



# The 8<sup>th</sup> International Conference on Asia-Pacific Financial Markets

**CAFM 2013**

**Date** | December 7, 2013  
**Place** | The Westin Chosun Hotel, Seoul, Korea  
**Host** | Korean Securities Association

## Sponsors



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## INVITATION

We are pleased to invite you to the Eighth International Conference on Asia-Pacific Financial Markets (CAFM 2013), held by the Korean Securities Association (KSA) on December 7, 2013 in Seoul.

The KSA started this conference eight years ago to celebrate the inclusion of the Asia-Pacific Journal of Financial Studies (AJFS) in the Social Science Citation Index (SSCI). It was the first time that an Asian academic finance journal had been listed in the SSCI. The AJFS publishes articles bimonthly including a special issue published every April. The KSA chose Wiley as a publication partner of the journal and the AJFS is being handled professionally by Wiley from the submission of the articles to the publication of each issue from 2010. The impact factor of the journal has sharply increased to over 0.4 recently and the AJFS Editorial Office is now working hard to raise this figure to the next respectable level.

In CAFM 2013, 44 papers will be presented in 12 sessions. These papers were selected among 110 papers submitted from 20 countries through blind peer-review process. The selected papers exhibit high standards of academic quality and cover a wide range of important issues. Among these papers nine papers, including one best Ph.D dissertation award, will be awarded for excellence at the banquet.

This conference will provide a great opportunity for participants to discuss and exchange perspectives on important contemporary issues in financial markets worldwide. Moreover, the conference will be an ideal venue for participants who wish to broaden their network with finance scholars and industry experts from various countries. In particular, we added a plenary session on financial regulation from this year. We hope it serves as a live forum between scholars and regulators on important regulation issues.

We would like to express our profound gratitude to all the sponsors who provided generous support for the conference. We also extend our special thanks to the members of the Review Committee who evaluated papers submitted and to those of Local Organization Committee. Finally, we offer our sincere thanks to all participants, keynote speakers, paper presenters, session chairpersons, discussants, and attendees. Welcome again to the CAFM 2013 and don't forget to take some time to enjoy dynamism of Seoul and Korean culture.

Sincerely,

December, 2013

Chang-Soo Kim, President of the KSA  
Jaeuk Khil, Program Chair



### ● Saturday, December 7, 2013

- 08:10 ~ 08:50 Registration / Continental breakfast (2F)
- 08:50 ~ 10:20 Academic Session 1, 2, 3, 4 (2F)
- 10:30 ~ 12:30 Academic Session 5, 6, 7, 8 (2F)
- 12:30 ~ 14:20 Luncheon (2F, Orchid Room)  
Welcome Address : Dr. Chang-Soo Kim  
President, Korean Securities Association
- Keynote Speech : Dr. Harrison Hong  
Princeton University
- 14:30 ~ 15:30 Plenary Session : Regulatory Issues in Asian Capital Market
- 15:40 ~ 17:40 Academic Session 9, 10, 11, 12 (2F)
- 18:00 ~ 21:00 Farewell Dinner (2F, Orchid Room)  
Keynote Speech : Mr. Soohyun Choi  
Governor Financial Supervisory Service
- Keynote Speech : Mr. Jong Soo Park  
Chairman and CEO, Korea Financial Investment Association
- Best Paper Award : Dr. Jaeuk Khil  
Program Chair

### ● Plenary Session : “Regulatory Issues in Asian Capital Market”

- Time : 14:30 ~ 15:30 Orchid Room (2F)
- Session Host : Financial Supervisory Service
- Moderator : Jaehoon Yoo (Chairman and CEO, Korea Securities Depository)

Title	Panel Speaker
Why Do Firms Issue Abroad?: Lessons from Onshore and Offshore Corporate Bond Finance in Asian Emerging Markets	Eli Remolona (Chief Representative, BIS Hong Kong)
Provision of Risk Capital through Hometown Investment Trust Fund and Basel Capital Requirement	Naoyuki Yoshino (Director of Financial Institute, Financial Services Agency, Japan Prof. of Economics, Keio Univ.)
Oversight and Regulation of Shadow Banking	Bonghan Kim (Head of Financial Investment Supervision Department, Financial Supervisory Service)

● Academic Session Program

TIME	Session Topics		ROOM(2F)
08:50~10:20	Session 1	Banking	Lilac
	Session 2	Capital Markets	Tulip
	Session 3	Funds	Cosmos
	Session 4	Ph.D Session	Violet
10:30~12:30	Session 5	Corporate Governance	Lilac
	Session 6	Investments	Tulip
	Session 7	Corporate Finance I	Cosmos
	Session 8	Derivatives	Violet
14:30~15:30	Plenary Session	Regulatory Issues in Asian Capital Market	Orchid
15:40~17:40	Session 9	Asset Pricing	Lilac
	Session 10	Capital Structure	Tulip
	Session 11	Corporate Finance II	Cosmos
	Session 12	Investors Trading	Violet

🕒 December 7, 08:50 ~ 10:20

📍 Session 1 : Banking

Chair : Jun-Koo Kang (Nanyang Technological Univ.)

Title	Author	Discussant
Internationalization and Bank Risk	Allen N. Berger (Univ. of South Carolina) Sadok El Ghoul (Univ. of Alberta) Omrane Guedhami (Univ. of South Carolina) Raluca A. Roman (Univ. of South Carolina)	Kwangwoo Park (KAIST)
Bank Funding Structure and Lending under Liquidity Shocks in Korea	Hosung Jung (Bank of Korea) Dongcheol Kim (Korea Univ.)	Sooyoung Song (Chung-Ang Univ.)
Informational Frictions, Syndicate Structure, and Loan Pricing: New Evidence from International Lending	Sung C. Bae (Bowling Green State Univ.) Byung-Uk Chong (Univ. of Seoul) Yura Kim (Kookmin Univ.)	Joong Ho Han (KDI School)

📍 Session 2 : Capital Markets

Chair : Bong Soo Lee (Florida State Univ.)

Title	Author	Discussant
Contagion of Ambiguity: Bond Insurance and Systemic Rating Downgrades	Ji Yeol Jimmy Oh (Korea Military Academy)	Jongsub Lee (Univ. of Florida)
A Forward-looking Model of the Term Structure of Interest Rates	Albert Lee Chun (Copenhagen Business School)	Daehwan Kim (Konkuk Univ.)
The Subprime Asset-Backed Securities Market and the Equity Prices of Large Complex Financial Institutions	Giovanni Calice (Univ. of Southampton)	Baeho Kim (Korea Univ.)

📍 Session 3 : Funds

Chair : Hyuk Choe (Seoul National Univ.)

Title	Author	Discussant
The Impact of Idiosyncratic Risk on Mutual Fund Fees	Lorenzo Casavecchia (Univ. of Technology Sydney) Hardy Hulley (Univ. of Technology Sydney)	Sun-Joong Yoon (Dongguk Univ.)
Hedge Fund Piggyback Investing	Jin-Mo Kim (Rutgers Univ.) Xin Zhang (Fudan Univ.)	Francis In (Monash Univ.)
Do Sovereign Wealth Funds Stabilize Stock Markets?	Francis In (Monash Univ.) Raphael Jonghyeon Park (Monash Univ.) Philip Inyeob Ji (Monash Univ.) Bong Soo Lee (Florida State Univ.)	Jin-Mo Kim (Rutgers Univ.)

📍 Session 4 : Ph.D Session

Chair : Kee-Hong Bae (York Univ.)

Title	Author	Discussant
Free Lunches for Insiders under Investor Inertia and Limited Arbitrage	Woojin Kim (Seoul National Univ.) Shu-Feng Wang (Seoul National Univ.)	Inmoo Lee (KAIST)
Does Investment in Corporate Environmental Responsibility Matter in the Financial Services Industries?	Hoje Jo (Santa Clara Univ.) Hakkon Kim (KAIST) Kwangwoo Park (KAIST)	Kee-Hong Bae (York Univ.)
The Power of Asking Questions: Resolving Financial Market Rumors through Public Inquiries	Seongkyu "Gilbert" Park (Univ. of Chicago)	Jhin Young Shin (Yonsei Univ.)

December 7, 10:30 ~ 12:30

**Session 5 : Corporate Governance**

Chair : Kyung Suh Park (Korea Univ.)

Title	Author	Discussant
The Impact of Governance Reform on Board Functioning and Firm Value: Evidence from the Post-SOX Directorial Labor Market	Jun-Koo Kang (Nanyang Technological Univ.) Jungmin Kim (Nanyang Technological Univ.) Angie Low (Nanyang Technological Univ.)	Kasper Meisner Nielsen (Hong Kong Univ. of Science and Technology)
Cash Holdings, Corporate Governance and Acquirer Returns	Seoungpil Ahn (Sogang Univ.) Jaiho Chung (Korea Univ.)	Sadok El Ghoul (Univ. of Alberta)
When Blockholders Leave Feet First: Do Ownership and Control Affect Firm Value?	Bang Dang Nguyen (Univ. of Cambridge) Kasper Meisner Nielsen (Hong Kong Univ. of Science and Technology)	Seoungpil Ahn (Sogang Univ.)
Directors' and Officers' Liability Insurance and Corporate Risk-Taking	Joon Ho Hwang (Korea Univ.) Byungmo Kim (Dankook Univ.)	Shinwoo Kang (Hitotsubashi Univ.)

**Session 6 : Investments**

Chair : Cheol S. Eun (Georgia Institute of Technology)

Title	Author	Discussant
How Important are Foreign Ownership Linkages for International Stock Returns?	Söhnke M. Bartram (Warwick Business School) John Griffin (Univ. of Texas at Austin) Tae-Hoon Lim (Cornell Univ.) David T. Ng (Cornell Univ.)	Jay M. Chung (Soongsil Univ.)
Herding Among Local Individual Investors	Sujung Choi (Ulsan National Institute for Science and Technology)	Shu-Feng Wang (Seoul National Univ.)
Culture and $R^2$	Cheol S. Eun (Georgia Institute of Technology) Lingling Wang (Tulane Univ.) Steven Xiao (Georgia Institute of Technology)	Junesuh Yi (Dongguk Univ.)
Are Foreign Short-Sellers to Blame? Evidence from Daily Short-Selling in Korean Stock Market	Kuan-Hui Lee (Seoul National Univ.) Shu-Feng Wang (Seoul National Univ.)	Tae-Hoon Lim (Cornell Univ.)

**Session 7 : Corporate Finance I**

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

Title	Author	Discussant
Agency Costs and Equity Mispricing	Christos Pantzalis (Univ. of South Florida) Jung Chul Park (Auburn Univ.)	James L. Park (Korea Univ.)
Equity Issuance, Distress, and Agency Problems: The 20% Rule for Privately Issued Equity	James L. Park (Korea Univ.)	Hyeongsop Shim (Ulsan National Institute of Science and Technology)
Dividend Catering, Investor Protection, and Investor Sentiment: A Cross-Country Analysis	Kihun Kim (State Univ. of New Jersey) Jinho Byun (Ewha Womans Univ.)	Sung Won Seo (KAIST)
The Value of Corporate Coinsurance to the Shareholders of Diversifying Firms: Evidence from Marginal Tax Rate	Hyeongsop Shim (Ulsan National Institute of Science and Technology)	Jung Chul Park (Auburn Univ.)

**Session 8 : Derivatives**

Chair : In Joon Kim (Yonsei Univ.)

Title	Author	Discussant
Lead-Lag Relationship and Informed Trading in the Japanese CDS Market	Jinwoo Park (Hankuk Univ. of Foreign Studies) Kengo Shiroshita (Yamaguchi Univ.) Naili Sun (Yamaguchi Univ.)	Eun Jung Lee (Hanyang Univ.)
The Relation between Counter-Party Default and Interest Rate Volatility, and Its Impact on Collateralized Interest Rate Swaps	Geoffrey R. Harris (Federal Reserve Bank of Chicago) Tao L. Wu (Illinois Institute of Technology) Jiarui Yang (Factset)	Youngsoo Choi (Hankuk Univ. of Foreign Studies)
Default Probabilities and Interest Expenses of Privately Held Firms	Jin-Chuan Duan (National Univ. of Singapore) Baeho Kim (Korea Univ.) Changki Kim (Korea Univ.) Woojin Kim (Seoul National Univ.) Donghwa Shin (Princeton Univ.)	Suk-Joong Kim (Univ. of Sydney)
Spillover News Effects from the US, the Eurozone and China in Sovereign CDS Markets	Suk-Joong Kim (Univ. of Sydney) Leith Salem (Univ. of Sydney) Eliza Wu (Univ. of Technology Sydney)	Jaehoon Hahn (Yonsei Univ.)

December 7, 15:40 ~ 17:40

**Session 9 : Asset Pricing**

Chair : Francis In (Monash Univ.)

Title	Author	Discussant
CEO Interviews on CNBC	Young Han Kim (Nanyang Technological Univ.) Felix Meschke (Univ. of Kansas)	Martin J. Dierker (KAIST)
Maximum Drawdown and Asset Pricing	Daehwan Kim (Konkuk Univ.)	Dong Wook Lee (Korea Univ.)
Explaining the Volatility Surface: A Closed-Form Solution to Option Pricing in a Fractional Jump-Diffusion Market	Stefan Rostek (Univ. of Tübingen)	Changki Kim (Korea Univ.)
Is Mispricing in Asset Prices due to the Inflation Illusion?	Bong Soo Lee (Florida State Univ.)	Jaewon Choi (Univ. of Illinois)

**Session 10 : Capital Structure**

Chair : Myung-Jig Kim (Hanyang Univ.)

Title	Author	Discussant
Family Firms, Antitakeover Provisions, and Costs of Bank Financing	Jun-Koo Kang (Nanyang Technological Univ.) Jungmin Kim (Nanyang Technological Univ.) Hyun Seung Na (City Univ. of Hong Kong)	Woojin Kim (Seoul National Univ.)
Do Firms Adjust Capital Structures to Manage Risk?	Martin J. Dierker (KAIST) Jun-Koo Kang (Nanyang Technological Univ.) Inmoo Lee (KAIST) Sung Won Seo (KAIST)	S. Katie Moon (U.S. Securities and Exchange Commission)
Outsourcing Supply Contracts, Human Capital and Firm Financing Decisions	S. Katie Moon (U.S. Securities and Exchange Commission) Gordon Phillips (Univ. of Southern California)	Ji-Woong Chung (Korea Univ.)
Control beyond Ownership: Subcontractors of Large Business Groups	Woojin Kim (Seoul National Univ.) Jongsub Lee (Univ. of Florida) Yunxiao Liu (Korea Univ.)	Hyun Seung Na (City Univ. of Hong Kong)

**Session 11 : Corporate Finance II**

Chair : J. B. Chay (Sungkyunkwan Univ.)

Title	Author	Discussant
What Drives Investment-Cash Flow Sensitivity around the World?	Fariborz Moshirian (The Univ. of New South Wales) Vikram Nanda (Georgia Institute of Technology) Alexander Vadilyev (The Univ. of New South Wales) Bohui Zhang (The Univ. of New South Wales)	Jungmin Kim (Nanyang Technological Univ.)
Competition, Capital Market Feedback, and Earnings Management: Evidence from Economic Deregulation	Jongsub Lee (Univ. of Florida) Xiaoding Liu (Univ. of Oregon)	Jin Q. Jeon (Dongguk Univ.)
Multiple Lead Underwriter IPOs and Firm Visibility	Jin Q. Jeon (Dongguk Univ.) Cheolwoo Lee (Ferris State Univ.) Tareque Nasser (Kansas State Univ.) M. Tony Via (Univ. of Alabama)	Y. Han (Andy) Kim (Nanyang Technological Univ.)
The Impact of Media on Corporate Social Responsibility	Jingoo Kang (Korea Univ.) Y. Han (Andy) Kim (Nanyang Technological Univ.)	Jongsub Lee (Univ. of Florida)

**Session 12 : Investors Trading**

Chair : Dongcheol Kim (Korea Univ.)

Title	Author	Discussant
Did Liquidity Providers Become Liquidity Seekers?	Jaewon Choi (Univ. of Illinois at Urbana-Champaign) Or Shachar (Federal Reserve Bank of New York)	Changfeng Ma (Zhejiang Gongshang Univ.)
Short-sale Constraints, Price Efficiency, and Investor Trading	William T. Lin (Tamkang Univ.) Shih-Chuan Tsai (National Taiwan Normal Univ.) Pei-Yau Lung (Tamkang Univ.)	Hassan Naqvi (Sungkyunkwan Univ.)
Individual Investor Trading around Earnings Announcements: Noise or Information? Evidence from an Emerging Market	Zhijuan Chen (Zhejiang Gongshang Univ.) William T. Lin (Tamkang Univ.) Changfeng Ma (Zhejiang Gongshang Univ.)	Doojin Ryu (Chung-Ang Univ.)
The Role of Trading Volume in the "Volatility Puzzle"	Dong Wook Lee (Korea Univ.)	Pei-Yau Lung (Tamkang Univ.)

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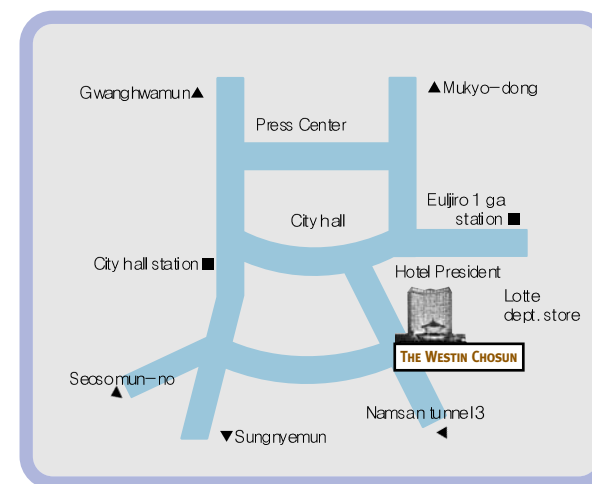
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