

**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**

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

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

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**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

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**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

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**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

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**July 6, 2005 8:30 – 10:00AM**

**Corporate Governance and Corporate Finance (in Chinese)**

Session Chair: Wuxiang Zhu, Tsinghua University

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**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  
Geroge Tian, Peking University

The Effect of Board Composition and Ownership Structure on Firm Performance: Evidence from India  
Henk Berkmana, 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

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**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

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**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  
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**July 6, 2005 10:30AM – 12:00PM**

**Asset Pricing (in Chinese)**

Session Chair: Zhongfei Li, Zhongshan University

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**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

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**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<sup>2</sup> 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

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**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

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**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, International Monetary Fund  
Charles Shi, University of California at Irvine  
Frank Zhang, Federal Reserve Board

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**July 6, 2005      2:30 – 4:00PM**

**Banking (in Chinese)**

Session Chair: Chun Chang, University of Minnesota and China Europe International Business School

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**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

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**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

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**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

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**July 6, 2005 4:30 – 6:00PM**

**Manipulation and Market Efficiency (in Chinese)**

Session Chair: Qingshi Wang, Dongbei University of Finance and Economics

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**July 6, 2005 6:30 – 8:00PM**

**Conference Dinner**

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**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

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**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

Security Selection and Market Timing: A Comparative Study of Investment Fund Performance in China and US

Xiaoqing 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

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**July 7, 2005 8:30 – 10:00AM**

**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

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**July 7, 2005 8:30 – 10:00AM**

**Chinese Financial Institutions (in Chinese)**

Session Chair: Fangyu Fei, Shanghai Jiaotong University

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**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

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**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

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**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, Yaling 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

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**July 7, 2005      10:30AM – 12:00PM**

**International Finance and Macroeconomy (in Chinese)**

Session Chair: Jie Zhang, Renmin University of China

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**July 7, 2005      12:15 – 1:30PM**

**Conference Lunch**

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**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

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**July 7, 2005      2:00 – 3:30PM**

**Government and Financial Market**

Session Chair: Shangjin Wei, International 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, International Monetary Fund

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

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**Discussants:**

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

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**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

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**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

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**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

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**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

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**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

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**July 7, 2005      4:00 – 5:30PM**

**Corporate Finance (in Chinese)**

Session Chair: Chongen Bai, Tsinghua University

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