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) 654-4418.

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 by 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:

<table>
<thead>
<tr>
<th></th>
<th>Pre-Registration</th>
<th>On-site Registration</th>
</tr>
</thead>
<tbody>
<tr>
<td>WFA member</td>
<td>$50</td>
<td>$85</td>
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<tr>
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<td>Annual meeting, luncheon &amp; featured speaker</td>
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</tbody>
</table>

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

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Vice President
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Laura Starski, University of Texas at Austin
Sheridan Tilton, University of Texas at Austin

Directors

Presidents of the Western Finance Association 1965-98

1965-66 Kenneth L. Tetfitzs
1966-67 Edward Reed
1967-68 Robert Carr
1968-69 Burton Kolb
1969-70 Lester Stickler
1970-71 Harold Stevenson
1971-72 W. Scott Bauman
1972-73 David Eiteman
1973-74 James Wert
1974-75 George Kaufman
1975-76 John Herzog
1976-77 A. Blaine Huntsman
1977-78 David Pyle
1978-79 Guilford Babcock
1979-80 Donald Farrar
1980-81 Charles D'Ambrosio
1981-82 James Van Horne
1982-83 Edward Dyl
1983-84 Nils Hakansson
1984-85 Seha Todic
1985-86 Alan Kraus
1986-87 Gerald Bierwig
1987-88 Robert Litzenberger
1988-89 Alan Hess
1989-90 Lemma Seethi

University of Southern California
University of Oregon
Fresno State College
University of Colorado
Oregon State University
Arizona State University
University of California
UCLA
University of Arizona
University of Oregon
Simon Fraser University
University of Utah
University of California at Berkeley
University of Southern California
University of Utah
University of Washington
Stanford University
University of Wyoming
University of California at Berkeley
University of Texas at Austin
University of British Columbia
University of Arizona
University of Pennsylvania
University of Washington
University of Maryland
1990-91 Eduardo Schwartz  
1991-92 Stephen Brown  
1992-93 Hans Stoll  
1993-94 Kenneth Singleton  
1994-95 Milton Harris  
1995-96 Chester Spatt  
1996-97 Michael Brennan  
1997-98 Maureen O’Hara

UCLA  
New York University  
Vanderbilt University  
Stanford University  
University of Chicago  
Carnegie Mellon University

Cornell University

1999 PROGRAM COMMITTEE
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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 Bhattacharya, 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  
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Jonathan Carmel, University of Michigan  
David A. Chapman, University of Texas at Austin  
Thomas Chennumur, Boston College  
Bhagwan Chowdhry, UCLA  
William Christie, Vanderbilt University  
Jeff Coles, Arizona State University  
Jennifer Conrad, University of North Carolina at Chapel Hill  
George Constantinides, University of Chicago  
Francesco 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

Zuszanna Fluck, New York University  
Thierry Foucault, HEC  
Paolo Fulghieri, INSEAD  
Tom George, University of Iowa  
Ron Giannarino, University of British Columbia  
William Goetzmann, Yale University  
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Milton Harris, University of Chicago  
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Joel Habrouck, New York University  
Rob Heinkel, University of British Columbia  
David Hirshleifer, University of Michigan  
Laure Hodrick, Columbia University  
Robert Hodrick, Columbia University  
Craig Holden, Indiana University  
Burton Hollifield, Carnegie Mellon University  
Eros Hoffkiss, Boston College  
Pat Hughes, UCLA  
Eric Hughsorn, University of Utah  
Ronen Israel, University of Michigan  
Christopher James, University of Florida  
Narasimhan Jagadeesh, University of Illinois  
Kose John, New York University  
Charles Jones, Columbia University  
Philippe Jorion, University of California at Irvine  
Gunnae 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 Loevenstein, University of Utah  
Francis Longstaff, UCLA  
Eva Luttmer, London School of Economics  
Richard Lyons, University of California at Berkeley  
Craig MacKinley, University of Pennsylvania  
Dilip Madaan, University of Maryland  
Ananth Madhavan, University of Southern California  
Vojislav Maksimovic, University of Maryland
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Roni Michaely, Cornell University
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Narayan Naik, London Business School
Vasbant Naik, University of British Columbia
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Kjell Nyborg, London Business School
Marco Pagano, Università di Salerno
Christine Parlor, Carnegie Mellon University
Robert Parro, University of Texas at Austin
Neil Pearson, University of Illinois
John Persson, Ohio State University
Mitchell Petersen, Northwestern University
Gordon Phillips, University of Maryland
Jeffrey Pontiff, University of Washington
Manju Puri, Stanford University
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Matthew Spigel, University of California at Berkeley
Richard Stanton, University of California at Berkeley
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Sreev Sundarraman, Columbia University
Bhaskaran Swaminathan, Cornell University
Elizabeth Tashjian, University of Utah
Chris Teltm, Carnegie Mellon University
Walter Torous, UCLA
Alex Triantis, University of Maryland
Srett Trueman, University of California at Berkeley
Peter Tufano, Harvard University
Raman Uppal, University of British Columbia
Dimitas Vayanos, MIT
S.Vissarathanan, Duke University
Jiang Wang, MIT
Ingrid Werner, Ohio State University
Robert Whitelaw, New York University
Andrew Winston, Northwestern University
Kent Womack, Tulane College
Fernando Zapatero, University of Southern California
Jamie Zasler, Tulane University
Goufa Zhou, Washington University at St Louis
Stanley Zin, Carnegie Mellon University
Luigi Zingales, University of Chicago
WESTERN FINANCE ASSOCIATION  
Distinguished Speakers  
Western Finance Association Meetings  
1979-99  

<table>
<thead>
<tr>
<th>Year</th>
<th>Location</th>
<th>Speaker</th>
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<tbody>
<tr>
<td>1999</td>
<td>Santa Monica</td>
<td>Andrei Shleifer</td>
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<td>1998</td>
<td>Monterey</td>
<td>Milton Harris</td>
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<td>1997</td>
<td>San Diego</td>
<td>Richard Thaler</td>
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<td>1996</td>
<td>Sunriver</td>
<td>Joseph Williams</td>
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<td>Aspen</td>
<td>Kenneth French</td>
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<td>Mark Rubinstein</td>
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<td>Whistler</td>
<td>Alan Kraas</td>
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<td>Myron Scholes</td>
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<td>Jackson Lake</td>
<td>Fischer Black</td>
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<td>1990</td>
<td>Santa Barbara</td>
<td>Michael Brennan</td>
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<td>1989</td>
<td>Seattle</td>
<td>William Sharpe</td>
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<td>1988</td>
<td>Napa</td>
<td>Sanford Grossman</td>
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<td>1987</td>
<td>San Diego</td>
<td>Edward Kane</td>
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<td>1986</td>
<td>Colorado Springs</td>
<td>Merton Miller</td>
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<td>1985</td>
<td>Scotts Lake</td>
<td>Robert 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 Scholes</td>
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<td>1982</td>
<td>Portland</td>
<td>Stephen Ross</td>
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<td>Jackson Lake</td>
<td>Eugene Fama</td>
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<td>1980</td>
<td>San Diego</td>
<td>Kenneth Arrow</td>
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<tr>
<td>1979</td>
<td>San Francisco</td>
<td>Niels Hakansson</td>
</tr>
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</table>

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  
Bases 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
Tuesday, June 22

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

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

Wednesday, June 23

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

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 Dalianedis 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-EMPIRICAL – 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. Subrahmanyan, New York University


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


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:
Gordan 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 Panchapagesan, 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 – Hiroyuki Farnsworth, Washington University in St. Louis and Richard Bass, University of Connecticut

Value-at-Risk Based Risk Management: Optimal Policies and Asset Prices – Salehney Nasak, 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. Pferson, University of Washington, Andrea Pagou 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
Esper 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
Reoel Israel, University of Michigan

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

Insider Trading and Corporate Governance – Ernst Maug, Duke University


Discussants:
Marc Lars Lipson, NYSE and University of Georgia
Efraim Turlikowsky, Tel Aviv University
Sugato Bhattacharya, University of Michigan

PERFORMANCE OF PROFESSIONAL TRADERS – Arcadia EF
Bhagwan Chowdry, UCLA

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


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 Jaileet, Ehud I. Ronn and Stathis Toppana, University of Texas at Austin

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


Exhaustible Resource Mining is the Exercise of a Call Option: An Equilibrium Approach – Scott A. Hoeve and Frederic P. Sterbens, 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 Dahquist, Duke University

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


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

Discussants:
- Pierlugi Baldazzi, Boston College
- Chunsheng Zhou, University of California at Riverside
- Lenti Kogan, Massachusetts Institute of Technology
- Luis Viceira, Harvard Business School

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


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


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

Discussants:
- David Kuipers, University of Houston
- Greg Doffee, Federal Reserve Board
- Robert Whatelaw, New York University
- Anurag Waga, 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 Makarsinovic, 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 Shamway, 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 Madhavji, University of Southern California
- Simon Gervais, University of Pennsylvania
- Bhaskaran Swaminathan, Cornell University
- Rosemary Luo, Rutgers University
Tuesday, June 22  
8:30 – 10:15 am

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

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. Dinsoar, University of North Carolina at Chapel Hill

The Theoretical Implications of Asymmetric Information on The Dynamic and Cross-Sectional Characteristics 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

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

CORPORATE INVESTMENT POLICIES  – Palisades CD

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

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

ASSET PRICING THEORY II  – Palisades AB

Yacine Ait-Sahalia, Princeton University

Spanning & Derivative-Security Valuation  – Gurdeep Bakshi and Dilip Madon, 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

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

CORPORATE INVESTMENT POLICIES  – Palisades CD

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Discusants:
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:
Tyronne Callahan, UCLA
Michael Schill, University of California at Riverside
Dane 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 Halteway, Pennsylvania State University

The Quotation Behavior of ECNs and NASDAQ Market Makers – Yusif Simaan, Fordham University, Daniel G. Weese, 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
Asel Haddouc, New York University

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

Tuesday, June 22

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

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


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 Benvenuti, 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 Stavness, University of California at Berkeley
INTERNATIONAL CORPORATE: EMPIRICAL – Palisades CD
Kathryn Dewster, University of Washington


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 di Salerno

Discussants:
Vincent Warther, University of Michigan
Amar G baud, 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 Ranarajan S. Sundaram, New York University

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

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

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

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

Causes and Consequences of Mutual Fund Mergers – Narayanan Jayaraman, Ajay Khurana and Edward Nellg, 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. Cunmers, University of Oregon, Roger M. Eitleen, University of Pennsylvania and Gregory B. Kadlec, Virginia Tech

Discussants:
John Kea, Investment Company Institute
Carl Ackerman, University of Notre Dame
Vincent Warther, University of Michigan

WEA 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 Polbeknichenko, Northwestern University

International Asset Allocation with Time-Varying Correlations – Andrew Ng and Ofer Bekker, Stanford 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 Chong 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, Zhifu 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


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 Wisconsin-Madison
Matthew Clayton, New York University
David Benbenny, Rice University
Paolo Fulghieri, INSEAD

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


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

Dividend Tax Credits, the Ex-Days, 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 Hugson, University of Utah

Imperfect Market Monitoring and SOE Trading – Thierry Foucault, HEC, Ailsa Roell, Princeton University and Patrik Sandström, University of Pennsylvania

Why is Inter-Dealer Trading so Pervasive in Financial Markets? – S. Viswanathan and James F. 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
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


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, Ross 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. Karjera, Virginia Commonwealth 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 Takeover – 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 Zweibel, Stanford University
- Barbarians in Chains: Takeover Regulation and Minority Shareholder Wealth – Ulrike Hoffmann-Burchardi, London School of Economics

Discussants:
John Persson, 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. Alaaadair D. Tinhabu, 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
- Eightieth, Sixteenth and Market Depth: Changes in Tick Size and Liquidity Provision on the NYSE – Michael A. Goldstein, University of Colorado at Boulder and Kenneth A. Catholic, 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
- Monte Carlo Valuation of American Options Through Computation of the Optimal Exercise Frontier – Alfredo Itaí, ITAM and Fernando Zapatero, University of Southern California

Discussants:
Robert Geske, UCLA
Mark Briten-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, Terrence Lim, Dartmouth College and Jeremy C. Stein, Massachusetts Institute of Technology
- 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 Noosta, University of Michigan

Do Takeovers Create Value? Evidence from 1962-1997 – Sanjai Bhagat,
University of Colorado, David Hirshleifer, University of Michigan and Robert
Noah, Mifflin 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
Deris 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 Morek,
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, Barnard 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
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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, address, 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 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.

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The Trefitz Award of $1,500 for the best student paper will be presented in honor of Kenneth L. Trefitz, 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.

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Franklin Allen and Douglas Gale

This book argues that the focus of standard economics models on financial markets as a means of allocating resources is misguided, and seeks to outline a more nuanced view. The authors present theories that better capture how resources are allocated in practice, and arrive at a set of "truths" that are central to understanding the historical development of financial systems and how policymakers can improve their performance and design.
510 pp. 32 illus. $50 (December)

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What is an Exchange?
The Automation, Management, and Regulation of Financial Markets
Ruben Lee

"I highly recommend Dr. Ruben Lee's book. The analysis is an intellectual tour de force of the various issues surrounding the business and regulation of financial markets and professionals. Dr. Lee combines organization theory, financial economics, and information theory to separate the essential from the superficial. Moreover, as a former trader himself, his work reflects the institutional trading practices which are crucial to understanding markets. Finally, all of the resolution is placed within a global comparative framework. Indeed, even when I disagree with him, Dr. Lee makes me think he might be right."

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1999 424 pp. $49.95

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Tomas Bjork
Combining sound mathematical principles with the necessary economic focus, this book is specifically designed for graduate students and includes solved examples for every new technique presented, numerous exercises, and recommended reading lists for each chapter.
1999 328 pp. 23 illus. $45.00

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This book is a fully self-contained treatment of decision theory from classical optimization to modern game theory, the cornerstone of modern managerial (micro) economics which provides the foundation for management strategy and competitive analysis. While the text is sound enough mathematically to be used in introductory mathematics courses on game theory, its broader appeal will be in courses that show applications of decision theory in economics and business, perhaps even some political science courses at the graduate level.
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Edited by Michael J. Brennan and Lars Peter Trigeorgis
This book fills a major gap in the market. It deals with issues of R&D and technology options, investments involving learning, infrastructure, competition, strategy, and growth options.
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Lars Nielsen
This is an introduction to the use of advanced probability theory in financial economics, presenting the necessary mathematics in a precise and rigorous manner. Concentrates on three major areas: the theory of continuous-time stochastic processes, the theory of optimal stopping and the theory of pricing, hedging in continuous time, using the martingale approach. A detailed look at the Black-Scholes and the Gaussian one-factor models of the term structure of interest rates.
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—Wayne Winston, Professor of Decision Sciences, Indiana University
—Journal of Finance
1999 512 pp. 130 illus. $69.95

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Edited by Donald Choy
The past decade has given rise to a growing debate over the relative efficiency of different national economic systems. There are two basic corporate finance and governance systems that predominate in today's developed economies. One is the Anglo-American "market based" model with widely dispersed shareholders and a fairly vigorous corporate control market. The other is the Japanese and German "relationship based" system, with its large bank and intercorporate holding (and conspicuous absence of takeovers). Given the increasing globalization of business, which of these two systems can be expected to prevail over time? Or will the most valuable aspects of each be blended into a single new system? This story is now being told by economic and management experts — one that this book attempts to present — is a complicated one.
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Sharan Jagpal
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Available August 1999

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Second Edition
Meir Kohn

2002 800 pp. 100 line illus. $75.00

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• The Journal of Law, Economics, and Organization
• The American Law and Economics Review (NEW for 1999)
• Cambridge Journal of Economics
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