2005 China International Conference in Finance  
Kunming, July 5-7

Preliminary Program (24 sessions in English and 8 sessions in Chinese)

Program Co-Chairs: Charles Cao and Tan Wang

July 5, 2005  5:00 – 7:00PM  Conference Reception

July 6, 2005  8:00 – 8:20AM  Opening Ceremony

July 6, 2005  8:30 – 10:00AM

**Stock Returns and Volatility**
Session Chair: Kalok Chan, Hong Kong University of Science and Technology

- Abnormal Equity Returns Following Downgrades  
  Maria Vassalou, Columbia University and Yuhang Xing, Rice University

- Who Wants to Trade around Ex-dividend Days?  
  Shing-Yang Hu and Yun-lan Tseng, National Taiwan University

- Stock Returns and Volatility: Pricing the Long-Run and Short-Run Components of Market Risk  
  Tobias Adrian and Joshua Rosenberg, Federal Reserve Bank of New York

- Estimation of Continuous-time Models with an Application to Equity Volatility Dynamics  
  Gurdip Bakshi, Nengjiu Ju, University of Maryland and Hui Ou-yang, Duke University

**Discussants:**
Mindy Xu, Hong Kong Polytechnic University  
Tongshu Ma, University of Utah  
Tu Jun, Singapore Management University  
Jun Pan, MIT

July 6, 2005  8:30 – 10:00AM

**Asset Pricing in Markets with Frictions**
Session Chair: Henry Cao, Cheung Kong Graduate School of Business

- Market Liquidity and Asset Prices under Costly Participation  
  Jennifer Huang, University of Texas at Austin and Jiang Wang, MIT

- Transaction Cost Can Have a First-Order Effect on Liquidity Premium  
  Bong-Gyu Jang, KAIST, Hyeng Keun Koo, Ajou University,  
  Hong Liu, Washington University in St. Louis and Mark Loewenstein, University of Maryland

- An Equilibrium Model with Buy and Hold Investors  
  Tao Wu, SUNY Buffalo

- Search and Endogenous Concentration of Liquidity in Asset Markets  
  Dimitri Vayanos, London School of Economics and Tan Wang, University of British Columbia

**Discussants:**
Qiang Dai, University of North Carolina at Chapel Hill
Jay Huang, Penn State University  
Nengjiu Ju, University of Maryland  
Lin Peng, Baruch College

**July 6, 2005  8:30 – 10:00AM**

**Behavioral Finance I**
Session Chair: John Wei, Hong Kong University of Science and Technology

Disposition Effect among Mutual Fund Managers  
Li Jin and Anna Scherbina, Harvard Business School

Systematic Noise
Brad M. Barber, University of California at Davis, Terrance Odean, University of California at Berkeley and Ning Zhu, University of California at Davis

The Role of Brokers and Financial Advisors behind Investments into Load Funds
Xinge Zhao, College of William & Mary

Are Overconfident Managers Born or Made?
Matthew T. Billett and Yiming Qian, University of Iowa

**Discussants:**
Ming Huang, Stanford University and Cheung Kong Graduate School of Business
Chuan-Yang Hwang, Hong Kong University of Science and Technology
Ning Zhu, University of California at Davis
Jiang Lou, Hong Kong University of Science and Technology

**July 6, 2005  8:30 – 10:00AM**

**Corporate Governance and Corporate Finance (in Chinese)**
Session Chair: Wuxiang Zhu, Tsinghua University

**July 6, 2005  10:30AM – 12:00PM**

**Corporate Governance and Ownership Structure**
Session Chair: Paul Malatesta, University of Washington

Corporate Governance and Firm Valuations: Evidence from Hong Kong
Adrian Lei and Frank Song, University of Hong Kong

Bank Lending, Corporate Governance, and Government Ownership in China
George Tian, Peking University

The Effect of Board Composition and Ownership Structure on Firm Performance: Evidence from India
Henk Berkman, Massey University, Rebel Coleb, Depaul University, Andy Lee and Madhu Veeraraghavan, University of Auckland

Law, Economic, Corporate Governance, and Corporate Scandal in a Transition Economy
Yi Zhang and Guang Ma, Peking University

**Discussants:**
Chongen Bai, Tsinghua University
Kai Li, MIT and University of British Columbia
Garry Twite, Australian Graduate School of Management
Zhaodong Zhong, Penn State University
July 6, 2005  10:30AM – 12:00PM

**Corporate Finance**
Session Chair: Denis Gromb, London Business School

Chief Executive Officer Turnovers and the Performance of China's Listed Enterprises  
Eric Chang and Sonia Wong, University of Hong Kong

A Theory of Socialistic Internal Capital Markets  
Antonio Bernardo, UCLA, Jiang Luo, Hong Kong University of Science and Technology and James Wang, City University of Hong Kong

R&D Financing and the Boundary and Ownership Structure of the Firm  
Haizhou Huang, International Monetary Fund

**Discussants:**  
Denis Gromb  
Francesca Corneli  
TBA

July 6, 2005  10:30AM – 12:00PM

**Banking I**
Session Chair: Dar-Yeh Hwang, National Taiwan University

Financial Innovations and Banking Reform: Implications for Banking without Deposit Insurance  
Nai-fu Chen, University of California, Irvine

Tracing the Financial and Real Impact of a Credit Crunch  
Asim Ijaz Khwaja, Harvard University and Atif Mian, University of Chicago

Foreign Bank Entry and Entrepreneurial Activity  
Mariassunta Giannetti, Stockholm School of Economics and Steven Ongena, Tilburg University

The Soft Budget Constraint of Banks  
Julan Du, Chinese University of Hong Kong and David Li, Tsinghua University and Hong Kong University of Science and Technology

**Discussants:**  
Dar-Yeh Hwang, National Taiwan University  
Haibin Zhu, Bank for International Settlements  
TBA

July 6, 2005  10:30AM – 12:00PM

**Asset Pricing (in Chinese)**
Session Chair: Zhongfei Li, Zhongshan University

July 6, 2005  12:15 – 2:15PM

**Conference Lunch and Keynote Speech**
Keynote Speaker: Martin Gruber  
Nomura Professor of Finance, New York University  
Former President of American Financial Association
July 6, 2005 2:30 – 4:00PM

Behavioral Finance II
Session Chair: Ming Huang, Stanford University and Cheung Kong Graduate School of Business

Bubbles and Panics in a Frictionless Market with Heterogeneous Expectations
Henry Cao, Cheung Kong Graduate School of Business and Hui Ou-Yang, Duke University

Upfront Transfer, Investor Sentiment and Stock Performance
Zhikun Li, Tsinghua University

R^2 and Momentum
Kewei Hou, Ohio State University, Lin Peng, Baruch College and Wei Xiong, Princeton University

Fear of the Unknown: Familiarity and Economic Decision
Henry Cao, Cheung Kong Graduate School of Business, David Hirshleifer, Ohio State University and Harold Zhang, University of North Carolina,

Discussants:
Xiong Wei, Princeton University
Xiaoyun Yu, Indiana University
John Wei, Hong Kong University of Science and Technology
Tan Wang, University of British Columbia

July 6, 2005 2:30 – 4:00PM

Market Efficiency I
Session Chair: Allaudeen Hameed, National University of Singapore

What Determines the Discount of Closed-end Funds in the China Market?
Kalok Chan, Hong Kong University of Science and Technology, Hung Wan Kot, University of Waikato and Desmond Li, Thomas Ho Co. Ltd.

Closed-end Fund Governance, Portfolio Performance and the Discount
Russ Wermers, University of Maryland, Youchang Wu and Josef Zechner, University of Vienna

Market Manipulation
Guolin Jiang, Shanghai University of Finance and Economics, Paul Mahoney, University of Virginia and Jianping Mei, New York University

The Effect of Investment Horizon on Institutional Investors - Incentives to Acquire Private Information on Long-Term Earnings
Bin Ke and Santhosh Ramalingegowda, Penn State University

Discussants:
ChangYun Wang, National University of Singapore
Li Jin, Harvard University
Wenjin Kang, National University of Singapore
Allaudeen Hameed, National University of Singapore

July 6, 2005 2:30 – 4:00PM

Interest Rate and Credit Market
Session Chair: Walter Torous, UCLA

Fiscal Policy and the Term Structure of Interest Rates
Qiang Dai, University of North Carolina at Chapel Hill and Thomas Philippon, New York University

The Chinese Interbank Repo Market: An Analysis of Term Premiums
Longzhen Fan and Chu Zhang, Hong Kong University of Science and Technology

Time-Series Estimation of Aggregate Corporate Bond Credit Spreads
Herman Bierens, Jingzhi Huang, Penn State University and Weipeng Kong, Bear Stearns

Intra-industry Credit Contagion: Evidence from the Credit Default Swap Market and the Stock Market
Gaiyan Zhang, University of California at Irvine

Discussants:
Bob Kimmel, Princeton University
Haizhou Huang, Internation Monetary Fund
Charles Shi, University of California at Irvine
Frank Zhang, Federal Reserve Board

July 6, 2005 2:30 – 4:00PM

Banking (in Chinese)
Session Chair: Chun Chang, University of Minnesota and China Europe International Business School

July 6, 2005 4:30 – 6:00PM

Mergers and Acquisitions
Session Chair: Gary Xu, Peking University

Decoupling CEO Wealth and Firm Performance: The Case of Acquiring CEOs
Jarrad Harford, University of Washington and Kai Li, MIT and University of British Columbia

Managerial Discretion and Takeover Performance
Adny Cosh, Paul Guest and Alan Hughes, Cambridge University

Does Investor Misvaluation Drive the Takeover Market?
Ming Dong, York University, David Hirshleifer, Ohio State University,
Scott Richardson, University of Pennsylvania and Siew Hong Teoh, Ohio State University

Long-run Volatility and Risk around Mergers and Acquisitions
Sreedhar Bharath and Guojun Wu, University of Michigan

Discussants:
Zheng Zhang, Peking University
George Tian, Peking University
Yi Zhang, Peking University
Gary Xu, Peking University

July 6, 2005 4:30 – 6:00PM

IPO and Venture Capital
Session Chair: Kuoping Chang, National Tsinghua University

The role of the media in the internet IPO bubble
Utpal Bhattacharya, Neal Galpin, Rina Ray and Xiaoyun Yu, Indiana University

Underwriter Manipulation in IPOs
Rajesh Aggarwal, University of Virginia, Amiyatosh Purnanandam, University of Michigan and Guojun Wu, University of Michigan
A Fully-Rational Liquidity-Based Theory of IPO Underpricing and Underperformance
Matt Pritsker, Federal Reserve Board

The Size of Venture Capitalists' Portfolios
Gennaro Bernile, University of Rochester, Douglas Cumming, University of New South Wales and Evgeny Lyandres, Rice University

Discussants:
Guojun Wu, University of Michigan
Pritsker Matt, Federal Reserve Board
Evgeny Lyandres, Rice University
Xiaoyun Yu, Indiana University

July 6, 2005 4:30 – 6:00PM
Banking II
Session Chair: Haizhou Huang, International Monetary Fund

Balanced Performance Index and Its Implications: Evidence from Taiwan’s Commercial Banks
Dar-Yeh Hwang, Chi-Chun Liu, National Taiwan University and Lishu Ouyang, Chinese Culture University

Commercial Property Prices and Bank Performance
Philip Davis, Brunel University and Haibin Zhu, Bank for International Settlements

Understanding the Rise and Decline of the Japanese Main Bank System: Corporate Investment and Financing under Bank Rent Extraction
Xueping Wu and Jun Yao, City University of Hong Kong

Discussants:
Julan Du, Chinese University of Hong Kong
Zheng Ni, Tsinghua University
Haibin Zhu, Bank for International Settlements

July 6, 2005 4:30 – 6:00PM
Manipulation and Market Efficiency (in Chinese)
Session Chair: Qingshi Wang, Dongbei University of Finance and Economics

July 6, 2005 6:30 – 8:00PM
Conference Dinner

July 7, 2005 8:30 – 10:00AM
Derivatives
Session Chair: Jun Pan, MIT

Do Futures Markets Overreact?
Changyun Wang, Renmin University and National University of Singapore

Implied Volatility Smirk
Jin Zhang, University of Hong Kong and Yi Xiang, Hong Kong University of Science and Technology

A No-Arbitrage Analysis of the Economic Determinants of the Credit Spread Term Structure
Liuren Wu, Baruch College and Frank Zhang, Federal Reserve Board

**Discussants:**
Jennifer Huang, University of Texas at Austin
Jingzhi Huang, Penn State University
Nengjiu Ju, University of Maryland

**July 7, 2005 8:30 – 10:00AM**

**Mutual Fund**
Session Chair: Fengming Song, Tsinghua University

- Unobserved Actions of Mutual Funds
  Marcin Kacperczyk, University of British Columbia, Clemens Sialm and Lu Zheng, University of Michigan

- Participation Costs and the Sensitivity of Fund Flows to Past Performance
  Jennifer Huang, University of Texas at Austin, Kelsey Wei, SUNY-Binghamton and Hong Yan, University of Texas at Austin

  Xiaqing Eleanor Xu, Seton Hall University and Jiong Liu, Citibank

- Do Mutual Funds Time the Market? Evidence from Portfolio Holdings
  George Jiang, Tong Yao, University of Arizona and Tong Yu, University of Rhode Island

**Discussants:**
Ruhui Yang, Tsinghua University
Yingzi Zhu, Tsinghua University
Shan Wang, Tsinghua University
Zhikun Li, Tsinghua University

**Market Efficiency II**
Session Chair: Eric Chang, University of Hong Kong

- Beyond Earnings Surprise: Incremental Information about Future Earnings around Earnings Announcement
  James Ang, Florida State University and Shaojun Zhang, Nanyang Technological University

- Does Analyst Bias Drive Stock Return Anomalies? An Empirical Investigation
  Ravi Jagannathan, Northwestern University, Tongshu Ma, University of Utah and Antonio Baldaque da Silva, Northwestern University

- Tightening Credit Standards: Fact or Fiction?
  Philippe Jorion, Charles Shi and Sanjian Zhang University of California at Irvine

**Discussants:**
Bin Ke, Penn State University
Tao Lin, The University of Hong Kong
Jianming Kou, University of Reading

**July 7, 2005 8:30 – 10:00AM**

**Chinese Financial Institutions (in Chinese)**
Session Chair: Fangyu Fei, Shanghai Jiaotong University
July 7, 2005 10:30AM – 12:00PM

**Investment Management**
Session Chair: Jia He, Chinese University of Hong Kong

A Patent Race in a Real Options Setting: Investment Strategy, Valuation, CAPM Beta and Return Volatility
Rujing Meng, University of Hong Kong

Forecasting Correlation and Covariance with a Range-Based Dynamic Conditional Correlation Model
Ray Chou, Academia Sinica, Nathan Liu, National Chiao-Tung University and Chun-Chou Wu, Chung Yuan Christian University

Predicting Agency Rating Movements with Spread Implied Ratings
Jianming Kou and Simone Varotto, University of Reading

Does Investor Base Influence Stock Comovement?
Susan Ji, Baruch College

**Discussants:**
Yuqing Zhou, Chinese University of Hong Kong
Jibao He, Shenzhen Stock Exchange
Chaowei Zhu, Sichuan University
Ming Liu, Chinese University of Hong Kong

July 7, 2005 10:30AM – 12:00PM

**Empirical Corporate Finance**
Session Chair: Kai Li, MIT and University of British Columbia

Currency Market Timing and International Capital Structure: Evidence from ADR Issuances
Paolo Pasquariello, Kathy Yuan and Qiaoqiao Zhu, University of Michigan

The Emergence of Corporate Pyramids in China
Joseph Fan, T.J. Wong, and Tianyu Zhang, Chinese University of Hong Kong

A Study on the Relationship between the Family Control and Dividend Decision of the Listed Company,
Jianping Deng and Yong Zeng, University of Electronic Science and Technology of China

The Impact of the Dividend Tax Cut and Managerial Stock Holdings on Corporate Dividend Policy
Jouahn Nam, Pace University, Jun Wang, Baruch College and Ge Zhang, University of New Orleans

**Discussants:**
Qiang Kang, University of Miami
Hua Zhang, Chinese University of Hong Kong
Keith Wong, Hong Kong University
Paul Malatasta, University of Washington

July 7, 2005 10:30AM – 12:00PM

**Market Liquidity**
Session Chair: Robert Webb, University of Virginia

Full-Information Transaction Costs
Bandi Federico and Jeffery Russell, University of Chicago
Home Bias and Market Liquidity
Wenjin Kang, National University of Singapore

Transparency, Intraday Order Placement Strategy and Market Performance
Tai Ma, Yuling Lin and Showguay Cheng, National Sun Yat-sen University

Discussants:
Jennifer Huang, University of Texas at Austin
Maosen Zhong, University of Queensland
Ke Peng, University of Bradford

July 7, 2005 10:30AM – 12:00PM
International Finance and Macroeconomy (in Chinese)
Session Chair: Jie Zhang, Renmin University of China

July 7, 2005 12:15 – 1:30PM
Conference Lunch

July 7, 2005 2:00 – 3:30PM
Individual and Institutional Trading
Session Chair: David Ding, Nanyang Technological University

The Trading Behavior of Institutions and Individuals in Chinese Equity Markets
Lilian Ng, University of Wisconsin at Milwaukee and Fei Wu, University of Massey

The Behavior and Performance of Individual Investors in China
Changyun Wang, Su Ling Chee, National University of Singapore and Qian Sun, Nanyang Technological University

When Will Investors Herd?--Evidence from the Chinese Stock Markets
Gongmeng Chen, Hong Kong Polytechnic University, Oliver Rui, Chinese University of Hong Kong and Yexiao Xu, University of Texas at Dallas

Discussant:
Qian Sun, Nanyang Technological University
Yexiao Xu, University of Texas at Dallas
Fei Wu, Massey University

July 7, 2005 2:00 – 3:30PM
Government and Financial Market
Session Chair: Shangjin Wei, Internation Monetary Fund

Efficiency and the Bear: Short Sales and Markets around the World
Arturo Bris and William Goetzmann, Yale University and Ning Zhu, University of California at Davis

Pitfalls of a State-dominated Financial System: The Case of China
Genevieve Boyreau-Debray, World Bank and Shang-Jin Wei, Internation Monetary Fund

Market Liberalization within a Country
Qian Sun, Nanyang Technological University, Wilson Tong, Hong Kong Polytechnic University and Yuxing Yan, University of Pennsylvania

CICF 2005
Discussants:
David Parsley, Vanderbilt University
Li Jin, Harvard Business School
Julan Du, Chinese University of Hong Kong

July 7, 2005  2:00 – 3:30PM

Panel Discussion: How to Publish in Top Finance Journals
Panelists: Editors and associate editors of leading finance journals including
Review of Financial Studies
Journal of Financial and Quantitative Analysis
Management Science
Journal of Futures Market
Journal of Financial Markets

July 7, 2005  2:00 – 3:30PM

Financial Markets and Investments (in Chinese)
Session Chair: Yong Zeng, University of Electronic Science and Technology of China

July 7, 2005  4:00 – 5:30PM

Market Microstructure
Session Chair: Guojun Wu, University of Michigan

An Anatomy of the Magnet Effect: Evidence from the Korea Stock Exchange High Frequency Data
Yan Du, Qianqiu Liu and Ghon Rhee, University of Hawaii

Liquidity Characteristics and the Cross Section of Expected Stock Returns
Chuan-Yang Hwang, Hong Kong University of Science and Technology and David Mayers, University of California at Riverside

Does Liquidity Information Matter?
Ke Peng, University of Bradford and Pradeep Yadav, Lancaster University

Discussants:
Donghui Shi, Shanghai Stock Exchange
Jibao He, Shenzhen Stock Exchange
Fenghua Wang, Shanghai Stock Exchange

July 7, 2005  4:00 – 5:30PM

International Finance
Session Chair: Jianping Mei, New York University

Global Growth Opportunities and Market Integration
Geert Bekaert, Columbia University, Campbell Harvey, Duke University, Christian Lundblad, Indiana University and Stephan Siegel, Columbia University

Corporate Governance and Conditional Skewness in the World’s Stock Markets
Kee-Hong Bae, Chanwoo Lim, Korea University and John Wei, Hong Kong University of Science and Technology

China and the World Equity Markets: A Review of the First Decade
Kuan-Pin Lin, Portland State University, Albert Menkveld, Vrije Universiteit Amsterdam and Zhishu Yang, Tsinghua University

**Discussants:**
Lijian Sun, Fudan University
Jianping Ding, Shanghai University of Finance and Economics
Kathy Yuan, University of Michigan

**July 7, 2005  4:00 – 5:30PM**

**Risk and Return**
Session Chair: TBA

Optimal Estimation for Economic Gains: Portfolio Choice with Parameter Uncertainty
Raymond Kan, University of Toronto and Guofu Zhou, Washington University in St Louis

Value versus Growth: Movements in Economic Fundamentals
Yuhang Xing, Rice University and Lu Zhang, University of Rochester

On the Intertemporal Risk-return Relation: A Bayesian Model Comparison Perspective
Leping Wang, Singapore Management University

International Asset Pricing under Habit Formation and Idiosyncratic Risks
Yuming Li, California State University at Fullerton and Maosen Zhong, University of Queensland

**Discussants:**
Chengjian Su, Shantou University
Chu Zhang. Hong Kong University of Science and Technology
Guofu Zhou, Washington University in St. Louis
Jason Chen, University of Chicago and University of British Columbia

**July 7, 2005  4:00 – 5:30PM**

**Corporate Finance (in Chinese)**
Session Chair: Chongen Bai, Tsinghua University