Princeton University, Owen Lamont, University of Chicago, and Robin Lumsdaine, Princeton University


Discussants:
Kent Daniel, Northwestern University
Gary Gorton, University of Pennsylvania
John Heaton, Northwestern University
Ming Huang, University of Chicago

TERM STRUCTURE - Constellation B
Ravi Jagannathan, University of Minnesota

Do Interest Rates Really Follow Continuous-Time Markov Diffusions? - Yacine Aït-Sahalia, University of Chicago

The Short Rate Diffusion Revisited: An Investigation Guided by the Efficient Method of Moments - Jesper Lund, the Aarhus School of Business and Torben G. Andersen, Northwestern University

The Stochastic Behavior of Interest Rates - Matthew Richardson, New York University, Jacob Boudoukh, New York University, Richard Stanton, University of California-Berkeley, and Robert F. Whitelaw, New York University


Discussants:
Pierluigi Balduzzi, New York University
George Pennacchi, University of Illinois
Lars Peter Hansen, University of Chicago
Erzo Luttmer, Northwestern University
CAPITAL INVESTMENT DECISIONS - Britannia
Ronen Israel, University of Michigan

A Simple Approach for Deciding When to Invest - Jonathan Berk, University of Washington


Market Discipline in Conglomerate Banks: Is An Internal Allocation of Cost of Capital Necessary As Incentive Device? - Arnaud Boot, University of Amsterdam and Anjolein Schneiders, Tilburg University

Discussants:
Yaniv Grinstein, Carnegie Mellon University
Eli Berkovitch, Tel-Aviv University
MP Narayanan, University of Michigan

FINANCIAL MARKETS & DEVELOPMENT - Cambria
John Boyd, University of Minnesota

Institutions, Financial Markets and Firm Debt Maturity - Asli Demirguc-Kunt, World Bank and Vojislav Maksimovic, University of Maryland

Financial Dependence and Growth - Raghuram G. Rajan and Luigi Zingales, University of Chicago and NBER

Capital Markets and the Longevity of Family Businesses - Utpal Bhattacharya and B. Ravikumar, University of Iowa

Discussants:
Tim Opler, Ohio State University
Roto Levine, University of Virginia
Franklin Allen, University of Pennsylvania

Coffee Break 10:15–10:30 a.m.—Constellation Foyer

Friday, June 20 10:30 a.m.–12:15 p.m.

SYMPOSIUM - Markets - Constellation A
Robert Schwartz, New York University

The Specialist’s Discretion: Stopped Orders and Price Improvement - Mark J. Ready, University of Wisconsin-Madison

An Examination of Changes in Specialists’ Posted Price Schedules - Elizabeth B. Odders-White, Northwestern University and Kenneth A. Kavajecz, University of Pennsylvania


Discussants:
James J. Angel, Georgetown University
Daniel Weaver, Baruch College and CUNY
Puneet Handa, University of Iowa

DIVIDENDS - Constellation B
Franklin Allen, University of Pennsylvania

Do Dividend Changes Signal the Future or the Past? - Shlomo Benartzi, UCLA, Roni Michaely, Cornell University, and Richard Thaler, University of Chicago and NBER


Stock Returns, Dividend Yields, and Taxes - Mike Rynagert, Andy Narango, and M. Nimalendran, University of Florida

Discussants:
Kathryn Dewater, University of Washington
Kent Womack, Dartmouth College
Bong Soo Lee, University of Houston
STOCK MARKETS AND RETURNS - Britannia
Wayne Ferson, University of Washington

A Re-examination of Some Popular Security Return Anomalies - Tarun Chordia, Vanderbilt University, Michael J. Brennan, UCLA, and Avanidhar Subrahmanyam, UCLA

What Is the Intrinsic Value of the Dow? - Charles M.C. Lee, Cornell University, James Myers, University of Washington, and Bhaskaran Swaminathan, Cornell University

A Century of Global Stock Markets - Philippe Jorion, University of California at Irvine and William N. Goetzmann, Yale School of Management

Discussants:
Ravi Jagannathan, University of Minnesota
Peter Easton, Ohio State University
Jonathan Berk, University of Washington

EXCHANGE RATES - Cambria
Robert Hodrick, Columbia University

Exchange Rate Dynamics in a Multilateral Target Zone - Angel Serrats, University of Chicago

Exchange Rate Exposure, Competitiveness and Firm Valuation: Evidence from the World Automotive Industry - Rohan Williamson, Ohio State University

EMU and Re-Entry into the ERM: Sustainable Exchange Rate Bands Implied in FX Options - P.H. Kevin Chang, University of Southern California, Jose M. Campa, New York University and NBER, and Robert L. Reider, J.P. Morgan

Discussants:
Giorgio DeSantis, University of Southern California
Maria Vassalou, Columbia University
Geert Bekaert, Stanford University

Lunch Break 12:30-2:00 p.m. WFA ANNUAL MEETING and LUNCHEON—Commodore A
Distinguished Speaker: Richard H. Thaler, University of Chicago

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

ASSET PRICING - Testing - Constellation A
Craig MacKinlay, University of Pennsylvania

Improved Methods for Tests of Long-Run Abnormal Stock Returns - Brad M. Barber, John D. Lyon and Chih-Lung Tsai, University of California, Davis

Bayesian Inference on the Efficiency Loss Associated with Constraints on Portfolio Holdings - Zhenyu Wang, Columbia University

The Efficient Use of Conditioning Information in Portfolios - Wayne E. Ferson and Andrew F. Siegel, University of Washington

Two-Pass Tests of Asset Pricing Models with Useless Factors - Raymond Kan, Washington University and University of Toronto and Chiu Zhang, University of Alberta

Discussants:
N.R. Prabhala, Yale University
Gregory Bauer, University of Rochester
Bruce Grundy, University of Pennsylvania
Anthony Lynch, New York University

VOLUME - Constellation B
Michael Brennan, UCLA

Information, Trading Volume, and International Stock Market Comovements - Louis Gagnon, Queen’s University and G. Andrew Karolyi, University of Western Ontario

Trading Volume, Part I: Definitions, Data Analysis, and Implications of Portfolio Theory - Jiang Wang and Andrew W. Lo, MIT

Liquidity and Information Flow in Securities Markets: The Effect of Sequential Variation in Market Structure - Susan Monaco, Indiana University

The Effects of Feedback Trading on a Securities Market - Leonard J. Schneek, University of Kentucky

Discussants:
Robert Engle, University of California, San Diego
Bruce Lehmann, University of California, San Diego
Antonio Bernardo, UCLA
Henry Can, University of California, Berkeley
MUTUAL FUNDS AND HEDGE FUNDS - Britannia
Laura Starks, University of Texas

Momentum Investment Strategies of Mutual Funds, Performance Persistence, and Survivorship Bias - Russell R. Wermers, University of Colorado - Boulder

Waiving Fees Good-Bye - Susan E.K. Christoffersen and Anthony M Santomero, University of Pennsylvania


Inventory Rules, Taxation, and Institutions' Trading Decision - V.G. Narayanam, Harvard University and Steven Huddart, Duke University

Discussants:
Jennifer Carpenter, New York University
Louis Edelston, University of Oklahoma
David Chapman, University of Texas
Roger Elelen, University of Pennsylvania

FINANCIAL CONTRACTS - Cambria
Anjan Thakor, University of Michigan

Monitored Finance, Liquidity, and Institutional Investment Choice - Andy Winton, Northwestern University

Client Discretion, Switching Costs and the Introduction of New Financial Products - Vikram Nanda and Sugato Bhattacharya, University of Michigan

Information Asymmetry, Monitoring, and the Choice Between Public and Privately Placed Debt - Venkat Subramaniam and Paul Spindt, Tulane University, and Sudha Krishnaswami, University of New Orleans

Mortgage Choice: What's the Point? - Richard Stanton and Nancy Wallace, University of California, Berkeley

Discussants:
David Hirshleifer, University of Michigan
Thomas Chemmanur, Columbia University
Richard Shockley, Indiana University
Tim Riddough, MIT

Friday, June 20  5:00-6:00 p.m.  SOCIETY FOR FINANCIAL STUDIES MEMBERSHIP MEETING—Aurora

Friday, June 20  6:00-8:00 p.m.  RECEPTION—Bay Terrace

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

INSIDER TRADING AND DISCLOSURE - Britannia
Michael Fishman, Northwestern University

The Importance of Common Knowledge Assumptions in Models of Insider Trading: An Experimental Investigation - Charles R. Schnitzlein, University of Arizona

Disclosure, Transactions Costs and Investor Trading Horizons: A Laboratory Study - Robert Bloomfield and T. Jeffrey Wilks, Cornell University

Can Insider Trading Patterns Predict the Resolution of Financial Distress? Empirical Evidence - Jamine Yur-Austin, California State University, Long Beach

Discussants:
Kathleen Hagerty, Northwestern University
Terrance Odean, University of California - Berkeley
Matthew Clayton, New York University

STOCKHOLDERS & BONDHOLDERS - Cambria
Richard Green, Carnegie-Mellon University

On the Magnitude of Stockholder-Bondholder Conflicts - Robert Ferrino, University of Chicago and Michael S. Weisbach, University of Arizona

Determinants of Contractual Relations Between Shareholders and Bondholders--Investment Opportunities and Restrictive Covenants - Annette B. Poulsen and Jeffrey M. Netter, University of Georgia and Robert Nash, University of Baltimore

Pricing the Strategic Values of Putable Bonds - Alexandre David, Federal Reserve System

Discussants:
Tony Bernardo, UCLA
Michael Lemmon, Arizona State University
Jennifer Carpenter, New York University
HOW RATIONAL ARE MARKETS? - Constellation A
Charles Lee, Cornell University

Comparing Expectations About Stock Returns to Realized Returns
- Hersh Shefrin and Meir Statman, Santa Clara University

Testing Rationality of Financial Markets: An Application to S&P 500 Index Options - Oleg Bondarenko, California Institute of Technology

International Momentum Strategies - K. Geert Rouwenhorst, Yale School of Management

Discusants:
Werner DeBondt, University of Wisconsin
Narayanthan Jegadeesh, University of Illinois at Urbana-Champaign
Josef Lakonishok, University of Illinois at Urbana-Champaign

FINANCING ENTREPRENEURS - Constellation B
Kose John, New York University

Debt Priority, Observability, and the Strategic Sequencing of Negotiations with Creditors - Jun Wang and Thomas H. Noe, Georgia State University

Throwing Good Money After Bad - Eric Hughson, University of Utah, Dan Bernhardt, Queen’s University, and Burton Hollifield, University of British Columbia

Stage Financing and the Role of Convertible Debt - Francesca Cornelli, London Business School and CEPR and Oved Yosha, Brown University and Tel-Aviv University

Discusants:
Laurie Hodrick, Columbia University
Zsuzsanna Fluck, New York University
Manju Puri, Stanford University

Coffee Break 10:15-11:30 a.m. — Constellation Foyer

Saturday, June 21 10:30 a.m.—12:15 p.m.

SYMPOSIUM - Banking - Constellation A
Gary Gorton, Wharton - University of Pennsylvania

Stress Tests of Capital Requirements - Elroy Dimson, London Business School

Payment System Settlement and Bank Incentives - William Robers, Federal Reserve Bank of Atlanta and Charles M. Kahn, University of Illinois

Regulatory Competition: Why Do Banks Change Regulators? - Richard Rosen, Indiana University

Discusants:
Kent Daniel, Northwestern University
Andrew Winton, Northwestern University
Phillip E. Strachan, Federal Reserve Bank of New York

OWNERSHIP AND CONTROL - Britania
Avner Kalay, University of Utah

The Structure of Ownership and Control in Publicly Traded Corporations - David J. Denis, Purdue University and Atulya Sarin, Santa Clara University

The Evolution of Managerial Stock Ownership and Corporate Governance Since the Great Depression - Randall S. Kroszner, University of Chicago, Clifford G. Holderness, Boston College, and Dennis P. Sheehan, University of Chicago

An Analysis of the Reincorporation Decision - Randall A. Heron, Indiana University and Wilbur G. Lewellen, Purdue University

Discusants:
Oded Sarig, Tel-Aviv University and Wharton
Mike Lemon, Arizona State University
Jonathan Karpoff, University of Washington
OPTIONS - Pricing Models - Constellation B
Kaushik Amin, Lehman Brothers

Empirical Performance of Alternative Option Pricing Model -
Gurdip S. Bakshi, University of Maryland at College Park,
Charles Cao, Penn State and Zhiwu Chen, Ohio State

A Jump-Diffusion Approach to Modeling Credit Risk and Valuing
Defaultable Securities - Chunsheng Zhou, Federal Reserve
System

Estimating the Price of Default Risk - Greg Duffee, Federal Reserve
System

Discussants:
Victor Ng, Goldman Sachs
Andrew Morton, Lehman Brothers
Francis Longstaff, Salomon Brothers

INTERNATIONAL FINANCE: - Cambria
Ingrid Werner, NYSE

Foreign Exchange Exposure, Risk and the Japanese Stock Market -
Lillian Ng and Xueling Wu, City University of Hong Kong and
Jia He, Chinese University of Hong Kong

International Portfolio Choice and Home Bias: The Effects of
Commodity Market Imperfections - Piet Sercu and Cynthia
Van Hulle, KU Leuven and Raman Uppal, University of
British Columbia

Currency Prices, the Nominal Exchange Rate, and Security Prices
in a Two Country Dynamic Monetary Equilibrium - Mike
Gallmeyer and Suleyman Basak, University of Pennsylvania

Discussants:
Bruno Gerard, University of Southern California
George Alayannis, University of Virginia
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