









# The 3<sup>rd</sup> International Conference on Asia-Pacific Financial Markets

CAFM 2008

Date : December 6, 2008

Place : The Westin Chosun Hotel, Seoul, Korea

Host : Korean Securities Association

Sponsors :  증권선물거래소  한국증권업협회  bank kdb 산업은행  삼성증권  
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## INVITATION

We are pleased to invite you to the 3<sup>rd</sup> International Conference on Asia-Pacific Financial Markets (CAFM) held by Korean Securities Association (KSA) on December 6, 2008. Three years ago, this conference was started to celebrate for Asia-Pacific Journal of Financial Studies (APJFS) to be selected for coverage in the Social Science Citation Index (SSCI) as of 2006 which is published by KSA since 1980. This is particularly meaningful as this is the first case that an Asian academic finance journal is listed in the SSCI. APJFS is currently issued by-monthly.

In this 3<sup>rd</sup> International CAFM, 47 papers will be presented in 12 sessions. These papers were selected among 110 papers submitted from 19 countries through blind peer-review process. As in the two previous conferences, these selected papers exhibit high standards of academic qualities and cover a wide range of important contemporary issues. Among these papers, six papers will be awarded for the Excellent Papers.

This conference will provide a great opportunity for the participants to discuss and exchange perspectives on the ongoing important issues in the financial markets worldwide. Moreover, the conference will be an ideal venue for the participants who wish to network with the finance academics and the industry experts from various countries.

We would like to express our appreciation to all the sponsors who provide generous support for the success of the conference.

Please enjoy the 3<sup>rd</sup> International CAFM and make sure you take some time to enjoy Korean culture.

Sincerely,

December, 2008

Beom-Sik Jang, President of the KSA  
Dongcheol Kim, Program Chair



## ● Saturday, December 6, 2008

08:30 ~ 10:00 Registration / Continental breakfast (2F)

10:00 ~ 12:00 Academic Session 1, 2, 3, 4 (2F)

12:00 ~ 14:00 Luncheon (2F, Orchid Room)

Welcome Address : Dr. Beom-Sik Jang

President, Korean Securities Association

Keynote Speech : Dr. Laura Starks

University of Texas at Austin

Editor, The Review of Financial Studies

14:00 ~ 16:00 Academic Session 5, 6, 7, 8 (2F)

16:10 ~ 18:10 Academic Session 9, 10, 11,12 (2F)

18:20 ~ 21:00 Farewell Dinner (2F, Orchid Room)

Keynote Speech I : Mr. Kun-Ho Hwang

Chairman and CEO, Korea Securities Dealer Association

Keynote Speech II : Mr. Jung Hwan Lee

Chairman and CEO, Korea Exchange

Best Paper Award : Dr. Dongcheol Kim

Program Chair

## ● Academic Session Program

TIME	Session Topics		ROOM(2F)
10:00~12:00	Session 1	Investment I	Lilac
	Session 2	Corporate Finance I	Tulip
	Session 3	Market Microstructure I	Cosmos
	Session 4	Asset Pricing	Violet
14:00~16:00	Session 5	Investments II	Lilac
	Session 6	Corporate Finance II	Tulip
	Session 7	Market Microstructure II	Cosmos
	Session 8	Financial Intermediation	Violet
16:10~18:10	Session 9	Investments III	Lilac
	Session 10	Corporate Governance	Tulip
	Session 11	Information Transmission	Cosmos
	Session 12	Derivatives	Violet

 December 6, 10:00 ~ 12:00

 **Session 1 : Investment I**

Chair : Young-Sup Yun (Korea Univ.)

Title	Author	Discussant
Are momentum premia robust to trade frictions? Tests of large-stock portfolios	Wentworth Boynton (Univ. of New Haven) Steven J. Jordan (KAIST)	Bong-Chan Kho (Seoul National Univ.)
Impact of terrorism on Australian stock market: An empirical investigation	Milind Sathye(Univ. of Canberra) Dharmendra Sharma (Univ. of Canberra) Shuangzhe Liu, Girija Chetty (Univ. of Canberra)	Kyojik "Roy" Song (Sungkyunkwan Univ.)
Herd Behavior and Volatility in Financial Markets	Beum-Jo Park (Dankook Univ.)	Milind Sathye (Univ. of Canberra)
Reputation, IPO Decisions and IPO Mispricing	Yu-Fen Chen(Da-Yeh Univ.) Su-Jane Chiang (Fu Jen Catholic Univ.) Victor W. Liu (National Sun Yat-Sen Univ.)	Sang-gyung Jun (Hanyang Univ.)

 **Session 2 : Corporate Finance I**

Chair : Kooyul Jung (KAIST)

Title	Author	Discussant
How Does Credit Rating Management Behavior Impact Optimal Capital Structure Decision?	Chang-Chih Chen (National Sun Yat-sen Univ.) So-De Shyu (National Sun Yat-sen Univ.)	Jungwon Suh (Ewha Womans Univ.)
Contract Heterogeneity, Operating Shortfalls and Corporate Cash Holdings: Theory and Empirical Evidence	Woochan Kim (KDI School of Public Policy and Management) Ramesh K. S. Rao (Univ. of Texas)	Byung-Uk Chong (Ewha Womans Univ.)
Internal and External Financing of Financially Constrained Firms	J. B. Chay (Sungkyunkwan Univ.) Jungwon Suh (Ewha Womans Univ.)	Isaac Otchere (Carleton Univ.)
Investor Protection and the Mode of Acquisition: An Implication for the Formation of Pyramids	Woojin Kim (Korea Univ.)	Jhin Young Shin (Yonsei Univ.)

## Session 3 : Market Microstructure I Chair : Joseph K.W. Fung (Hong Kong Baptist Univ.)

Title	Author	Discussant
Asymmetric Futures Price Distribution and Bid-Ask Quotes	Lars Nordén (Stockholm Univ.)	Hyoung-Jin Park (Seoul Women's Univ.)
Contrasting the equity market transparency reforms in Korea and Japan: Endogenous effects on volatility, spreads and depth	Peter L. Swan (Univ. of New South Wales) Thu Phuong Pham (Univ. of Sydney) P. Joakim Westerholm (Univ. of Sydney)	Joon Ho Hwang (Korea Univ.)
Implementation of Pre-Opening Session and Market Quality: An Empirical Study on The Hong Kong Stock Market	Hing-wah Lee (Hong Kong Polytechnic Univ.)	Lars Nordén (Stockholm Univ.)
FX Arbitrage and Market Liquidity in Emerging Markets: First Evidence from Hong Kong Tick Data	Wai-Ming Fong (The Chinese Univ. of Hong Kong) Giorgio Valente (Univ. of Leicester) Joseph K.W. Fung (Hong Kong Baptist Univ.)	Doseong Kim (Sogang Univ.)

## Session 4 : Asset Pricing Chair : Hyuk Choe (Seoul National Univ.)

Title	Author	Discussant
Asset Pricing with Higher Moments: Evidence from Australian and The U.S. Markets	Phuong Doan (Univ. of RMIT) Chien-Ting Lin (Univ. of Adelaide) Ralf Zurbruegg (Univ. of Adelaide)	Andrew Yi (Sungkyunkwan Univ.)
Intertemporal Risk-Return Relation: Some International Experience	Kent Wang (The Univ. of Queensland)	Jaehoon Hahn (Yonsei Univ.)
Asset Pricing with Misspecified Models	Jialin Yu (Columbia Univ.) Dongyoup Lee (Columbia Univ.)	Jin Lee (Konkuk Univ.)
Innovation Related to Future Labor Income Growth and the Cross-Section of Equity Returns	Byoung-Kyu Min (KAIST) Tong-Suk Kim (KAIST)	Kuan Hui Lee (Korea Univ.)

 December 6, 14:00 ~ 16:00

 **Session 5 : Investment II**

Chair : Hun Young Park (Ewha Womans Univ.)

Title	Author	Discussant
Fund Governance and Collusion with Controlling Shareholders: Evidence from Nontradable Shares Reform in China	Qinglu Jin (Shanghai Univ. of Finance and Economics.) Veicheng Yu (Shanghai Univ. of Finance and Economics.)	Woojin Kim (Korea Univ.)
Index Composition Changes and the Price of Incumbency	André Gygax (Univ. of Melbourne) Isaac Otchere (Carleton Univ.)	Dong Wook Lee (Korea Univ.)
Minimum dividend policy vs. share repurchase on closed-end funds	Doseong Kim (Sogang Univ.) Kyojik "Roy" Song (Sungkyunkwan Univ.)	Wilson Wonho Choi (KAIST)
The Study of the Fund Investors' Disposition Effect vis-à-vis Herding Redemption and Non-Herding Redemption: Evidence from Quantile Regression Least Square Dummy Variable Estimator	Jen-Sin Lee (I-Shou Univ.) Chung-Hua Shen (National Taiwan Univ.) Pi-Hsia Yen (I-Shou Univ.)	Junesuh Yi (Dongguk Univ.)

 **Session 6 : Corporate Finance II**

Chair : Sun-Wung Hwang (Chung-Ang Univ.)

Title	Author	Discussant
Search for Optimal CEO Compensation: Theory and Empirical Evidence	Melanie Cao (York Univ.) Rong Wang (Singapore Management Univ.)	S. Hun Seog (KAIST)
The Effect of Board Structure on Firm Value: A Multiple Identification Strategies Approach Using Korean Data	Bernard S. Black (Univ. of Texas) Woochan Kim (KDI School of Public Policy and Management)	Sadok El Ghoul (Univ. of Alberta)
The Role of IRS Monitoring in Equity Pricing in Public Firms	Sadok El Ghoul (Univ. of Alberta) Omrane Guedhami (Univ. of South Carolina) Jeffrey Pittman (Hong Kong Univ. of Science and Technology)	Woochan Kim (KDI School of Public Policy and Management)
Ownership Types, CEO and Chairman Political Connections, and Long-run Post-IPO Performance: Evidence from China	Mochou Li (The Chinese Univ. of Hong Kong) Lijun Xia (Shanghai Univ. of Finance and Economics) Veicheng Yu (Shanghai Univ. of Finance and Economics) Yi Zhang (Peking Univ.)	Kyung Suh Park (Korea Univ.)

## Session 7 : Market Microstructure II Chair : George J. Jiang (Univ. of Arizona)

Title	Author	Discussant
Multi-period Effects of Transparency on Market Quality in the Order-driven Market with Uninformed Traders: Endogenous Information Acquisition	Ming-Chun Hung (National Sun Yat-Sen Univ.) Tai Ma (National Sun Yat-Sen Univ.)	Chou-Wen Wang (National Kaohsiung First Univ. of Science and Technology)
Limit Order Book Information, Order Aggressiveness and Price Limits	Pei-Han Hsin (Cheng Shiu Univ.) Ming-Chang Wang (National Chung Cheng Univ.) Chin-Shun Wu (National Sun Yat-Sen Univ.)	Thu Phuong Pham (Univ. of Sydney)
Limit Order Cancellation and Revision Activities	Kingsley Y. Fong, Wai-Man Liu (The Univ. of New South Wales)	Joon Chae (Seoul National Univ.)
The Information Content of Volatility and Order Flow Intraday Evidence from the U.S. Treasury Market	George J. Jiang (Univ. of Arizona) Ingrid Lo (Bank of Canada)	Jung-Hoon Seon (Konkuk Univ.)

## Session 8 : Financial Intermediation Chair : Sang-Yong Park (Yonsei Univ.)

Title	Author	Discussant
A New Analytic Framework of Pricing of Fees for the Access to Financial Services under the Information Asymmetry	Sooyoung Song (Chung-Ang Univ.) Sun-Wung Hwang (Chung-Ang Univ.)	Dar-Yeh Hwang (National Taiwan Univ.)
Impacts of Institutional Quality on Bank Competition: Cross-Country Evidence from Simultaneous Quantile Regression	Sheng-Hung Chen (Nan Hua Univ.)	Gady Jacoby (Univ. of Manitoba)
The Effect of Forbearance Policy on Capital Regulation with Deposit Insurance	Dar-Yeh Hwang (National Taiwan Univ.) Anthony Saunders (New York Univ.) Kehluh Wang (National Chiao Tung Univ.) Wei-Hsiung Wu (National Taiwan Univ.)	Kwangwoo Park (KAIST)
An Empirical Study on the Choice of Residential Mortgage Lender by Korean Household	Seungwoo Shin (Konkuk Univ.)	Hoon Cho (KAIST)

 December 6, 16:10~ 18:10

 **Session 9 : Investment III**

Chair : Sang-Lyong Joo (Hongik Univ.)

Title	Author	Discussant
Market Timing and Security Choices	Rim El Khoury (Sogang Univ.) Yu Kyung Kim (Sogang Univ.)	Joonghyuk Kim (Korea Univ.)
Base Currency Effect and its change based on Asymmetric Volatility in Exchange Rates	Kyuhyong Kim (Chung-Ang Univ.)	Jaesun Noh (KAIST)
Does short distance between analyst and company enhances analyst forecast accuracy? Evidence from the group analysts in Korea	Youngdeok Lim (KAIST) Kooyul Jung (KAIST)	Jinsoo Lee (KDI School of Public Policy and Management)
Who Will File for Corporate Failure in Stock Market?	Taehyun Kim (Yonsei Univ.) Taeyoon Sung (Yonsei Univ.)	Yu-Fen Chen (Da-Yeh Univ.)

 **Session 10 : Corporate Governance**

Chair : Chang-Soo Hur (Univ. of Seoul)

Title	Author	Discussant
How Corporate Governance Affects Firm Value: Evidence on Channels from Korea	Bernard S. Black (Univ. of Texas) Woochan Kim (KDI School of Public Policy and Management) Hasung Jang (Korea Univ.) Kyung Suh Park (Korea Univ.)	Veicheng Yu (Shanghai Univ. of Finance and Economics)
Do different interpretations of the same information help explain the distinct stock holdings of foreign investors?	Hyung Cheol Kang (Univ. of Seoul) Dong Wook Lee (Korea Univ.) Kyung Suh Park (Korea Univ.)	Gwangheon Hong (Sogang Univ.)
Value Information of Corporate Decisions and Corporate Governance Practices	Hae-Young Byun (Kangwon National Univ.) Lee-Seok Hwang (Seoul National Univ.) Woo-Jong Lee (Hong Kong Polytechnic Univ.)	Rim El Khoury (Sogang Univ.)



## 11 Session II : Information Transmission

Chair : Francis In (Monash Univ.)

Title	Author	Discussant
The Effect of Information Uncertainty on Corporate Bond Yield Spreads	Hsien-Hsing Liao (National Taiwan Univ.) Yi-Chieh Wu (Univ. of Texas A&M) Tsun-Kang Chen (National Taiwan Univ.)	George Theocharides (Sungkyunkwan Univ.)
Do Foreigners Facilitate Information Transmission?	Kee-Hong Bae (York Univ.) Arzu Ozoguz (Univ. of North Carolina) Hongping Tan (Univ. of Waterloo)	Jin Wan Cho (Korea Univ.)
The impact of a new term auction facility on LIBOR-OIS spreads and volatility transmission between money and mortgage markets	Francis In (Monash Univ.) Jin Cui (Monash Univ.) Ann Maharaj (Monash Univ.)	Hsien-Hsing Liao (National Taiwan Univ.)
Target interest rate news spillover effects on the Asia-Pacific currency markets	Do-Quoc-Tho Nguyen (The Univ. of new South Wales) Suk-Joong Kim (The Univ. of New South Wales)	Hongping Tan (Univ. of Waterloo)

## 12 Session I2 : Derivatives

Chair : Sang-Bin Lee (Hanyang Univ.)

Title	Author	Discussant
Corporate Bond Pricing and the Effects of Endogenous Default and Call Options	Gady Jacoby (The Univ. of Manitoba) Ilona Shiller (The Univ. of New Brunswick)	Hyeng Keun Koo (Ajou Univ.)
Implied Volatility Anomaly, Illiquidity, and New Evidence on Options Market Misreaction	George J. Jiang (Univ. of Arizona) Yisong S. Tian (York Univ.)	Jangkoo Kang (KAIST)
Systematic Risk in GARCH Option Pricing: A Theoretical and Empirical Perspectives	Chou-Wen Wang (National Kaohsiung First Univ. of Science and Technology) Shyh-Weir Tzang (Yung Ta Institute of Technology & Commerce) Chin-Wen Wu (Meiho Institute of Technology) Chih-Hsing Hung (National Sun Yat-Sen Univ.)	Sol Kim (Hankuk Univ. of Foreign Studies)
Pricing the CBOT T-Bonds Futures	Ramzi Ben-Abdallah (HEC Montréal) Hatem Ben-Ameurz (HEC Montréal) Michèle Breton (HEC Montréal)	Don H. Kim (Yonsei Univ.)

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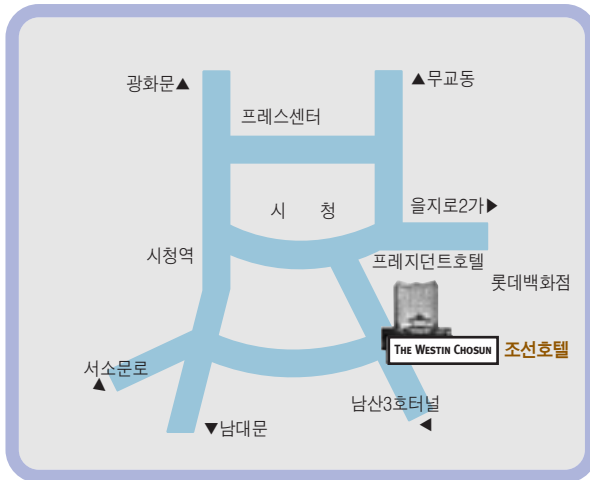
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