TWENTY-SECOND ANNUAL CONFERENCE
MULTINATIONAL FINANCE SOCIETY

http://www.mfsociety.org

Organized by

Department of Accounting and Finance
University of Macedonia, Greece

Faculty of Management and Economics
Cyprus University of Technology, Cyprus

June 28 - June 30, 2015
Porto Carras Grand Resort
Meliton Hotel
Halkidiki, GREECE

Multinational Finance Society

Multinational Finance Society : A non-profit organization established in 1995 for the advancement and dissemination of financial knowledge and research findings pertaining to industrialized and developing countries among members of the academic and business communities.

Conference Objective

The objective of the conference is to bring together academic researchers, educators, doctoral students and practitioners from various international institutions to focus on timely financial issues and research findings pertaining to industrialized and developing countries including the recent financial and economic crisis.

Keynote Speakers

Gikas Hardouvelis - University of Piraeus, Greece & Former Minister of Finance of the Hellenic Republic
Robert Korajczyk - Northwestern University, USA

Program Committee - Chairs

Christos Negakis - University of Macedonia, Greece
Panayiotis Theodossiou - Cyprus University of Technology, Cyprus

Program Committee

Panayiotis Andreou - Cyprus University of Technology, Cyprus
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Elyas Elyasiani - Temple University, USA
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Petko Kalev - University of South Australia, Australia
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Johan Knif - Hanken School of Economics, Finland
Dimitrios Kousenidis - Aristotle University of Thessaloniki, Greece
Yoram Kroll - Ono Academic College (OAC), Israel
Lawrence Kryzanowski - Concordia University, Canada
Neophytos Lambertides - Cyprus University of Technology, Cyprus
Christodoulos Louca - Cyprus University of Technology, Cyprus
Didier Maillard - CNAM, France
Anastasios Malliaris - Loyola University Chicago, USA
Minna Martikainen - Hanken School of Economics, Finland
Usha Mittoo - University of Manitoba, Canada
Imad Moosa - RMIT University, Australia
Edgar Ortiz - Universidad Nacional Autonoma de Mexico, Mexico
Nikolaos Philippas - University of Piraeus, Greece
Leszek Preisner - AGH, Poland
Wendy Rotenberg - University of Toronto, Canada
Richard Saito - Fundacao Getulio Vargas, Brazil
Yoko Shirasu - Aoyama Gakuin University, Japan
Frank Skinner - Brunel University, UK
Raul Susmel - University of Houston, USA
Samuel Szewczyk - Drexel University, USA
Panayiotis Tahinakis - University of Macedonia, Greece
Alireza Tourani-Rad - Auckland University of Technology, New Zealand
Stefan Trueck - Macquarie University, Australia
Mika Vaihekoski - University of Turku, Finland
Yukihiro Yasuda - Tokyo Keizai University, Japan
Ania Zalewska - University of Bath, UK
Achilleas Zapranis - University of Macedonia, Greece

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GRAND RESORT

LETTER FROM THE PROGRAM CHAIRS

Dear Colleagues,

We welcome you to the 22nd Annual Conference of the Multinational Finance Society in the beautiful resort of Porto Carras, Halkidiki, Greece. During the past several years the economic and financial situation around the world has worsened. The general economic slowdown and in particular, the worsening of the fiscal condition and the turbulence in the financial sector of numerous European Union countries, has proven that discussing micro- and macro-finance issues and finding solutions to financial problems remains critical.

The experience of recent years has shown once more that no modern country can operate and develop without a strong financial sector - building such is neither easy nor straightforward and therefore discussing financial issues is of paramount importance. The wide range of participation from academicians and practitioners circles and the broad range of research topics covered in this conference proves this point very clearly.

Following the success of past conferences, this year's meeting has also received many excellent submissions. In total, we received 376 papers - of those papers, 245 were accepted for presentation by the Program Committee. This year's conference program includes 196 registered papers covering a wide range of research areas making the conference a perfect platform for research exchange and inspiration. Once more, it is wonderful to welcome our participants from so many countries, such as Australia, Belgium, Brazil, Canada, China, Cyprus, Denmark, Egypt, Japan, Finland, France, Germany, Greece, India, Indonesia, Italy, Korea, Mexico, Netherlands, New Zealand, Poland, Portugal, Russia, Spain, South Africa, Sweden, Switzerland, Taiwan, Thailand, Turkey, the UAE, United Kingdom and the United States of America. This creates an opportunity to not only meet our old friends again but also our new colleagues from Greece as well as other first-comers.

We are lucky this year to have two outstanding keynote speakers, Gikas Hardouvelis, of University of Piraeus, Greece and former Minister of Finance of the Hellenic Republic and Robert Korajczyk of Northwestern University, USA.

We have a wonderful location in the touristic resort of Porto Carras and surrounding areas, which is well known for its outstanding climate, beaches and Greek Cuisine.

On behalf of everyone involved, we would like to thank the members of the Organizing Committee, and all other individuals who have helped bring the conference about. Special thanks go to our colleagues at the Cyprus University of Technology and University of Macedonia Panayiotis Andreou, Anestis Ladas, Neophytos Lambertides, Christodoulos Louca, Michail Samarinas, Christos Savva and Panayiotis Tahinakis for helping us with the conference program and our support staff Gregoris Gregoriou, Michal Preisner, Niki Theodossiou and Fanos Theodossiou for their administrative assistance. This conference would have not been possible without all of their hard work!

We wish you a pleasant stay in Halkidiki, Greece and we hope you enjoy the Conference.

The Program Chairs,

Christos Negakis
Panayiotis Theodossiou

GENERAL INFORMATION

CONFERENCE INQUIRIES

Global Business Publications
mfc2015b@mfsociety.org

CONFERENCE REGISTRATION

Saturday, June 27 (Pool)	5:00 p.m. - 8:00 p.m.
Sunday, June 28 (Pool)	8:00 a.m. - 9:45 a.m. & 8:00 p.m. - 9:30 p.m.
Monday, June 29 (Registration-Place)	8:00 a.m. - 5:00 p.m.
Tuesday, June 30 (Registration-Place)	8:00 a.m. - 5:00 p.m.

SOCIAL FUNCTIONS

Sunday, June 28

Tour to Archeological Sites with lunch	10:00 a.m. - 7:00 p.m.
Meeting of the Board of Directors and Trustees	8:00 p.m. - 9:00 p.m.

Monday, June 29

Refreshments	10:30 - 10:45 a.m.
Luncheon (Restaurant)	12:45 - 2:15 p.m.
Refreshments	3:45 - 4:00 p.m.
Keynote Speech (Prof. Hardouvelis)	8:15 - 9:00 p.m.
Welcome Reception (Place)	9:00 - 10:00 p.m.

Tuesday, June 30

Refreshments	10:30 - 10:45 a.m.
Luncheon (Restaurant)	12:45 - 2:15 p.m.
Refreshments	3:45 - 4:00 p.m.
Keynote Speech (Prof. Korajczyk)	8:15 - 9:00 p.m.
Gala Dinner	9:30 p.m. - midnight

LIST OF SESSIONS

Monday 8:30 - 10:30

Session 1	Crisis I	Meliton Hall A
Session 2	Asset pricing I	Meliton Hall B
Session 3	Behavioral I	Terpsihori
Session 4	Capital raising	Erato
Session 5	Emerging markets	Thalia
Session 6	IPOs	Chloe
Session 7	M&As I	Board Room 1

Monday 10:45 - 12:45

Session 8	Portfolio management I	Meliton Hall A
Session 9	Capital structure I	Meliton Hall B
Session 10	Corporate governance I	Terpsihori
Session 11	Crisis II	Erato
Session 12	Asset pricing II	Thalia
Session 13	Macroeconomics	Chloe
Session 14	Other	Board Room 1

Monday 2:15 - 3:45

Session 15	Market microstructure	Meliton Hall A
Session 16	Accounting issues I	Meliton Hall B
Session 17	Analysts	Terpsihori
Session 18	Currencies	Erato
Session 19	Behavioral II	Thalia
Session 20	Funds I	Chloe
Session 21	Asset pricing III	Board Room 1

Monday 4:00 - 6:00

Session 22	Accounting issues II	Meliton Hall A
Session 23	Behavioral III	Meliton Hall B
Session 24	Options	Terpsihori
Session 25	Market competition	Erato
Session 26	Real estate	Thalia
Session 27	Capital structure II	Chloe
Session 28	Asset pricing IV	Board Room 1

LIST OF SESSIONS

Tuesday 8:30 - 10:30

Session 29	Corporate governance II	Meliton Hall A
Session 30	Bankruptcy	Meliton Hall B
Session 31	Crisis III	Terpsihori
Session 32	Firm performance	Erato
Session 33	M&As II	Thalia
Session 34	Portfolio management II	Chloe
Session 35	Informed trading	Board Room 1

Tuesday 10:45 - 12:45

Session 36	Family firms	Meliton Hall A
Session 37	Financial Intermediaries	Meliton Hall B
Session 38	Corporate risk management	Terpsihori
Session 39	Market anomalies	Erato
Session 40	Portfolio management III	Thalia
Session 41	Volatility I	Chloe
Session 42	Asset pricing V	Board Room 1

Tuesday 2:15 - 3:45

Session 43	Accounting issues III	Meliton Hall A
Session 44	Volatility II	Meliton Hall B
Session 45	Funds II	Terpsihori
Session 46	Regulation and capital markets	Erato
Session 47	Risk Management	Thalia
Session 48	Personal finance	Chloe
Session 49	Asset pricing VI	Board Room 1

Tuesday 4:00 - 5:30

Session 50	M&As III	Meliton Hall A
Session 51	IFRSs	Meliton Hall B
Session 52	Political connections	Terpsihori
Session 53	News	Erato
Session 54	Agency theory	Thalia
Session 55	Institutional factors and capital markets	Chloe
Session 56	Asset pricing VII	Board Room 1

Monday 8:30 - 10:30

SESSION 1 **Meliton Hall A**

CRISIS I
Session Chair: Elyas Elyasiani - Temple University, USA

"CDS Momentum: Slow Moving Credit Ratings and Cross-Market Spillovers"
Jongsub Lee - University of Florida, USA
Andy Naranjo - University of Florida, USA
Stace Sirmans - University of Arkansas, USA

Discussant: George Georgopoulos - York University, Canada

"The Financial Crisis: Implications for Monetary Policy"
George Georgopoulos - York University, Canada
Walid Hejazi - University of Toronto, Canada
Sandeep Pillai - University of Maryland, Canada

Discussant: Ania Zalewska - University of Bath, UK

"Stock Market Risk in the Financial Crisis"
Paul Grout - University of Bristol, UK
Ania Zalewska - University of Bath, UK

Discussant: Raúl De Jesús Gutiérrez - Universidad Autónoma del Estado de México, Mexico

"Measurement of Tail Risk of Mexico's Oil Exports Mix Applying the Theory of Conditional Extreme Values"
Raúl De Jesús Gutiérrez - Universidad Autónoma del Estado de México, Mexico
Edgar Ortiz - Universidad Nacional Autonoma de Mexico, Mexico
Oswaldo García Salgado - Universidad Autónoma del Estado de México, Mexico
Verónica Ángeles Morales - Universidad Autónoma del Estado de México, Mexico

Discussant: Andy Naranjo - University of Florida, USA

SESSION 2 **Meliton Hall B**

ASSET PRICING I
Session Chair: Jahangir Sultan - Bentley University, USA

"Liquidity Costs, Idiosyncratic Volatility and the Cross Section of Stock Returns"
Reza Bradrania - University of Sydney, Australia
Maurice Peat - University of Sydney, Australia
Stephen Satchell - Cambridge University, UK

Discussant: Panayiotis Theodossiou - Cyprus University of Technology, Cyprus

"Relation Between Risk and Return in International Stock Markets Revisited"
Christos Savva - Cyprus University of Technology, Cyprus
Panayiotis Theodossiou - Cyprus University of Technology, Cyprus

Discussant: Mika Vaihekoski - University of Turku, Finland

"Expected Return and Variance: Lambda is Alive, Positive and Significant"
Jan Antell - Hanken School of Economics, Finland
Mika Vaihekoski - University of Turku, Finland

Discussant: Gyorgy Varga - FCE Consulting, Brazil

"The Cross-Section of Expected Stock Returns in Brazil"
Gyorgy Varga - FCE Consulting, Brazil

Discussant: Maurice Peat - University of Sydney, Australia

SESSION 3 **Terpsihori**

BEHAVIORAL I
Session Chair: Imad Moosa - RMIT University, Australia

"Bailout, Size and Tails in Bank Equity Returns"
Luca Del Viva - ESADE Business School, Spain
Eero Kasanen - Aalto School of Management, Finland
Lenos Trigeorgis - University of Cyprus, Cyprus

Discussant: Evangelos Vagenas-Nanos - University of Glasgow, UK

"Divergence of Sentiment and Stock Market Trading"
Antonios Siganos - University of Glasgow, UK
Evangelos Vagenas-Nanos - University of Glasgow, UK
Patrick Verwijmeren - Erasmus University Rotterdam, Netherlands

Discussant: Frankie Chau - Durham Univeristy, UK

"Does Investor Sentiment Really Matter?"
Frankie Chau - Durham Univeristy, UK
Rataporn Deesomsak - Durham Univeristy, UK
Dimitrios Koutmos - Worcester Polytechnic Institute, USA

Discussant: Zana Grigaliuniene - ISM University of management and economics, Lithuania

"Investor Sentiment Effect on Portfolio Returns and its Volatility in the U.S. Stock Market"
Zana Grigaliuniene - ISM University of management and economics, Lithuania
Dmitrij Celov - Vilnius University, Lithuania

Discussant: Luca Del Viva - ESADE Business School, Spain

SESSION 4 **Erato**

CAPITAL RAISING
Session Chair: Andreas Rathgeber - University of Augsburg, Germany

"Wealth Effects of Seasoned Equity Offerings: A Meta Analysis"
Chris Veld - Monash University, Australia
Patrick Verwijmeren - Erasmus University Rotterdam, Netherlands
Yuriy Zabolotnyuk - Carleton University, Canada

Discussant: Giancarlo Giudici - Politecnico di Milano, Italy

"IPO Valuation and Profitability Expectations: Evidence from the Italian Exchange"
Matteo Bonaventura - Politecnico di Milano, Italy
Giancarlo Giudici - Politecnico di Milano, Italy

Discussant: Andrea Carosi - University of Sassari, Italy

"Firm Location and Initial Public Offerings"
Giulia Baschieri - University of Bologna, Italy
Andrea Carosi - University of Sassari, Italy
Stefano Mengoli - University of Bologna, Italy

Discussant: Youyan Fu - University of Edinburgh, UK

"Do Institutional Investors Truthfully Reveal Private Information in Bookbuilding?"
Seth Armitage - University of Edinburgh, UK
Youyan Fu - University of Edinburgh, UK
Ufuk Güçbilmez - University of Edinburgh, UK

Discussant: Yuriy Zabolotnyuk - Carleton University, Canada

SESSION 5 **Thalia**

EMERGING MARKETS
Session Chair: Alla Dementieva - Moscow State Institute of International Relations, Russian Federation

"Doing Business in China: A Synthesis of Theory and Practice"
Wei Rowe - University of Nebraska, USA
Carol Wang - Wright State University, USA

Discussant: Zeynep Ozcelik - Bogazici University, Turkey

"The Impact on International Market Integration on Firm Financial Flexibility"
Zeynep Ozcelik - Bogazici University, Turkey

Discussant: Constantin Mellios - University of Paris 1 Panthéon-Sorbonne, France

"Do OPEC Announcements Influence Oil Prices?"
Amine Loutia - University Paris 1 Panthéon-Sorbonne, France
Constantin Mellios - University of Paris 1 Panthéon-Sorbonne, France
Kostas Andriosopoulos - ESCP Europe, London, UK

Discussant: Rasoul Rezvanian - Northeastern Illinois University, USA

"Investors' Reaction to Sharp Price Changes in GCC Markets"
Rasoul Rezvanian - Northeastern Illinois University, USA
Rima Ariss - Lebanese American University, Lebanon
Seyed Mehdian - University of Michigan-Flint, USA

Discussant: Carol Wang - Wright State University, USA

SESSION 6 **Chloe**

IPOS
Session Chair: Didier Maillard - CNAM, France

"IPO Waves in China and Hong Kong"
Ufuk Gucbilmez - University of Edinburgh, UK

Discussant: Chao Chen - Fudan University, China

Monday 8:30 - 10:30

"The Roles of Innovation Input and Outcome in IPO Pricing - Evidence from the Bio-Pharmaceutical Industry in China"
Chao Chen - Fudan University, China
Haoping Xu - Fudan University, China

Discussant: Murad Harasheh - IUSS Insitiute for Advance Studies, Italy

"Initial Public Offerings "IPOs", Underpricing & Performance: The Case of Top International Brands"
Murad Harasheh - IUSS Insitiute for Advance Studies, Italy
Stefano Gatti - Università Bocconi, Italy

Discussant: Etienne Duchâtel - Université Savoie Mont-Blanc, France

"The Geographical Dynamics of Venture Capital Investments from 1970 until 2013 in the OECD and the BRICS Countries"
Etienne Duchâtel - Université Savoie Mont-Blanc, France
Jean-François Gajewski - Université Savoie Mont-Blanc IREGE, France
Yochanan Shachmurove - City University of New York and University of Pennsylvania, USA

Discussant: Ufuk Gucbilmez - University of Edinburgh, UK

SESSION 7 **Board Room 1**

M&AS I
Session Chair: Johan Knif - Hanken School of Economics, Finland

"Ownership structure and Offer premiums in Management (MBOs) and Leveraged Buyouts (LBOs)"
Usha Mittoo - University of Manitoba, Canada
Dennis Ng - University of Manitoba, Canada

Discussant: François Belot - Université de Cergy-Pontoise, France

"Excess Control Rights and Corporate Acquisitions"
François Belot - Université de Cergy-Pontoise, France

Discussant: Xi Li - University of Durham, UK

"Social Connections, Reference Point and M&A Performance"
Jie Guo - University of Durham, UK
Xi Li - University of Durham, UK
Nicolas Seeger - University of Durham, UK
Evangelos Vagenas-Nanos - University of Glasgow, UK

Discussant: Nihat Aktas - WHU Otto Beisheim School of Management, Germany

Refreshments 10:30 - 10:45 a.m.

SESSION 8 **Meliton Hall A**

PORTFOLIO MANAGEMENT I
Session Chair: Wei Rowe - University of Nebraska, USA

"Optimal Pension Management in a Stochastic Framework with Minimum Inflation-protected Guarantee"
Mei-Ling Tang - National Formosa University, Taiwan
Ting-Pin Wu - National Central University, Taiwan

Discussant: Timotheos Angelidis - University of Peloponnese, Greece

"Global Portfolio Management under State Dependent Multiple Risk Premia"
Timotheos Angelidis - University of Peloponnese, Greece
Nikolaos Tessaromatis - EDHEC Business School, France

Discussant: Didier Maillard - CNAM, France

"Retirement Savings Management: Core Issues"
Didier Maillard - CNAM, France

Discussant: Elisabeta Pana - Illinois Wesleyan University, USA

"Financial Integration and Diversification Benefits: Evidence from China and the ASEAN Countries"
Elisabeta Pana - Illinois Wesleyan University, USA

Discussant: Mei-Ling Tang - National Formosa University, Taiwan

SESSION 9 **Meliton Hall B**

CAPITAL STRUCTURE I
Session Chair: Ania Zalewska - University of Bath, UK

"The Value Effects of Changes in Leverage: Evidence from the Travel and Leisure Sector"
Roberta Adami - University of Westminster, UK
Tugba Bas - University of Westminster, UK
Gulnur Muradoglu - Queen Mary University of London, UK
Sheeja Sivaprasad - University of Westminster, UK
Stefan Van Dellen - University of Westminster, UK

Discussant: Dimitris Petmezas - University of Surrey, UK

"The Impact of Firm Internationalization on the Relation between Leverage and Market Performance"
Yaz Muradoglu - Queen Mary University, UK
Sheeja Sivaprasad - University of Westminster, UK
Wali Ullah - Independent University, Bangladesh

Discussant: Andreas Rathgeber - University of Augsburg, Germany

"The Pricing of Profit Participation Certificates between Debt and Equity Characteristics"
Henning Fock - University of Augsburg, Germany
Andreas Rathgeber - University of Augsburg, Germany

Discussant: Nicos Koussis - Frederick University, Cyprus

"Operational Flexibility and Optimal Capital Structure with Debt Rescheduling"
Marios Charalambides - Frederick University, Cyprus
Nicos Koussis - Frederick University, Cyprus

Discussant: Abdulazeem Abozaid - Qatar Foundation, Qatar

SESSION 10 **Terpsihori**

CORPORATE GOVERNANCE I
Session Chair: Usha Mittoo - University of Manitoba, Canada

"Corporate Governance of Russian Financial Institutions: Key Issues and Challenges in Times of Crisis and Sanctions"
Alla Dementieva - Moscow State Institute of International Relations, Russian Federation
Vasily Tkachev - Moscow State Institute of International Relations MGIMO-University, Russian Federation

Discussant: Angelica Gonzalez - Univerisrsity of Edinburgh, UK

"Director Reputation Incentives and Stock Price Informativeness"
Vathunyoo Sila - University of Edinburgh, UK
Angelica Gonzalez - Univerisrsity of Edinburgh, UK
Jens Hagendorff - University of Edinburgh, UK

Discussant: Elyas Elyasiani - Temple University, USA

"CEO Entrenchment and Loan Syndication"
Elyas Elyasiani - Temple University, USA
Ling Zhang - Avila University, USA

Discussant: Alla Dementieva - Moscow State Institute of International Relations, Russian Federation

SESSION 11 **Erato**

CRISIS II
Session Chair: Andy Naranjo - University of Florida, USA

"A View of Modern Bank Marketing in the Light of the Current Crisis: A Cross-Country Comparison"
Chrysanthi Balomenou - Hellenic Open University, Greece
Amalia Akriviadi - EFG Eurobank Ergasias, Greece

Discussant: Ibrahim Jamali - American University of Beirut, Lebanon

"Forecasting the LIBOR-Federal Funds Rate Spread During and After the Financial Crisis"
Wassim Dbouk - American Unversity of Beirut, Lebanon
Ibrahim Jamali - American University of Beirut, Lebanon
Lawrence Kryzanowski - Concordia University, Canada

Discussant: Vasilios Giannopoulos - University of Patras, Greece

"Applying Data Envelopment Analysis on Accounting Data to Assess the Efficiency of Greek Retail Branches During Crisis Years"
Eleftherios Aggelopoulos - University of Patras, Greece
Vasilios Giannopoulos - University of Patras, Greece
Antonios Georgopoulos - University of Patras, Greece

Discussant: Kyriaki Kosmidou - Aristotle University of Thessaloniki, Greece

"An Examination of Risk in the Banking Sector during the European Financial Crisis"
Kyriaki Kosmidou - Aristotle University of Thessaloniki, Greece
Dimitrios Kousenidis - Aristotle University of Thessaloniki, Greece
Anestis Ladas - University of Macedonia, Greece
Christos Negakis - University of Macedonia, Greece

Discussant: Chrysanthi Balomenou - Hellenic Open University, Greece

SESSION 12 **Thalia**

ASSET PRICING II
Session Chair: Chao Chen - Fudan University, China

"Biased Time-Series Estimates of Beta in the CAPM"
Hamish Malloch - University of Sydney, Australia
Richard Philip - University of Sydney, Australia
Stephen Satchell - University of Sydney, Australia
Amy Kwan - University of Sydney, Australia

Discussant: Kenan Qiao - University of Groningen, Netherlands

"Reconsidering the Capital Asset Pricing Model: Unlevered Betas and the Cross-section of Unlevered Stock Returns"
Lammertjan Dam - University of Groningen, Netherlands
Kenan Qiao - University of Groningen, Netherlands

Discussant: Neophytos Lambertides - Cyprus University of Technology, Cyprus

"Nonlinear Equity Value, Asymmetric Returns and Stock Market Anomalies"
Luca Del Viva - ESADE Business School, Spain
Neophytos Lambertides - Cyprus University of Technology, Cyprus
Lenos Trigeorgis - University of Cyprus, Cyprus

Discussant: Amy Kwan - University of Sydney, Australia

SESSION 13 **Chloe**

MACROECONOMICS
Session Chair: Constantin Mellios - University of Paris 1 Panthéon-Sorbonne, France

"An Analysis of Fiscal and Expectations Multipliers across the Euro Area"
Nektarios Michail - Cyprus University of Technology, Cyprus
Christos Savva - Cyprus University of Technology, Cyprus

Discussant: Aleksander Aristovnik - University of Ljubljana, Slovenia

"The Role of Stability and Growth Pact on Fiscal Discipline in EMU Member States"
Aleksander Aristovnik - University of Ljubljana, Slovenia
Matevz Meze - University of Ljubljana, Slovenia

Discussant: Marcos González-Fernández - University of León, Spain

"Determinants of Sovereign Debt Maturity in the Eurozone"
Marcos González-Fernández - University of León, Spain
Carmen González-Velasco - University of León, Spain

Discussant: Stella Spilioti - Athens University of Economics and Business, Greece

"The Relationship between the Government Debt and GDP Growth: Evidence of the Euro Area Countries"
Stella Spilioti - Athens University of Economics and Business, Greece

Discussant: Christos Savva - Cyprus University of Technology, Cyprus

SESSION 14 **Board Room 1**

OTHER
Session Chair: Nihat Aktas - WHU Otto Beisheim School of Management, Germany

"Oligopoly in Telecommunications: The Case of Vodafone and Orange."
Fenia Palla - University of Macedonia, Greece
Efstratios Livanis - University of Macedonia, Greece

Discussant: Imad Moosa - RMIT University, Australia

"The Effect of Oil Prices on Stock Prices: A Structural Time Series Approach"
Imad Moosa - RMIT University, Australia

Discussant: Jahangir Sultan - Bentley University, USA

"Asset Embezzlement and the Economy: An Experiment"
Kip Holderness - West Virginia University, USA
Jahangir Sultan - Bentley University, USA

Discussant: Abdulazeem Abozaid - Qatar Foundation, Qatar

"The Internal Challenges Facing Islamic Finance Industry"
Abdulazeem Abozaid - Qatar Foundation, Qatar

Discussant: Yonglei Wang - Toulouse School of Economics, France

LUNCHEON

12:45 - 2:15 p.m. Restaurant

Monday 2:15 - 3:45

SESSION 15 **Meliton Hall A**

MARKET MICROSTRUCTURE
Session Chair: Alain Coen - University of Quebec in Montreal, Canada

"The Non-Information Cost of Trading and its Relative Importance in Asset Pricing"
Kee Chung - University at Buffalo, USA
Sahn-Wook Huh - Universit at Buffalo, USA

Discussant: Petko Kalev - University of South Australia, Australia

"The Evolution of Price Discovery in US Equity and Derivatives Markets"
Damien Wallace - University of South Australia, Australia
Petko Kalev - University of South Australia, Australia
Andy Lian - University of South Australia, Australia

Discussant: Elvis Jarnecic - University of Sydney, Australia

"Institutional Trading Costs in the Presence of HFT"
Peng He - Australian Securities and Investments Commission, Australia
Elvis Jarnecic - University of Sydney, Australia
Yubo Liu - University of Sydney, Australia

Discussant: Sahn-Wook Huh - Universit at Buffalo, USA

SESSION 16 **Meliton Hall B**

ACCOUNTING ISSUES I
Session Chair: Zhaoyang Gu - Chinese University of Hong Kong, Hong Kong

"Recession and Quality of Audit Services"
Panayiotis Tahinakis - University of Macedonia, Greece
Michalis Samarinas - University of Macedonia, Greece

Discussant: Gary Kleinman - Montclair State University, USA

"Audit and Accounting Quality in an International Setting: Testing the Impact of Religion, Culture, Income and Legal Code on National Regulatory Efforts"
Gary Kleinman - Montclair State University, USA

Discussant: Nazim Hussain - Ca Foscari University of Venice, Italy

"Impact of Sustainability Performance on Financial Performance: An Empirical Study of Global Fortune (N100) Firms"
Nazim Hussain - Ca Foscari University of Venice, Italy

Discussant: Panayiotis Tahinakis - University of Macedonia, Greece

SESSION 17 **Terpsihori**

ANALYSTS
Session Chair: Egemen Genc - Erasmus University, Netherlands

"Do Analysts Understand the Economic and Reporting Complexities of Derivatives?"
Hye Sun Chang - University of Illinois, USA
Michael Donohoe - University of Illinois, USA
Theodore Sougiannis - University of Illinois, USA

Discussant: Ari Yezegel - Bentley University, USA

"International Stock Market Returns and Aggregate Analyst Recommendation Ratings"
Ari Yezegel - Bentley University, USA

Discussant: Dimitrios Xefteris - University of Cyprus, Cyprus

"Simple Centrifugal Incentives in Spatial Competition"
Didier Laussel - Aix-Marseille University, France
Michel Le Breton - Toulouse School of Economics, France
Dimitrios Xefteris - University of Cyprus, Cyprus

Discussant: Theodore Sougiannis - University of Illinois, USA

SESSION 18 **Erato**

CURRENCIES
Session Chair: Rasoul Rezvanian - Northeastern Illinois University, USA

"Dynamic Spillovers between Commodity and Currency Markets"
Nikolaos Antonakakis - University of Portsmouth, UK
Renatas Kizys - University of Portsmouth, UK

Discussant: Sara Ferreira Filipe - Luxembourg School of Finance, Luxembourg

"What Drives Exchange Rates? Reassessing Currency Return Predictability"
Sara Ferreira Filipe - Luxembourg School of Finance, Luxembourg
Paulo Maio - Hanken School of Economics, Finland

Discussant: Anastasios Malliaris - Loyola University Chicago, USA

"Currency Wars and Global Financial Instavilities"
Anastasios Malliaris - Loyola University Chicago, USA

Discussant: Nikolaos Antonakakis - University of Portsmouth, UK

Monday 2:15 - 3:45

SESSION 19 **Thalia**

BEHAVIORAL II
Session Chair: Jefferson Duarte - Rice University, USA

"Emotional Responses to Financial Information"
Jean-François Gajewski - Université de Savoie, IREGE, France
Réal Labelle - Stephen A. Jarislowsky Chair in governance, HEC Montréal, Canada
Pierre-Majorique Léger - HEC Montréal, Canada
Li Li - Montpellier Business School, France
Sylvain Sénécal - HEC Montréal, Canada

Discussant: Fotini Economou - Centre of Planning and Economic Research (KEPE), Hellenic Open University & Open University of Cyprus, Greece

"The Impact of "Fear" on Herding Estimations"
Fotini Economou - Centre of Planning and Economic Research (KEPE), Hellenic Open University & Open University of Cyprus, Greece
Christis Hassapis - University of Cyprus, Cyprus
Nikolaos Philippas - University of Piraeus, Greece

Discussant: Cristina Ortiz - Universidad de Zaragoza, Spain

"Disposition Effect in Spanish Domestic Equity Funds"
Cristina Ortiz - Universidad de Zaragoza, Spain

Discussant: Li Li - Montpellier Business School, France

SESSION 20 **Chloe**

FUNDS I
Session Chair: Nihal Bayraktar - Pennsylvania State University, USA

"Do Mutual Fund Flows Chase Security Returns?"
Heung-Joo Cha - Univeristy of Redlands, USA

Discussant: David Nanigian - The American College, USA

"Redemption Fees: Reward for Punishment"
Michael Finke - Texas Tech University, USA
David Nanigian - The American College, USA
William Waller - University of North Carolina at Chapel Hill, USA

Discussant: Laura Andreu - University of Zaragoza, Spain

"The Value Added by Trading Strongly Influenced by Manager Motivation"
Laura Andreu - University of Zaragoza, Spain
Lydia Mateos - University of Zaragoza, Spain
Jose Luis Sarto - University of Zaragoza, Spain

Discussant: Heung-Joo Cha - Univeristy of Redlands, USA

Monday 2:15 - 3:45

SESSION 21 **Board Room 1**

ASSET PRICING III
Session Chair: Lung-Fu Chang - National Taipei University of Business, Taiwan

"Liquidity Risk and Asset Pricing in French Stock Market: A Comparative Analysis"
Sheraz Ahmed - Lappeenranta University of Technology, Finland
Arseny Gorbenko - Lappeenranta University of Technology, Finland

Discussant: Vasilios Sogiakas - University of Glasgow, UK

"Risk of Liquidity Risk Premium"
Yuping Huang - University of Glasgow, UK
Vasilios Sogiakas - University of Glasgow, UK

Discussant: George Athanassakos - University of Western Ontario, Canada

"Value, Size, Liquidity and Volatility Effects Revisited: The Case of Cross-Listed vs Non Cross-Listed Canadian Stocks"
George Athanassakos - University of Western Ontario, Canada

Discussant: Sheraz Ahmed - Lappeenranta University of Technology, Finland

Refreshments 3:45 - 4:00 p.m.

Monday 4:00 - 6:00

SESSION 22 **Meliton Hall A**

ACCOUNTING ISSUES II
Session Chair: Theodore Sougiannis - University of Illinois, USA

"Intangible Assets from a Legal and a Finance Perspective: The Case of Polish Companies"
Thomas Hatzigagios - University of Macedonia, Greece
Katerina Lyroudi - Hellenic Open University, Greece
Monika Bolek - University of Lodz, Poland

Discussant: Zhaoyang Gu - Chinese University of Hong Kong, Hong Kong

"Income Smoothing and the Prediction of Future Cash Flows"
Zhaoyang Gu - Chinese University of Hong Kong, Hong Kong

Discussant: Andrianos Tsekrekos - AUEB, Greece

"Accounting Quality, Information Risk and the Term Structure of Implied Volatility around Earnings Announcements"
Seraina Anagnostopoulou - AUEB, Greece
Andrianos Tsekrekos - AUEB, Greece

Discussant: Jacek Gad - University of Lodz, Poland

"The Main Disclosures about Control over The Financial Reporting: The Practice of Companies Listed on The Warsaw Stock Exchange (WSE)"
Jacek Gad - University of Lodz, Poland
Ewa Walinska - University of Lodz, Poland

Discussant: Thomas Hatzigagios - University of Macedonia, Greece

SESSION 23 **Meliton Hall B**

BEHAVIORAL III
Session Chair: Dimitris Petmezas - University of Surrey, UK

"The Differences between Choice Task and Matching Task in Eliciting Time Preferences"
Offer Shapir - Ben-Gurion University, Israel
Tal Shavit - Ben-Gurion University, Israel
Ui Benzion - Emek Israel College, Israel

Discussant: Stéphanie Serve - University of Cergy-Pontoise, France

"Multiple Banking Relationships: Do SMEs Mistrust Their Banks?"
Catherine Refait Alexandre - University of Franche Comté - CRESE, France
Stéphanie Serve - University of Cergy-Pontoise, France

Discussant: Nojoud Habash - Birzeit University, Palestinian Territory, Occupied

"Fast Food Franchise Invasion in the Gulf Cooperation Council Countries: is it a Temporary or Permanent Wave?"
Nojoud Habash - Birzeit University, Palestinian Territory, Occupied

Discussant: Offer Shapir - Ben-Gurion University, Israel

Monday 4:00 - 6:00

SESSION 24 **Terpsihori**

OPTIONS
Session Chair: Anastasios Malliaris - Loyola University Chicago, USA

"A Generalization of the Recursive Integration Method for the Analytic Valuation of American Options"
Lung-Fu Chang - National Taipei University of Business, Taiwan
Jia-Hau Guo - National Chiao Tung University, Taiwan
Mao-Wei Hung - National Taiwan University, Taiwan

Discussant: Edgar Ortiz - Universidad Nacional Autonoma de Mexico, Mexico

"Real Options Analysis of a Mexican Biotechnological Enterprise"
Elio Martínez Miranda - Universidad Nacional Autónoma de México, Mexico
Alejandra Cabello - Universidad Nacional Autónoma de México, Mexico
Edgar Ortiz - Universidad Nacional Autonoma de Mexico, Mexico

Discussant: Federico Platania - University of Liege, Belgium

"Real Options Valuation under Uncertainty"
Marie Lambert - University of Liege, Belgium
Manuel Moreno - Universidad de Castilla la Mancha, Spain
Federico Platania - University of Liege, Belgium

Discussant: Lung-Fu Chang - National Taipei University of Business, Taiwan

SESSION 25 **Erato**

MARKET COMPETITION
Session Chair: George Athanassakos - University of Western Ontario, Canada

"Do Firms Continue Excessively? An Empirical Analysis"
Varouj Aivazian - University of Toronto, Canada
Asad Priyo - North South University, Bangladesh
Mohammad Rahaman - Saint Mary's University, Canada

Discussant: Eda Orhun - Zayed University, United Arab Emirates

"Voluntary Disclosure and Market Competition: Theory and Evidence from The U.S. Services Sector"
Nathan Dong - Columbia University, USA
Eda Orhun - Zayed University, United Arab Emirates

Discussant: Sotirios Kokas - University of Essex, UK

"Bank Market Power and Frim Performance"
Manthos Delis - University of Surrey, UK
Sotirios Kokas - University of Essex, UK
Steven Ongena - University of Zurich, Switzerland

Discussant: Bertrand Jérémie - Universite de Lille, France

"Impact of Banking Competition on Lending Technologies"
Jean-Christophe Statnik - University of Lille, France
Bertrand Jérémie - Universite de Lille, France

Discussant: Varouj Aivazian - University of Toronto, Canada

SESSION 26 **Thalia**

REAL ESTATE
Session Chair: Aleksander Aristovnik - University of Ljubljana, Slovenia

"Real Estate and Consumption Growth as Risk Factors:An Empirical Asset Pricing Approach"
Benoit Carmichael - Laval University, Canada
Alain Coen - University of Quebec in Montreal, Canada

Discussant: Roselyne Joyeux - Macquarie University, Australia

"Fundamentals and the Volatility of Real Estate Prices in China: A Sequential modelling strategy"
Yongheng Deng - National University of Singapore, Singapore
Eric Girardin - Aix Marseille University, France
Roselyne Joyeux - Macquarie University, Australia

Discussant: Maria Chondrokouki - AUEB, Greece

"The Role of Uncertainty in Investment: An Examination Using Residential Real Estate Data from Eight OECD Countries"
Maria Chondrokouki - AUEB, Greece
Andrianos Tsekrekos - AUEB, Greece

Discussant: Alain Coen - University of Quebec in Montreal, Canada

SESSION 27 **Chloe**

CAPITAL STRUCTURE II
Session Chair: Vasily Tkachev - Moscow State Institute of International Relations MGIMO-University, Russian Federation

"The Influence of National Culture on the Capital Structure of SMEs"
Gillian Fairbairn - University of Stirling, UK
Darren Henry - La Trobe University, Australia
Ioannis Tsalavoutas - University of Glasgow, UK

Discussant: Nihal Bayraktar - Pennsylvania State University, USA

"Effects of Financial Characteristics and Fundamentals on Firms' Fixed Capital Adjustment Process"
Nihal Bayraktar - Pennsylvania State University, USA

Discussant: Mohamed Belkhir - UAE University, United Arab Emirates

"Capital Structure in the MENA Region: Firm and InstitutionalDeterminants"
Mohamed Belkhir - UAE University, United Arab Emirates
Aktham Maghyereh - UAE University, United Arab Emirates
Basel Awartani - University of Plymouth, UK

Discussant: Ioannis Tsalavoutas - University of Glasgow, UK

Monday 4:00 - 6:00

SESSION 28 **Board Room 1**

ASSET PRICING IV
Session Chair: Petko Kalev - University of South Australia, Australia

"Differences in Expectations and the Cross Section of Stock Returns"
Panayiotis Andreou - Cyprus University of Technology, Cyprus
Anastasios Kagkadis - Lancaster University Management School, UK
Dennis Philip - Durham University, UK
Ruslan Tuneshev - Durham University, UK

Discussant: Ioannis Papantonis - Aristotle University of Thessaloniki, Greece

"GARCH Option Pricing Models: Evidence from Joint Likelihood Estimations"
Ioannis Papantonis - Aristotle University of Thessaloniki, Greece

Discussant: Stratos Livanis - University of Macedonia, Greece

"Asset Allocation under the Value at Risk and Expected Shortfall"
Nikos Loukeris - University of Macedonia, Greece
A. Khuman - University of Essex, Greece
Iordanis Eleftheriadis - University of Macedonia, Greece
Stratos Livanis - University of Macedonia, Greece

Discussant: Panayiotis Andreou - Cyprus University of Technology, Cyprus

KEYNOTE SPEECH

8:15 - 9:00 p.m.

Professor Gikas Hardouvelis
University of Piraeus, Greece and former Minister of Finance of the Hellenic Republic

GREECE: THE WAY FORWARD

RECEPTION

9:00 - 10:00 p.m.

Tuesday 8:30 - 10:30

SESSION 29 **Meliton Hall A**

CORPORATE GOVERNANCE II
Session Chair: Wendy Rotenberg - University of Toronto, Canada

"CEO Accountability for Corporate Lawsuits"
Jiafu An - University of Edinburgh, UK
Jo Danbolt - The University of Edinburgh, UK
Wenxuan Hou - The University of Edinburgh, UK

Discussant: Georgios Voulgaris - University of Warwick, UK

"The Impact of Investor Horizon on Say-on-Pay Voting"
Konstantinos Stathopoulos - University of Manchester, UK
Georgios Voulgaris - University of Warwick, UK

Discussant: Yoram Kroll - Ono Academic College (OAC), Israel

"The Degree of Operating, Financial and Total Leverage: A New Analytic Free Cash Flow Paradigm"
Yoram Kroll - Ono Academic College (OAC), Israel
David Levhari - Hebrew University of Jerusalem, Israel
Sivan Riff - Haifa University, Israel

Discussant: Lin Guo - Suffolk University, USA

"Private Institutional Ownership and Firm Value of Public Companies in China"
Lin Guo - Suffolk University, USA
Stefan Platikanov - University of Massachusetts, USA

Discussant: Jiafu An - University of Edinburgh, UK

SESSION 30 **Meliton Hall B**

BANKRUPTCY
Session Chair: Vikash Ramiah - UNISA / RMIT University, Australia

"How do the Bankruptcy Systems Perform in Eastern Europe?"
Regis Blazy - University of Strasbourg, France
Nicolae Stef - University of Strasbourg, France

Discussant: Mehmet Karan - Hacettepe University, Turkey

"Credit Risk Evaluation of Turkish Households Aftermath the 2008 Financial Crisis"
Mustafa Kaya - Hacettepe University, Turkey
Özgür Ayaydin - University of Illinois at Chicago, USA
Mehmet Karan - Hacettepe University, Turkey

Discussant: Martin Gurny - Macquarie University, Australia

"Prediction of US Commercial Bank Failures via Scoring Models: The FFIEC Database Case"
Martin Gurny - Macquarie University, Australia
Egon Kalotay - Macquarie University, Australia
Stefan Trueck - Macquarie University, Australia

Discussant: Mehmet Goktan - California State University, East Bay, USA

"Corporate Governance and Firm Survival"
Mehmet Goktan - California State University, East Bay, USA
Robert Kieschnick - University of Texas at Dallas, USA
Rabih Moussawi - Villanova University, USA

Discussant: Nicolae Stef - University of Strasbourg, France

SESSION 31 **Terpsihori**

CRISIS III
Session Chair: Lorne Switzer - Concordia University, Canada

"Private Bank Lending and Growth: Is too much Harmful for the Economy?"
Demetris Koursaros - Cyprus University of Technology, Cyprus
Nektarios Michail - Central Bank of Cyprus, Cyprus
Christos Savva - Cyprus University of Technology, Cyprus

Discussant: Simona Mutu - Babes-Bolyai University, Romania

"The Impact of Policy Interventions on Systemic Risk across Banks"
Simona Mutu - Babes-Bolyai University, Romania
Steven Ongena - University of Zürich, Switzerland

Discussant: George Chalamandaris - AUEB, Greece

"News Trading in the CDS Market and the Incremental Information Content of Published Financial Statements"
George Chalamandaris - AUEB, Greece

Discussant: Dimitrios Kousenidis - Aristotle University of Thessaloniki, Greece

"The Market Impact of the Involvement of the EU/ECB/IMF in Crisis-Affected Countries during the European Sovereign Debt Crisis"
Dimitrios Kousenidis - Aristotle University of Thessaloniki, Greece

Discussant: Demetris Koursaros - Cyprus University of Technology, Cyprus

SESSION 32 **Erato**

FIRM PERFORMANCE
Session Chair: Ron Bird - University of Technology Sydney, Australia

"Net Working Capital and Performance of UK SMEs"
Godfred Afrifa - Canterbury Christ Church University, UK

Discussant: Sunil Poshakwale - Cranfield University, UK

"Gender Diversity and Firm Performance: UK Evidence"
Sunil Poshakwale - Cranfield University, UK
Vineet Agarwal - Cranfield University, UK

Discussant: Roel Brouwers - KU Leuven, Belgium

"The Relevance to Investors of Carbon Performance under the EU ETS: A Long Term Perspective"
Roel Brouwers - KU Leuven, Belgium
Frederiek Schoubben - KU Leuven, Belgium
Cynthia Van Hulle - KU Leuven, Belgium
Steve Van Uytbergen - KU Leuven, Belgium

Discussant: Valentina Tarkovska - Dublin Institute of Technology, Ireland

"CEO Pay Slice and Firm Value: Evidence from UK Panel Data"
Valentina Tarkovska - Dublin Institute of Technology, Ireland

Discussant: Godfred Afrifa - Canterbury Christ Church University, UK

SESSION 33 **Thalia**

M&AS II
Session Chair: Alexander Groh - EMLYON Business School, France

"Do Acquirers Learn from the IPO Market?"
Nihat Aktas - WHU Otto Beisheim School of Management, Germany
Jean-Gabriel Cousin - Université Lille Nord de France, France
Ali Ozdakak - WHU – Otto Beisheim School of Management, Germany
Junyao Zhang - Université Lille Nord de France, France

Discussant: Usha Mittoo - University of Manitoba, Canada

"Do Mergers and Qcquisitions Improve Informativeness of the Acquirer’s Stock?"
Hubert De La Bruslerie - University Paris Dauphine, France

Discussant: Jocelyn Grira - UAE University, United Arab Emirates

"The Role of Corporate Political Strategies in M&As"
Ettore Croci - Università Cattolica del Sacro Cuore, Italy
Christos Pantzalis - University of South Florida, USA
Jung Park - Auburn University, USA
Dimitris Petmezas - University of Surrey, UK

Discussant: Youngsoo Kim - University of Regina, Canada

SESSION 34 **Chloe**

PORTFOLIO MANAGEMENT II
Session Chair: George Blazenko - Simon Fraser University, Canada

"Risk, Return, and Mean-Variance-Efficiency of Islamic and non-Islamic Stocks"
Shumi Akhtar - University of Sydney, Australia
Maria Jahromi - University of Sydney, Australia

Discussant: Stephan Gasser - WU Vienna, Austria

"Caveat Emptor: Does Bitcoin Improve Portfolio Diversification?"
Alexander Eisl - Vienna University of Economics and Business, Austria
Stephan Gasser - WU Vienna, Austria
Karl Weinmayer - Vienna University of Economics and Business, Austria

Discussant: Zvika Afik - Ben-Gurion University, Israel

Tuesday 8:30 - 10:30

"Don't Put All Your Eggs in One (Time) Basket"
Zvika Afik - Ben-Gurion University, Israel

Discussant: Maria Cortez - University of Minho, Portugal

"The Performance of US and European Green Funds in Different States of the Market"
Florinda Silva - University of Minho, Portugal
Maria Cortez - University of Minho, Portugal

Discussant: Shumi Akhtar - University of Sydney, Australia

SESSION 35 **Board Room 1**

INFORMED TRADING
Session Chair: Amalia Di Iorio - La Trobe University, Australia

"Insider Trading Returns: Does Country-level Governance Matter?"
Juha-Pekka Kallunki - University of Oulu, Finland
Jyri Kinnunen - Hanken School of Economics, Finland
Minna Martikainen - Hanken School of Economics, Finland

Discussant: Philip Gharghori - Monash University, Australia

"Informed Trading Around Stock Split Announcements: Evidence from the Option Market"
Philip Gharghori - Monash University, Australia
Edwin Maberly - Monash University, Australia
Annette Nguyen - Deakin University, Australia

Discussant: Egemen Genc - Erasmus University, Netherlands

"Short Selling and Cross-Firm Price Impact"
Ferhat Akbas - Universtiy of Kansas, USA
Ekkehart Boehmer - Singapore Management University, Singapore
Egemen Genc - Erasmus University, Netherlands

Discussant: Jefferson Duarte - Rice University, USA

"What Does the PIN Model identify as Private Information?"
Jefferson Duarte - Rice University, USA
Edwin Hu - Rice University, USA
Lance Young - University of Washington, USA

Discussant: Jyri Kinnunen - Hanken School of Economics, Finland

Refreshments 10:30 - 10:45 a.m.

SESSION 36 **Meliton Hall A**

FAMILY FIRMS
Session Chair: Mehmet Karan - Hacettepe University, Turkey

"Debt Financing, Survival, and Growth of Start-Up Firms"
Rebel Cole - DePaul University, USA
Tatyana Sokolyk - Brock University, Canada

Discussant: Louise Van Scheers - University of South Africa, South Africa

"Investigating Alternative Access to Start-Up Capital for Tshwane Built Environment SMMEs, South Africa"
Louise Van Scheers - University of South Africa, South Africa
Ernest Whitehead - Milpark Business School, South Africa

Discussant: Hyonok Kim - Tokyo Keizai University, Japan

"Accounting Information Quality and Government Guaranteed Loans: Evidence from Japanese SMEs"
Hyonok Kim - Tokyo Keizai University, Japan
Yukihiro Yasuda - Hitotsubashi University, Japan

Discussant: Olga Kandinskaia - CIIM, Cyprus

"Choosing Financial Performance Measures for SMEs: Review of Approaches in Empirical Studies"
Olga Kandinskaia - CIIM, Cyprus

Discussant: Tatyana Sokolyk - Brock University, Canada

SESSION 37 **Meliton Hall B**

FINANCIAL INTERMEDIARIES
Session Chair: Sunil Poshakwale - Cranfield University, UK

"Pricing of Implicit Guarantees for Financial Institutions"
Jakob Bosma - University of Groningen, Netherlands

Discussant: Panagiotis Dontis Charitos - University of Westminster, UK

"The Wealth and Risk Effects of U.S. Financial Reform: The Case of Financial Institutions"
Ka Kei Chan - University of Westminster, UK
Panagiotis Dontis Charitos - University of Westminster, UK
Sotiris Staikouras - City University London, UK

Discussant: Artashes Karapetyan - Central Bank of Norway, Norway

"Collateral and Screening over The Length of Banking Relationship"
Artashes Karapetyan - Central Bank of Norway, Norway
Bogdan Stacescu - BI Norwegian Business School, Norway

Discussant: Jayasinghe Wickramanayake - Monash University, Australia

"Interest Rate Pass-Through Dynamics: An Empirical Investigation Using Bank Level Data in an Emerging Market Economy"
Anil Perera - Central Bank of Sri Lanka, Sri Lanka
Jayasinghe Wickramanayake - Monash University, Australia

Discussant: Jakob Bosma - University of Groningen, Netherlands

SESSION 38 **Terpsihori**

CORPORATE RISK MANAGEMENT
Session Chair: Yoko Shirasu - Aoyama Gakuin University, Japan

"Financial Derivatives Usage by UK & Italian SMEs.Empirical Evidence from UK & Italian Non-Financial Firms"
Giulia Fantini - Swansea University, UK

Discussant: Tobias Gaugler - University of Augsburg, Germany

"Bank Risk-Taking and the Matter of Geography"
Barabara Seitz - University of St. Gallen, Switzerland
Tobias Gaugler - University of Augsburg, Germany
Christian Stepanek - University of Augsburg, Germany
Andreas Rathgeber - University of Augsburg, Germany

Discussant: Wendy Rotenberg - University of Toronto, Canada

"Foreign Exchange Derivatives, Foreign Currency Debt and Cross Listing: Evidence from Canada"
Robert Kieschnick - University of Texas at Dallas, USA
Wendy Rotenberg - University of Toronto, Canada

Discussant: Stefan Stoeckl - ICN Business School, France

"What do We Really Know about Corporate Hedging? A Multimethod Meta-Analytical Study"
Jerome Geyer-Klingeberg - University of Augsburg, Germany
Markus Hang - University of Augsburg, Germany
Andreas Rathgeber - University of Augsburg, Germany
Stefan Stoeckl - ICN Business School, France
Matthias Walter - University of Augsburg, Germany

Discussant: Giulia Fantini - Swansea University, UK

SESSION 39 **Erato**

MARKET ANOMALIES
Session Chair: Varouj Aivazian - University of Toronto, Canada

"Are European Environmental Regulations Excessive?"
Huy Pham - RMIT, Australia
Vikash Ramiah - UNISA / RMIT University, Australia
Imad Moosa - RMIT, Australia

Discussant: Andrew Grant - University of Sydney, Australia

"Arb-mirage: Exploring the Extent to Which Apparent Inefficiency in Betting Markets is an Illusion"
Andrew Grant - University of Sydney, Australia
Johnnie Johnson - University of Southampton, UK
Tasos Oikonomidis - University of Southampton, UK

Discussant: Ron Bird - University of Technology Sydney, Australia

"Where Goes Momentum?"
Ron Bird - University of Technology Sydney, Australia
Xiaojun Gao - Waikato University, New Zealand
Danny Yeung - University of Technology Sydney, Australia

Discussant: Bohyun Yoon - Kangwon National University, Korea, Republic of

"Why Has the Size Premium Disappeared?"
Dong-Hyun Ahn - Seoul National University, Korea, Republic of
Byoung-Kyu Min - University of Neuchatel, Switzerland
Bohyun Yoon - Kangwon National University, Korea, Republic of

Discussant: Vikash Ramiah - UNISA / RMIT University, Australia

SESSION 40 **Thalia**

PORTFOLIO MANAGEMENT III
Session Chair: Yoram Kroll - Ono Academic College (OAC), Israel

"Equity Allocation Without Estimation Risk"
Yufen Fu - Tunghai University, Taiwan
George Blazenko - Simon Fraser University, Canada

Discussant: Gil Cohen - Carmel Academic Center, Israel

"Can Technical Oscillators Outperform the Buy and Hold Strategy?"
Gil Cohen - Carmel Academic Center, Israel
Elinor Cabiri - Haifa University, Israel

Discussant: Shi Li - University of Manitoba, Canada

"Mean-Variance Theory with Imprecise Information"
Gady Jacoby - University of Manitoba, Canada
Shi Li - University of Manitoba, Canada
Yan Wang - Brock University, Canada

Discussant: Andrew Mason - University of Surrey, UK

"Luck Versus Skill in Fund Performance: Does Style Matter?"
Andrew Mason - University of Surrey, UK
Sam Agyei-Ampomah - Cranfield University, UK
Andrew Clare - City University London, UK
Stephen Thomas - City University London, UK

Discussant: George Blazenko - Simon Fraser University, Canada

SESSION 41 **Chloe**

VOLATILITY I
Session Chair: Brice Dupoyet - Florida International University, USA

"Informational Content of Monday Returns and the Role of Dynamic Invariants"
Catherine Kyrtsou - University of Macedonia, Greece
Anastasios Malliaris - Loyola University Chicago, USA
Christina Mikropoulou - University of Macedonia, Greece

Discussant: Sazali Abidin - University of Waikato, New Zealand

"Do Volatility and Correlation Change during the European Sovereign Debt Crisis?"
Sazali Abidin - University of Waikato, New Zealand
Yafei Li - University of Waikato, New Zealand
Junyu Pan - University of Waikato, New Zealand

Discussant: Kashif Saleem - Lappeenranta University of Technology, Finland

"Regime Switching in the Impact of Oil Price Shocks on Stock Market Volatility.Evidence from Oil-Importing and Oil-Exporting Countries."
Kashif Saleem - Lappeenranta University of Technology, Finland
Kishmat Sapkota - Lappeenranta University of Technology, Finland

Discussant: Amalia Di Iorio - La Trobe University, Australia

"Idiosyncratic Volatility and Momentum: The Performance of Australian Equity Pension Funds"
Bin Liu - RMIT University, Australia
Amalia Di Iorio - La Trobe University, Australia

Discussant: Christina Mikropoulou - University of Macedonia, Greece

SESSION 42 **Board Room 1**

ASSET PRICING V
Session Chair: Florinda Silva - University of Minho, Portugal

"The Formulation of the Four Factor Model when a Considerable Proportion of Firms is Dual-Listed"
Sharon Garyn-Tal - The Max Stern Yezreel Valley Academic College, Israel
Beni Lauterbach - Bar-Ilan University, Israel

Discussant: Huanhuan Zheng - The Chinese University of Hong Kong, Hong Kong

"Asset Price Bubbles and Depression"
Huanhuan Zheng - The Chinese University of Hong Kong, Hong Kong

Discussant: Lorne Switzer - Concordia University, Canada

"Assessing Stock Price Risk in DEveloped Markets Using Extreme Measures"
Lorne Switzer - Concordia University, Canada
Seungho Lee - Concordia University, Canada
Yun Zhao - Concordia University, Canada
Zhigang Yang - Concordia University, Canada

Discussant: Mona Soufian - Hull University Business School, UK

Tuesday 10:45 - 12:45

"What are the determinants of stability in Financial Markets/Systems? Bridging Behavioural Finance and Ecological Rationality; The added value of the recent paradigm shift in Psychology and Science to Finance"

Mona Soufian - Hull University Business School, UK
Robert Hudson - Hull University Business School, UK
Yasmin Merali - Hull University Business School, UK

Discussant: Sharon Garyn-Tal - The Max Stern Yezreel Valley Academic College, Israel

LUNCHEON

12:45 - 2:15 p.m. Restaurant

Tuesday 2:15 - 3:45

SESSION 43 **Meliton Hall A**

ACCOUNTING ISSUES III
Session Chair: Hubert De La Bruslerie - University Paris Dauphine, France

"Does Accounting Conservatism Mitigate Banks' Crash Risk?"
Panayiotis Andreou - Cyprus University of Technology, Cyprus
Ian Cooper - London Business School, UK
Christodoulos Louca - Cyprus University of Technology, Cyprus
Dennis Philip - Durham University, UK

Discussant: Dionysia Dionysiou - University of Stirling, UK

"Goodwill Related Mandatory Disclosure and the Cost of Equity Capital"
Francesco Mazzi - The University of Florence, Italy
Paul André - ESSEC Business School, France
Dionysia Dionysiou - University of Stirling, UK
Ioannis Tsalavoutas - University of Stirling, UK

Discussant: Terry Harris - Durham University, UK

"Conditional Conservatism and Shareholder Value in US Publicly Listed Bank Holding Companies"
Panayiotis Andreou - Cyprus University of Technology, Cyprus
Terry Harris - Durham University, UK
Dennis Philip - Durham University Business School, UK

Discussant: Christodoulos Louca - Cyprus University of Technology, Cyprus

SESSION 44 **Meliton Hall B**

VOLATILITY II
Session Chair: Haoping Xu - Fudan University, China

"Dynamic Correlation of Stock and Bond Returns in Asian Markets with Determinants of Macroeconomic Conditions and Market Risk"
Malick Sy - RMIT University, Australia
Farzad Fard - RMIT University, Australia

Discussant: Terrence Hallahan - Victoria University, Australia

"The Impact of Macroeconomic Announcements on the Volatility of Equity Returns: High-Frequency Evidence from Indonesia"
Haryadi Haryadi - Victoria University, Australia
Terrence Hallahan - Victoria University, Australia
Hassan Tanha - Victoria University, Australia

Discussant: Dimos S Kambouroudis - University of Stirling, UK

"Performance and Volatility Forecasting Comparisons: Socially Responsible Versus Conventional and Mmarket Indices"
Dimos S Kambouroudis - University of Stirling, UK
David McMillan - University of Stirling, UK

Discussant: Malick Sy - RMIT University, Australia

SESSION 45 **Terpsihori**

FUNDS II
Session Chair: Kashif Saleem - Lappeenranta University of Technology, Finland

"Assessing Fund Performance in a Low Volatility Environment"
Apostolos Xanthopoulos - Mercer Investment Consulting, USA

Discussant: Roger Otten - Maastricht University, Netherlands

"The Performance of Small Cap Mutual Funds: Evidence for the United Kingdom"
Roger Otten - Maastricht University, Netherlands

Discussant: Yilmaz Yildiz - Hacettepe University, Turkey

"Price and Volume Effects Associated with Changes in Group Composition of Borsa Istanbul"
Yilmaz Yildiz - Hacettepe University, Turkey
Mehmet Baha Karan - Hacettepe University, Turkey
Burak Pirgaip - Capital Markets Board of Turkey, Turkey

Discussant: Apostolos Xanthopoulos - Mercer Investment Consulting, USA

SESSION 46 **Erato**

REGULATION AND CAPITAL MARKETS
Session Chair: Zana Grigaliuniene - ISM University of management and economics, Lithuania

"Policy Initiatives and Firms' Access to External Finance: Evidence from a Panel of Emerging Asian Economies"
Udichibarna Bose - University of Glasgow, UK
Ronald MacDonald - University of Glasgow, UK
Serafeim Tsoukas - University of Glasgow, UK

Discussant: Mary Malliaris - Loyola University Chicago, USA

"The Impact of Large-Scale Asset Purchases on The S&P 500 Index and Long-Term Interest Rates"
Ramaprasad Bhar - University of New South Wales, Australia
Anastasios Malliaris - Loyola University Chicago, USA
Mary Malliaris - Loyola University Chicago, USA

Discussant: Alexander Groh - EMLYON Business School, France

"Same Rules, Different Enforcement: Market Abuse in Europe"
Douglas Cumming - York University, Canada
Alexander Groh - EMLYON Business School, France
Sofia Johan - York University, Canada

Discussant: Serafeim Tsoukas - University of Glasgow, UK

Tuesday 2:15 - 3:45

SESSION 47 **Thalia**

RISK MANAGEMENT
Session Chair: Ming Dong - York University, Canada

"Risk Management Optimization for Sovereign Debt Restructuring"
Andrea Consiglio - University of Palermo, Italy
Stavros Zenios - University of Cyprus, Cyprus

Discussant: Brice Dupoyet - Florida International University, USA

"Implied Convexity in VIX Futures and its Properties"
Robert Daigler - Florida International University, USA
Brice Dupoyet - Florida International University, USA
Fernando Patterson - University of Texas, USA

Discussant: Chulwoo Han - Durham University, UK

"Mixed Poisson Credit Risk Model Incorporating PD-LGD Dependency"
Chulwoo Han - Durham University, UK

Discussant: Stavros Zenios - University of Cyprus, Cyprus

SESSION 48 **Chloe**

PERSONAL FINANCE
Session Chair: Walid Busaba - University of Western Ontario, Canada

"Pro Forma Valuation of Private Hotel Firms in Greece"
Athanasios Karampouzis - University of Macedonia, Greece
Dimitrios Ginoglou - University of Macedonia, Greece

Discussant: Sanjiv Jaggia - Cal Poly, USA

"Rent-to-Own Usurers? Theory and Empirical Evidence"
Sanjiv Jaggia - Cal Poly, USA
Herve Roche - Universidad Adolfo Ibanez, Chile

Discussant: Georgios Panos - University of Glasgow, UK

"Informal Origin, Performance and Conduct: Firm-Level Evidence from the Balkans"
Ourania Dimitraki - University of London, UK
Leora Klapper - The World Bank, USA
Georgios Panos - University of Glasgow, UK

Discussant: Athanasios Karampouzis - University of Macedonia, Greece

SESSION 49 **Board Room 1**

ASSET PRICING VI
Session Chair: Youngsoo Kim - University of Regina, Canada

"Higher-Order Dynamics in Asset-Pricing Models with Recursive Preferences"
Walt Pohl - University of Zurich, Switzerland
Karl Schmedders - University of Zurich, Switzerland
Ole Wilms - University of Zurich, Switzerland

Discussant: Johannes Stadler - University of Augsburg, Germany

"Financial Modelling Applying Multivariate Lévy Processes: New Insights into the Estimation and Simulation"
Andreas Rathgeber - University of Augsburg, Germany
Johannes Stadler - University of Augsburg, Germany
Stefan Stoeckl - ICN Business School, France

Discussant: Anandadeep Mandal - Cranfield University, UK

"What Drives Asymmetric Dependence Structure of Multi-Asset Return Comovements?"
Anandadeep Mandal - Cranfield University, UK

Discussant: Walt Pohl - University of Zurich, Switzerland

Refreshments 3:45 - 4:00 p.m.

Tuesday 4:00 - 5:30

SESSION 50 **Meliton Hall A**

M&AS III
Session Chair: Yukihiro Yasuda - Hitotsubashi University, Japan

"Sovereign Wealth Funds Investment Effects on Target Firms' Competitors"
Narjes Boubakri - American University of Sharjah, United Arab Emirates
Jean-Claude Cosset - HEC Montreal, Canada
Jocelyn Grira - UAE University, United Arab Emirates

Discussant: Ming Dong - York University, Canada

"Does Stock Misvaluation Drive Merger Waves?"
Ming Dong - York University, Canada
Andreanne Tremblay - York University, Canada

Discussant: Yoko Shirasu - Aoyama Gakuin University, Japan

"What are the Factors of Banks' M&A Effects : Evidence from Asia-Pacific Banks?"
Yoko Shirasu - Aoyama Gakuin University, Japan

Discussant: Hubert De La Bruslerie - University Paris Dauphine, France

SESSION 51 **Meliton Hall B**

IFRSS
Session Chair: Minna Martikainen - Hanken School of Economics, Finland

"Testing the Transparency Implications of Mandatory IFRS Adoption: The Spread/Maturity Relation of Credit Default Swaps"
Gauri Bhat - Southern Methodist University, USA
Jeffrey Callen - University of Toronto, Canada
Dan Segal - Arison School of Business, Israel

Discussant: Estery Giloz-Ran - Ben Gurion University, Israel

"The Positive Externalities of IFRS: Enhanced R&D Disclosure"
Estery Giloz-Ran - Ben Gurion University, Israel
Ilanit Gavious - Ben Gurion University, Israel
Baruch Lev - New York University, USA

Discussant: Maria Dimitriou - University of Macedonia, Greece

"IFRS- and more Recently IFRS for SMEs- Impact on Financial Statements Compared to Greek GAAP: The Case of SMEs in Beverage Industry"
Maria Dimitriou - University of Macedonia, Greece

Discussant: Jeffrey Callen - University of Toronto, Canada

Tuesday 4:00 - 5:30

SESSION 52 **Terpsihori**

POLITICAL CONNECTIONS
Session Chair: Terrence Hallahan - Victoria University, Australia

"The Value of Politically Connected Independent Directors in China"
Haoping Xu - Fudan University, China
Xin Zhang - Fudan University, China
Songjingyi Liang - Boston Consulting Group, USA

Discussant: Weiwei Cai - University of Edinburgh, UK

"Political Endorsement and Firm Performance: Evidence from Propaganda Coverage"
Weiwei Cai - University of Edinburgh, UK
Wenxuan Hou - University of Edinburgh, UK
William Rees - University of Edinburgh, UK

Discussant: Ali Ozdakak - WHU – Otto Beisheim School of Management, Germany

"Lame Duck Presidency and Stock Returns"
Youngsoo Kim - University of Regina, Canada
Jung Park - Auburn University, USA

Discussant: Haoping Xu - Fudan University, China

SESSION 53 **Erato**

NEWS
Session Chair: Stavros Zenios - University of Cyprus, Cyprus

"The Impacts of Sentiment Index with News on Returns and Volatility"
Yu-Chen Wei - National Kaohsiung First University of Science and Technology, Taiwan
Yang-Cheng Lu - Ming Chuan University, Taiwan
Yen-Ju Hsu - National Taiwan University, Taiwan

Discussant: Vasiliki Athanasakou - London School of Economics, UK

"The Relative Concentration of Bad Versus Good News Flows"
Vasiliki Athanasakou - London School of Economics, UK
Norman Strong - Manchester Business School, UK
Martin Walker - Manchester Business School, UK

Discussant: Panagiotis Mazis - Alpha Bank A.E., Greece

"Content Analysis of the FOMC Statements -How does the Fed's Wording Affect Financial Markets & Capital Flows?"
Panagiotis Mazis - Alpha Bank A.E., Greece
Andrianos Tsekrekos - Athens University of Economics and Business, Greece

Discussant: Yu-Chen Wei - National Kaohsiung First University of Science and Technology, Taiwan

Tuesday 4:00 - 5:30

SESSION 54 **Thalia**

AGENCY THEORY
Session Chair: Louise Van Scheers - University of South Africa, South Africa

"The Relationship between the Ownership Identity, Ownership Concentration and Firm Operating Efficiency: Evidence from China"
Krishna Reddy - University of Waikato, New Zealand
Yu Yin - University of Waikato, New Zealand

Discussant: Mihail Miletkov - University of New Hampshire, USA

"A Multinational Study of Foreign Directors on Non-U.S. Corporate Boards"
Mihail Miletkov - University of New Hampshire, USA
Annette Poulsen - University of Georgia, USA
Babajide Wintoki - University of Kansas, USA

Discussant: Angelo Aspris - University of Sydney, Australia

"CEOs That Stick Around: Do They Add Value?"
Angelo Aspris - University of Sydney, Australia
Howie Zhang - University of Sydney, Australia

Discussant: Thomas David - Université Paris Dauphine, France

"When Cutting Dividends is Not Bad News: The Case of Optional Stock Dividends"
Thomas David - Université Paris Dauphine, France
Edith Ginglinger - Université Paris Dauphine, France

Discussant: Krishna Reddy - University of Waikato, New Zealand

SESSION 55 **Chloe**

INSTITUTIONAL FACTORS AND CAPITAL MARKETS
Session Chair: Sanjiv Jaggia - Cal Poly, USA

"Debt Maturity and Amortization: Evidence from Late Nineteenth Century Mortgages"
Walid Busaba - University of Western Ontario, Canada
Kenneth Snowden - University of North Carolina at Greensboro, USA

Discussant: Hui Zhu - University of Ontario Institute of Technology, Canada

"Corporate Innovation: Cross-Country Comparisons"
Hui Zhu - University of Ontario Institute of Technology, Canada
Steven Zhu - Queen's University, Canada

Discussant: Cong Wang - University of Edinburgh, UK

"Profit Inequality: Comparative Evidence from the U.S. and Chinese Listed Firms"
Cong Wang - University of Edinburgh, UK
Wenxuan Hou - University of Edinburgh, UK

Discussant: Christos Nounis - Centre of Planning and Economic Research, Greece

"Financial Innovation and Growth: Listings and IPOs from 1880 to World War II in the Athens Stock Exchange"
Stavros Thomadakis - University of Athens, Greece
Dimitrios Gounopoulos - University of Sussex, UK
Christos Nounis - Centre of Planning and Economic Research, Greece
Michalis Riginos - University of Athens, Greece

Discussant: Walid Busaba - University of Western Ontario, Canada

SESSION 56 **Board Room 1**

ASSET PRICING VII
Session Chair: Malick Sy - RMIT University, Australia

"Commodities: Resources or Financial Assets? A Cross Sectional Analysis of Metals Markets"
Fabian Lutzenberger - University of Augsburg, Germany
Benedikt Gleich - University of Augsburg, Germany
Herbert Mayer - University of Augsburg, Germany
Christian Stepanek - University of Augsburg, Germany
Andreas Rathgeber - University of Augsburg, Germany

Discussant: Georgios Skoulakis - University of British Columbia, Canada

"Estimating and Testing Linear Factor Models Using Large Cross Sections: The Regression-Calibration Approach"
Soohun Kim - Georgia Institute of Technology, USA
Georgios Skoulakis - University of British Columbia, Canada

Discussant: Laleh Samarbakhsh - Ryerson University, Canada

"Is Default Risk Priced in Equity Options?"
Laleh Samarbakhsh - Ryerson University, Canada

Discussant: Herbert Mayer - University of Augsburg, Germany

KEYNOTE SPEECH

8:15 - 9:00 p.m.

Professor Robert Korajczyk
Nortwestern University, USA

HIGH-FREQUENCY MARKET MAKING TO LARGE INSTITUTIONAL TRADES

GALA DINNER

9:30 p.m. - midnight

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TWENTY-SECOND ANNUAL CONFERENCE MULTINATIONAL FINANCE SOCIETY

http://www.mfsociety.org

June 28 - June 30, 2015
Porto Carras Grand Resort
Meliton Hotel
Halkidiki, GREECE

SESSION 1 **Meliton Hall A**

CRISIS I
Session Chair: Elyas Elyasiani - Temple University, USA

"CDS Momentum: Slow Moving Credit Ratings and Cross-Market Spillovers"
Jongsub Lee - University of Florida, USA
Andy Naranjo - University of Florida, USA
Stace Sirmans - University of Arkansas, USA

Discussant: George Georgopoulos - York University, Canada

Using 5-year credit default swap (CDS) contracts on 1,247 U.S. firms from 2003 - 2011, we show a 3-month formation and 1-month holding period CDS momentum strategy yields 52 bps per month. By incorporating past CDS return signals, we further show traditional stock momentum strategies avoid abrupt losses during the crisis period and improve their performance by net 104 bps per month. Both within CDS market and across CDS-to-stock market momentum profits exist because CDS returns correctly anticipate future credit rating changes. Our results highlight the adverse effects of sluggish rating updates in creating information efficiency distortions and investment anomalies.

"The Financial Crisis: Implications for Monetary Policy"
George Georgopoulos - York University, Canada
Walid Hejazi - University of Toronto, Canada
Sandeep Pillai - University of Maryland, Canada

Discussant: Ania Zalewska - University of Bath, UK

Financial Crisis implications for channels of monetary Policy: There are two broad channels by which monetary policy impacts the economy. The first is the neoclassical channel, operating through lower interest rates, and the second is the balance sheet channel, operating through changes in a business's balance sheet. The literature has established that both are active in both the Canadian and US economies. Using unique balance sheet data of key industry level sectors in Canada and the employment of Fixed and Random Effects statistical estimation, we document the change in the relative importance of these channels during and in the aftermath of the financial crisis and whether the effects of the crisis remain active. Evidence shows an amplified impact of the balance sheet effect during the crisis. Policy implication from this analysis include a better understanding of how monetary policy will impact the economy is a post-crisis period.

"Stock Market Risk in the Financial Crisis"
Paul Grout - University of Bristol, UK
Ania Zalewska - University of Bath, UK

Discussant: Raúl De Jesús Gutiérrez - Universidad Autónoma del Estado de México, Mexico

The aim of the paper is to investigate composition effects arising from the financial crisis. A composition effect is a change in the market risk of a sector that is caused not by a direct change in that sector but by a change in another sector that affects the composition of the stock market. In the paper we investigate the pre and during crisis market risk of the industrial, banking and utilities sectors. Amongst other results, we find, across the G12 countries, a positive relationship between the increase in the market risk of industrials during the crisis and both the pre-crisis market risk of the banking sector and the scale of the systemic crisis in a country. The six G12 countries that experienced a major systematic banking crisis are amongst the seven countries with the largest increases in the market risk for industrials. Results drawn from our detailed analysis using US data are consistent with these findings. Finally, we consider how the results add to our understanding of the linkages between the financial and real sector and conclude that composition effects of the financial crisis could have a significant chilling effect on industrials, in addition to the effect of other linkages arising through more sophisticated economic channels.

"Measurement of Tail Risk of Mexico's Oil Exports Mix Applying the Theory of Conditional Extreme Values"

Raúl De Jesús Gutiérrez - Universidad Autónoma del Estado de México, Mexico
Edgar Ortiz - Universidad Nacional Autonoma de Mexico, Mexico
Oswaldo García Salgado - Universidad Autónoma del Estado de México, Mexico
Verónica Ángeles Morales - Universidad Autónoma del Estado de México, Mexico

Discussant: Andy Naranjo - University of Florida, USA

This paper applies the theory of conditional extreme values to residual standardized GARCH, EGARCH and TGARCH specifications; it builds dynamic risk measures for estimating VaR and expected shortfall of long and short positions of Mexico's export mix for the period of January 4, 1989 to December 31, 2013. Results of the of the validation process show that VaR models based on the theory of conditional extreme values and filtered historical simulation provide accurate estimates at any level of confidence, albeit with mixed results as to the best performing approach. Meaanwhile the Expected Shortfall measure overestimates risk using any probability distribution. The empirical findings show that oil producers and consumers are likely to experience almost the same level of risk in despite that the lower tail is more stable and wider than the upper tail when the VaR measure is employed.

SESSION 2 **Meliton Hall B**

ASSET PRICING I

Session Chair: Jahangir Sultan - Bentley University, USA

"Liquidity Costs, Idiosyncratic Volatility and the Cross Section of Stock Returns"

Reza Bradrania - University of Sydney, Australia
Maurice Peat - University of Sydney, Australia
Stephen Satchell - Cambridge University, UK

Discussant: Panayiotis Theodossiou - Cyprus University of Technology, Cyprus

This study considers liquidity costs as an explanation for the idiosyncratic volatility premium documented in the literature. Liquidity costs may affect the estimation of idiosyncratic volatility through microstructure-induced noise. We eliminate the microstructure influences from stock returns and re-estimate idiosyncratic volatility and show that the liquidity level can explain the pricing ability of idiosyncratic volatility reported in the literature for value-weighted portfolios. This differs from the previous literature where liquidity explanations for the idiosyncratic volatility premium on value-weighted portfolios have been rejected. Moreover, our results from equally-weighted portfolios indicate that idiosyncratic volatility cannot predict returns either before or after correcting for microstructure-induced bias. This suggests the evidence on the pricing of idiosyncratic volatility is unproven, at least for the data considered in this study and in terms of explanations based on microstructure and liquidity arguments.

"Relation Between Risk and Return in International Stock Markets Revisited"

Christos Savva - Cyprus University of Technology, Cyprus
Panayiotis Theodossiou - Cyprus University of Technology, Cyprus

Discussant: Mika Vaihekoski - University of Turku, Finland

In this study we provide further evidence of the effects of the conditional skewness and kurtosis on the relationship between the returns and conditional volatility in international stock markets with our model being able to endogenously measure the impact of the skewness and kurtosis. More specifically we adopt a model that utilizes the non-centered skewed generalized t (SGT) distribution with heteroskedastic error term. Once we account for the effects of skewness-kurtosis the relationship between risk and return becomes positive and significant.

"Expected Return and Variance: Lambda is Alive, Positive and Significant"
Jan Antell - Hanken School of Economics, Finland
Mika Vaihekoski - University of Turku, Finland

Discussant: Gyorgy Varga - FCE Consulting, Brazil

Earlier tests of asset pricing models are performed under the assumption of rational expec-tations and presume that the use of realized returns as a proxy for expected returns is ac-ceptable. This paper turns the tables and asks what realized returns we would observe, given the pricing model. We develop an approach that opens new avenues in testing asset pricing models and explaining observed puzzles related to risk and return. This approach is used to test a long-standing puzzle: the price of market risk, lambda, has been found small, even negative and often insignificant. Our approach links the price of market risk to changes in conditional variance and its long-term persistence. We compare our price of market risk es-timates with the ones estimated using the traditional approach. Empirically, we use both conventional measures of variance, such as (asymmetric) GARCH models against new measures based on forward-looking option market implied volatilities and the MIDAS (mixed data sampling) estimation. Tests are conducted using US stock market data. The results indicate that the lambda estimates from the new approach are consistently significant, positive, more stable, and higher than those estimated using the traditional approach. The new approach works even with return horizons shorter than one month.

"The Cross-Section of Expected Stock Returns in Brazil"
Gyorgy Varga - FCE Consulting, Brazil

Discussant: Maurice Peat - University of Sydney, Australia

In this article, we have shown that the size characteristic of individual stocks is the most powerful variable for explaining average returns in Brazil. Different from the US, the book-to-market characteristic does not seem to matter much in Brazil, once size is included. The market βs do not play a convincing role in explaining the cross section of expected returns either.

SESSION 3 **Terpsihori**

BEHAVIORAL I
Session Chair: Imad Moosa - RMIT University, Australia

"Bailout, Size and Tails in Bank Equity Returns"
Luca Del Viva - ESADE Business School, Spain
Eero Kasanen - Aalto School of Management, Finland
Lenos Trigeorgis - University of Cyprus, Cyprus

Discussant: Evangelos Vagenas-Nanos - University of Glasgow, UK

We find that the bank size effect exists only during normal (non-crisis) periods post- 1984. It does not hold before 1984 when the Too-Big-To-Fail (TBTF) notion was not in the public domain nor during crisis periods when bailout subsidy prevents extreme losses. Further, we show that an expected left tail factor conditional on a crisis based on fundamental economic stress variables used as a more direct proxy for the likelihood of government bailout drives out the bank size effect during normal periods and is priced in equity returns. Investors are willing to pay an insurance premium during normal times in expectation of government protection during crises.

"Divergence of Sentiment and Stock Market Trading"
Antonios Siganos - University of Glasgow, UK
Evangelos Vagenas-Nanos - University of Glasgow, UK
Patrick Verwijmeren - Erasmus University Rotterdam, Netherlands

Discussant: Frankie Chau - Durham Univeristy, UK

We examine the effects of divergence of sentiment on trading volume and stock price volatility. Sentiment varies substantially among people on any given day, and we use status updates on Facebook across 20 countries to capture daily divergence in sentiment within a country. In agreement with theoretical models predicting that differences of opinion cause trading, we find that divergence of sentiment positively affects trading volume and stock price volatility. Our results highlight an important effect of sentiment on financial markets that goes beyond an effect of the level of sentiment.

"Does Investor Sentiment Really Matter?"

Frankie Chau - Durham Univeristy, UK
Rataporn Deesomsak - Durham Univeristy, UK
Dimitrios Koutmos - Worcester Polytechnic Institute, USA

Discussant: Zana Grigaliuniene - ISM University of management and economics, Lithuania

PRELIMINARY and INCOMPLETE We examine the role sentiment plays and its manifestation in the trading behavior of investors in the U.S. stock market. Our findings support the notion of sentiment-induced buying and selling and, contrary to the popular belief that such behavior is irrational, suggest we should not be hasty to reach such a conclusion. Namely, we show that sentiment-driven investors can trade against the herd and sell when prices are overinflated as a result of over-bullishness and vice versa. The asset pricing implications of this paper are that sentiment is linked to shifts in risk tolerance and this triggers contrarian-type behavior. In sum, we uncover the following key insights regarding the behavior of sentiment-driven investors in our sample; firstly, they are more apt to trade on survey-based indicators rather than market-based indicators. Secondly, they trade on the basis of information content extracted from individual, rather than institutional, investor surveys. Thirdly, they respond asymmetrically to shifts in sentiment and trade more aggressively during periods of declining sentiment. Finally, there is asymmetry in the role of sentiment with respect to business conditions whereby such buying and selling is more pronounced during bear markets.

"Investor Sentiment Effect on Portfolio Returns and its Volatility in the U.S. Stock Market"

Zana Grigaliuniene - ISM University of management and economics, Lithuania
Dmitrij Celov - Vilnius University, Lithuania

Discussant: Luca Del Viva - ESADE Business School, Spain

We explore investor sentiment effect on portfolio returns and volatility considering future stock returns predictions at aggregate and cross-sectional levels. Using Baker and Wurgler (2006) sentiment index and portfolios sorted based on size, dividend yield, momentum and value-growth characteristics, we show that stock retruns that are hard-to-value are prone to stronger sentiment effect. We test whether market sentiment has an effect on portfolio returns and its volatility in the U.S. stock market. Inconsistency in previously obtained findings implies testing bidirectional causality among these economic quantities. Consistently with prior research we prove unidirectional causality that runs from returns to sentiment. We also use GARCH in-mean model to explore interrelations among conditional volatility and portfolio returns as well as market sentiment, that is found to be a priced risk factor. We conclude that the magnitude of changes in sentiment has a significant impact on the formation of conditional volatility of returns and expected returns. Upward (downward) shifts in sentiment generate the decrease (increase) in return volatility and are associated with higher (lower) future returns. The significance of market sentiment in explaining the formation of conditional volatility and expected returns varies across portfolios with different characteristics. The sentiment effect is stronger for portfolios that are hard-to-value.

CAPITAL RAISING

Session Chair: Andreas Rathgeber - University of Augsburg, Germany

"Wealth Effects of Seasoned Equity Offerings: A Meta Analysis"

Chris Veld - Monash University, Australia
Patrick Verwijmeren - Erasmus University Rotterdam, Netherlands
Yuriy Zabolotnyuk - Carleton University, Canada

Discussant: Giancarlo Giudici - Politecnico di Milano, Italy

We use meta-analysis to review studies on announcement effects associated with seasoned equity offerings. Our sample includes 144 studies from 30 leading finance journals and SSRN working papers. The studies cover different countries, but the US is particularly heavily represented (100 studies). We find a mean cumulative abnormal return of -1.02%. Abnormal returns are lower for rights issues, although the interaction term between rights issues and US studies is significantly positive. Abnormal returns are higher for companies that have lower asymmetric information thereby providing evidence for the pecking order and market timing theories. Abnormal returns are also higher for equity issues by financial companies and lower for issues by industrial companies.

"IPO Valuation and Profitability Expectations: Evidence from the Italian Exchange"

Matteo Bonaventura - Politecnico di Milano, Italy
Giancarlo Giudici - Politecnico di Milano, Italy

Discussant: Andrea Carosi - University of Sassari, Italy

This paper analyses the valuation process of companies listed on the Italian Exchange in the period 2000-2009 at their Initial Public Offering (IPO). One the most common valuation techniques declared in the IPO prospectus to determine the offer price is the Discounted Cash Flow (DCF) method. We develop a ‘reverse engineering’ model to discover the short term profitability implied in the offer prices. We show that there is a significant optimistic bias in the estimation of future profitability compared to ex-post actual realization and the mean forecast error is substantially large. Yet we show that such error characterizes also the estimations carried out by analysts evaluating non-IPO companies. The forecast error is larger the faster has been the recent growth of the company, the higher is the leverage of the IPO firm, the more companies issued equity on the market. IPO companies generally exhibit better operating performance before the listing, with respect to comparable listed companies, while after the flotation they do not perform significantly different in term of return on invested capital. Pre-IPO book building activity plays a significant role in partially reducing the forecast error and revising expectations, while the market price of the first day of trading does not contain information for further reducing forecast errors.

"Firm Location and Initial Public Offerings"

Giulia Baschieri - University of Bologna, Italy
Andrea Carosi - University of Sassari, Italy
Stefano Mengoli - University of Bologna, Italy

Discussant: Youyan Fu - University of Edinburgh, UK

Firm location matters in IPOs. Listed firms clustering around IPO headquarters i) decreases the likelihood to go public, ii) decreases the underpricing, and iii) flatten the IPO long-run underperformance. Results are robust to market timing, endogeneity, self-selection bias, information asymmetries, price-setting complexity. Overall, it emerges the underwriters’ difficulty to detect local home bias induced by local clientele in the price-setting IPO process. So, the difficultly to be valued firm going public is also associated to its location.

"Do Institutional Investors Truthfully Reveal Private Information in Bookbuilding?"
Seth Armitage - University of Edinburgh, UK
Youyan Fu - University of Edinburgh, UK
Ufuk Güçbilmez - University of Edinburgh, UK

Discussant: Yuriy Zabolotnyuk - Carleton University, Canada

We use a unique set of bookbuilding and fund companies' quarterly holding data to examine whether institutional investors such as fund companies truthfully reveal their private information (honest valuation) through bids in bookbuilding. We find that fund companies do truthfully disclose their private information via bids, particularly frequent participants in IPO markets and those with large sizes. We also find that fund companies compare their valuations with the market price when making investment decisions. Our results contribute to literature by providing new evidence on the information compensation theory and implications for the bookbuilding mechanism design.

SESSION 5 **Thalia**

EMERGING MARKETS
Session Chair: Alla Dementieva - Moscow State Institute of International Relations, Russian Federation

"Doing Business in China: A Synthesis of Theory and Practice"
Wei Rowe - University of Nebraska, USA
Carol Wang - Wright State University, USA

Discussant: Zeynep Ozcelik - Bogazici University, Turkey

This paper provides a thorough overview of the theories and strategies and tactics required to successfully conduct business in China. It allows readers to gain an understanding of the Chinese history, cultural and customs, business environment and competitive issues that will enhance effective strategic decision making to promote successful business entry and expansion.

"The Impact on International Market Integration on Firm Financial Flexibility"
Zeynep Ozcelik - Bogazici University, Turkey

Discussant: Constantin Mellios - University of Paris 1 Panthéon-Sorbonne, France

The capital flows to emerging markets within the last three decades have very important outcomes for the international market integration of the countries as well as for the corporate structures of the firms.In this paper, the impact of international market segmentation on capital structure decisions by firms is studied through financial flexibility. The results show that, although markets are more integrated due to increasing capital inflows, it has negative effects for firm financial flexibility. Financial flexibility is shown to increase with international market segmentation. This finding is revealed by the comparative spare debt capacity ratios of the individual firms.

"Do OPEC Announcements Influence Oil Prices?"
Amine Loutia - University Paris 1 Panthéon-Sorbonne, France
Constantin Mellios - University of Paris 1 Panthéon-Sorbonne, France
Kostas Andriosopoulos - ESCP Europe, London, UK

Discussant: Rasoul Rezvanian - Northeastern Illinois University, USA

This paper investigates the effect of OPEC production decisions (increase, cut, maintain) on both WTI and Brent crude oil prices between Q1 1991 and Q2 2013 by using two indices as benchmarks (DJ-UBSCI and S&P GSCI) and by employing the event study methodology. We use an EGARCH model to take into account the high volatility of oil prices. We find that the impact of OPEC's announcements on oil prices (i) is more significant for production cut and maintain, (ii) evolves over time and among decisions, (iii) is different for WTI and Brent prices, and (iv) is sensitive to the benchmark index.

"Investors' Reaction to Sharp Price Changes in GCC Markets"
Rasoul Rezvanian - Northeastern Illinois University, USA
Rima Ariss - Lebanese American University, Lebanon
Seyed Mehdian - University of Michigan-Flint, USA

Discussant: Carol Wang - Wright State University, USA

We examine investors' reactions to sharp price changes in seven equity markets of Gulf Cooperation Council (GCC) countries to uncover patterns of price formation. We compare the price behavior and volatility of these markets within a 15-day window following the arrival of unexpected news information. We find that the arrival of news that results in sharp price changes significantly increases market volatility in all GCC markets and that subsequent price adjustments mostly exhibit upward corrective patterns. These findings are consistent with the prediction of the uncertain information hypothesis. Faced with unexpected good or bad news, investors react rationally by initially setting equity prices below their fundamental values, with subsequent price trends registering an upward adjustment. These findings suggest that no contrarian investment strategy can be utilized to generate abnormal returns in GCC markets.

SESSION 6 **Chloe**

IPOS
Session Chair: Didier Maillard - CNAM, France

"IPO Waves in China and Hong Kong"
Ufuk Gucbilmez - University of Edinburgh, UK

Discussant: Chao Chen - Fudan University, China

We analyze the anatomy of IPO waves in China and Hong Kong and draw comparisons with the US IPO cycles. The lead-lag relationship between IPO initial returns and IPO volume observed in the US is absent in these two Asian markets. Similar to the US, IPO volume in Hong Kong is sensitive to changes in market conditions and exhibits seasonal variations. In sharp contrast, however, Chinese IPO activity is much less responsive to past market returns and volatility. Surprisingly, hot markets still emerge in China, not because of market forces as in the US and Hong Kong, but due to regulatory choices.

"The Roles of Innovation Input and Outcome in IPO Pricing - Evidence from the Bio-Pharmaceutical Industry in China"
Chao Chen - Fudan University, China
Haoping Xu - Fudan University, China

Discussant: Murad Harasheh - IUSS Insitiute for Advance Studies, Italy

Using the data from bio-pharmaceutical industry in China, this paper studies the effect of innovation information on IPO pricing. Two indices are constructed based on a series of information to measure the dimensions of innovation input and outcome. The results show that the two dimensions play different roles in IPO pricing. The index of innovation outcome contributes to both issuing price and trading price relative to market price of matched peers and relative to book value, and large extent of IPO first day return. Furthermore, the firms with higher level of pre-IPO innovation outcome have a higher buy and hold abnormal return in 24 and 36 months after IPO. While innovation input does not seem to be incorporated into the IPO price by both the primary and secondary market investors, it results in worse performance in terms of market return and predicts lower operating profitability after IPO.

"Initial Public Offerings "IPOs", Underpricing & Performance: The Case of Top International Brands"
Murad Harasheh - IUSS Insitiute for Advance Studies, Italy
Stefano Gatti - Università Bocconi, Italy

Discussant: Etienne Duchâtel - Université Savoie Mont-Blanc, France

The study aims at investigating the relationship between Initial Public Offerings (IPOs) variables mainly underpricing in one hand, and the brand value measures on the other hand. Our final data set is 104 international brand companies. Brand related data was gathered from Brand Finance LTD, while IPO related data was gathered using Thomson Investment Banker. Our final sample is 104 top international companies. We implement empirical approach using OLS regression and descriptive statistics. Our results show that underpricing is positively related to brand value which emphasizes the marketing role of going public and underpricing in enhancing brand equity through the product market, which additionally confirms some information asymmetry models. We also show that on average brand companies had not been recognized as brands at the IPO time. Moreover, we show the positive role of private equity in enhancing brand value, and also the non-linear association between underpricing and brand value is not evident. Finally, we draw some policy implication and suggestions for future research.

"The Geographical Dynamics of Venture Capital Investments from 1970 until 2013 in the OECD and the BRICS Countries"

Etienne Duchâtel - Université Savoie Mont-Blanc, France
Jean-François Gajewski - Université Savoie Mont-Blanc IREGE, France
Yochanan Shachmurove - City University of New York and University of Pennsylvania, USA

Discussant: Ufuk Gucbilmez - University of Edinburgh, UK

This paper investigates the Geographical Concentration of venture capital investments at the city level from 1970 to 2013 in the OECD and BRICS countries. In order to evaluate the concentration of VC investments, we use three indexes of concentration (HHI, GINI and THEIL), which allow us to identify four groups among the OECD and BRICS countries: one group with a monotonic increase in concentration, like in the US; and three other groups with an increase in concentration from 1970 to 2000 and a decrease in concentration between 2000 and 2002, followed by either (1) a stagnation (Canada, UK, France, Austria and Netherlands), (2) a decrease (Australia, Sweden, Finland, Norway, New Zealand, South Korea, Belgium and Italy), or (3) an increase in concentration (Spain, Germany, China, India, Russia and Japan). By analyzing the determinants of concentration, we show that the geographical size of country has no impact on the concentration. The size of the public equity, technology and quantity of deals (number and value) favor concentration. On the opposite, unemployment leads to a decrease in concentration.

SESSION 7 **Board Room 1**

M&AS I

Session Chair: Johan Knif - Hanken School of Economics, Finland

"Ownership structure and Offer premiums in Management (MBOs) and Leveraged Buyouts (LBOs)"

Usha Mittoo - University of Manitoba, Canada
Dennis Ng - University of Manitoba, Canada

Discussant: François Belot - Université de Cergy-Pontoise, France

Abstract: This paper examines whether ownership structure affects offer premiums and their determinants in going private transactions. Since MBOs are more likely to have decision making control in the pre-buyout period compared to LBOs, we develop and test hypotheses pertaining to offer premiums based on ownership differences between MBOS and LBOs. We argue that ownership structure is likely to influence both the choice of going private (MBO versus LBO) and premiums paid, and use a two-stage regression model to test these hypotheses in a sample of US MBOs and LBOs from 2000 to 2011. In the first stage, we use a probit model to determine the probability of choosing an MBO versus an LBO, and in the second stage, we use an OLS regression model for transaction premiums, which includes a correction term calculated from the estimates of the first-stage probit model. Our results support our main hypothesis that ownership structure influences both the choice of exit as MBO or LBO as well as the offer premiums. Ownership is the most important determinant of the MBO choice and firms with higher insider ownership are more likely to select an MBO. By contrast, larger firms, firms with an institutional investor, and firms with higher market-to-book ratios, have a higher probability of choosing an LBO, whereas tighter lending conditions reduce the likelihood of selecting an LBO. We also find significant differences between the two groups in the second-stage regressions of offer premiums.

"Excess Control Rights and Corporate Acquisitions"
François Belot - Université de Cergy-Pontoise, France

Discussant: Xi Li - University of Durham, UK

French-listed companies exhibit a concentrated ownership structure, with the largest shareholder holding more voting rights than cash flow rights. This wedge predominantly stems from a typical system of double voting shares. This paper studies the acquisitions made by French-listed firms over the 2000-2009 period and investigates how these ownership characteristics affect acquisition likelihood and acquirer abnormal returns around announcements. Firms whose largest shareholder holds significant excess control rights are less likely to engage in mergers and acquisitions (M&A) activity. The separation of ownership from control is negatively correlated with acquisition quality; this is especially the case for firms that authorize double voting rights. This result suggests that controlling shareholders use corporate acquisitions as a means of extracting private benefits at the expense of minority shareholders. Moreover, it casts doubt on the effectiveness of a new regulation (February 2014) that generalizes double voting rights.

"Social Connections, Reference Point and M&A Performance"
Jie Guo - University of Durham, UK
Xi Li - University of Durham, UK
Nicolas Seeger - University of Durham, UK
Evangelos Vagenas-Nanos - University of Glasgow, UK

Discussant: Nihat Aktas - WHU Otto Beisheim School of Management, Germany

This paper examines the impact of acquirer-target firm CEOs social connections on M&A transactions. We find that the target announcement return is lower in connected deals, attributed to the lower premium received. After controlling for the 52-week high reference point, we show that connected acquirers do not seem to be affected by it and still pay lower premium, especially in the first-degree connected transactions. We further show that connected bidders tend to finance acquisition with their overvalued stocks. Overall, we provide new evidence for the role of social connections in mergers and acquisitions.

Refreshments 10:30 - 10:45 a.m.

SESSION 8 **Meliton Hall A**

PORTFOLIO MANAGEMENT I

Session Chair: Wei Rowe - University of Nebraska, USA

"Optimal Pension Management in a Stochastic Framework with Minimum Inflation-protected Guarantee"

Mei-Ling Tang - National Formosa University, Taiwan
Ting-Pin Wu - National Central University, Taiwan

Discussant: Timotheos Angelidis - University of Peloponnese, Greece

In this study, asset allocation criteria for a defined contribution (DC) pension plan under stochastic interest rate framework with respect to the minimum guarantee and inflation protection on retirement annuities are developed. Procedures for solving closed-form solutions to the hedging portfolio of a DC pension plan by employing the martingale approach rather than solving the conventional Hamilton-Jacobi-Bellman (HJB) equations are explicitly shown as well. Different from previous researches, the study contributes to build a generalized stochastic skeleton in the financial market that embeds flexible adjustment in price dynamics in both real and nominal terms under which the stochastic interest rate model is able to be expanded to be a multi-factor HJM model accordingly.

"Global Portfolio Management under State Dependent Multiple Risk Premia"

Timotheos Angelidis - University of Peloponnese, Greece
Nikolaos Tessaromatis - EDHEC Business School, France

Discussant: Didier Maillard - CNAM, France

In this paper, we assess the benefits from international factor diversification under a regime based portfolio construction framework that takes into account the dynamic changes in stock markets. We show that there are significant costs to investors who fail to (a) pursue an international diversification strategy using sources of return other than the market premium and (b) take into account the existence of regimes in portfolio construction and asset allocation. Short sale and tracking error constraints reduce but do not eliminate the gains from a dynamic global factor portfolio. The evidence are robust to different portfolio construction and volatility state classification methodologies. Implementation through commercially available, investable factor indices to provide efficient and low cost building blocks to construct a dynamic diversified factor portfolio in practice preserves most of the benefits from state dependent portfolio construction.

"Retirement Savings Management: Core Issues"

Didier Maillard - CNAM, France

Discussant: Elisabeta Pana - Illinois Wesleyan University, USA

Retirement is not the only motivation for saving but it is a prominent one. Whether channelled through pension funds or individual accounts, the question of how to allocate retirement savings, and in particular which degree of risk to tolerate, is fundamental.Investing in risky assets should not be viewed as a way to compensate for insufficient savings during a life time, or a way to optimize the likelihood of reaching a future consumption target, whatever the consequences in bad circumstances.However, as risk free assets tend to vanish, or yield negative returns, investing in risky assets is a way to improve expected returns on savings, and thus expected purchasing power at old age, provided the cost of risk may be mitigated. One way of increasing the tolerance to investment risk is the potential stream of future labour income if there is some flexibility on the retirement departure age or the possibility having a job (full or part-time) during the first years of retirement.With reasonable parameters, such flexibility provides a significant incentive to increase investment in risky assets and provide significant welfare gains. Finally, labour supply flexibility gives a reason for the optimal share of risky assets to decline with age.

"Financial Integration and Diversification Benefits: Evidence from China and the ASEAN Countries"
Elisabeta Pana - Illinois Wesleyan University, USA

Discussant: Mei-Ling Tang - National Formosa University, Taiwan

Abstract: In this paper, we investigate the level of financial integration across equity markets in China and four ASEAN countries: Indonesia, Malaysia, Philippines, and Thailand. Using beta and sigma convergence and a dynamic conditional correlation that incorporates the wavelet analysis, we find that financial integration across these markets has fluctuated over the last decade and reached weak to moderate levels in the post-crisis period. Our results also indicate that an investor can still benefit from a cross-nation diversification strategy within this region.

SESSION 9 **Meliton Hall B**

CAPITAL STRUCTURE I
Session Chair: Ania Zalewska - University of Bath, UK

"The Value Effects of Changes in Leverage: Evidence from the Travel and Leisure Sector"
Roberta Adami - University of Westminster, UK
Tugba Bas - University of Westminster, UK
Gulnur Muradoglu - Queen Mary University of London, UK
Sheeja Sivaprasad - University of Westminster, UK
Stefan Van Dellen - University of Westminster, UK

Discussant: Dimitris Petmezas - University of Surrey, UK

It is well documented that the Travel and Leisure sector is capital intensive when compared to other sectors due to the high level of capital required for fixed assets. Given this, this paper examines the relation between changes in leverage and stock returns of firms in this sector, in addition to examining whether changes in leverage have any significant effect on a sector basis. Using a final sample of 173 firms over the period between 1993 and 2012, we find that leverage only acts as a significant determinant of returns in the case of highly levered firms, as would be the case in the Travel and Leisure sector.

"The Impact of Firm Internationalization on the Relation between Leverage and Market Performance"
Yaz Muradoglu - Queen Mary University, UK
Sheeja Sivaprasad - University of Westminster, UK
Wali Ullah - Independent University, Bangladesh

Discussant: Andreas Rathgeber - University of Augsburg, Germany

Firms international activity is associated with better credit ratings, lower cost of debt financing and thus higher levels of leverage (Reeb, Mansi and Allee, 2001; Mansi and Reeb, 2002) leading to two conflicting implications on stock returns that have not been investigated fully. On the one hand better credit ratings and lower cost of debt would increase demand from investors to international firms and increase stock returns. On the other hand, better credit ratings and lower cost of debt will make debt capital attractive for international firms to increase leverage which in turn will lead to lower stock returns. However there is no empirical research on the impact of internationalization on the relation between leverage and stock returns to solve this puzzle. This paper offers the first empirical evidence through the analysis of stock market performance of firms with international operations over a period of thirty two years. We use an investment approach where we measure stock market performance in terms of stock returns in excess of the risk free rate in the environments and control for known risk factors that have impact on stock returns. Our results show that firms with international operations have both higher leverage and higher returns but returns decline in leverage. We also show that multinational firms, increase their stock returns more relative to their domestic counterparts when they decrease their leverage levels.

"The Pricing of Profit Participation Certificates between Debt and Equity Characteristics"
Henning Fock - University of Augsburg, Germany
Andreas Rathgeber - University of Augsburg, Germany

Discussant: Nicos Koussis - Frederick University, Cyprus

The mezzanine character of profit participation certificates, a category of securities known in Germany as "Genussscheine" (GS), became evident during the financial crisis as banks' losses led to the suspension of distributions and to the reduction of redemption claims without the banks going bankrupt. The new GS model, developed analogous to models for the valuation of U.S. preferred stocks, allows for the mezzanine characteristics of GS to be taken into account, which is not possible with the existing models for the pricing of debt capital. The valuation model was empirically tested over 3,300 trading days, evaluating the prices of 130 GS traded at the EUWAX exchange and comparing the goodness of fit of the new GS model to the Merton and Kanders models. As a key result, the GS model proved a slightly better goodness of fit to market prices. This was especially the case when the mezzanine character of GS came into play, which was mostly given if more than three traded prices were available at the same time. Overall, the empirical evaluation shows that the new model achieves a substantial improvement over existing models. While participants of the GS market seem to take these GS characteristics into account for pricing, it is precisely these characteristics that are often not known or not fully known to outsiders, making the market seem opaque.

"Operational Flexibility and Optimal Capital Structure with Debt Rescheduling"
Marios Charalambides - Frederick University, Cyprus
Nicos Koussis - Frederick University, Cyprus

Discussant: Abdulazeem Abozaid - Qatar Foundation, Qatar

We develop an analytic continuous time valuation model with optimal capital structure for a firm that has the option to invest and a series of options to switch between Chapter 11 firm reorganization and debt rescheduling in bad economic conditions and active full-scale operations when conditions improve. We solve for the optimal investment, full-scale operating, reorganization-rescheduling and bankruptcy (liquidation) thresholds and derive the optimal capital structure by trading-off the tax benefits of debt against bankruptcy costs. Anticipated debt rescheduling reduces firm values by reducing debt capacity and the associated tax benefits. This adverse effect can be reduced by imposing higher contractual costs for switching to a rescheduling program included in the bankruptcy code.

SESSION 10 **Terpsihori**

CORPORATE GOVERNANCE I
Session Chair: Usha Mittoo - University of Manitoba, Canada

"Corporate Governance of Russian Financial Institutions: Key Issues and Challenges in Times of Crisis and Sanctions"
Alla Dementieva - Moscow State Institute of International Relations, Russian Federation
Vasily Tkachev - Moscow State Institute of International Relations MGIMO-University, Russian Federation

Discussant: Angelica Gonzalez - Univerisrsity of Edinburgh, UK

Among a plethora of studies on corporate governance only few used to focus on the peculiarities of corporate governance of financial institutions. Global financial instability provoked by the 2007 crisis changed this inequality, the importance of this field of research has been wildly recognized in recent years and the topic has gained due respect and popularity in the academic sphere and with regulative authorities. The same is true for Russia where in 2014 Russian Government adopted a new Corporate Governance Code which is set to dramatically change the way Russian companies do their business. Besides, many other private initiatives and novelties of increasing the effectiveness of corporate governance are under way. At the same time negative factors such as the deepening of economic crises and western sanctions worsen the prospects of strengthening the effectiveness of corporate governance of Russian firms and especially Russian financial institutions. This paper analyses major current trends influencing the development of corporate governance of Russian financial institutions in the recent years and outlines possible options which are likely to accompany and supplement financial institutions corporate governance development in Russia for the purpose of strengthening the overall performance of the financial sector in the context of the best western practices and Russian economic reality.

"Director Reputation Incentives and Stock Price Informativeness"
Vathunyoo Sila - University of Edinburgh, UK
Angelica Gonzalez - Univerisrsity of Edinburgh, UK
Jens Hagendorff - University of Edinburgh, UK

Discussant: Elyas Elyasiani - Temple University, USA

This study examines whether the reputation incentives of independent directors increase the incorporation of firm-specific information into stock prices. We find that the proportion of directors who deem their directorships to be more prestigious based on firm size is associated with higher firm-specific information content in stock prices. This is consistent with the argument that boards which are incentivized to protect their reputation can deter managers from withholding information. We find this relation to be stronger when other monitoring mechanisms are weak. We also find suggestive evidence that the presence of directors with high reputation incentives is negatively associated with stock price crash.

"CEO Entrenchment and Loan Syndication"
Elyas Elyasiani - Temple University, USA
Ling Zhang - Avila University, USA

Discussant: Alla Dementieva - Moscow State Institute of International Relations, Russian Federation

Unlike a traditional bank loan with only a single creditor, a syndicated loan involves a group of lenders: a lead arranger and a number of participant lenders. The syndication process, therefore, generates an additional dimension of agency problem between the lead arranger and the participant lenders, besides the traditional agency cost of debt between the borrower and the lender (Diamond, 1984; Holmstrom and Tirole, 1997). We investigate the association between CEO entrenchment of the borrowing firm and the loan syndication structure. Several results are obtained. First, in syndicated loans made to firms with entrenched CEOs the number of participant lenders and their share in the loan are smaller; the lead arranger retains a larger loan share. Second, these loans are held more closely (in a more concentrated manner). Third, foreign lenders are less involved in these loans; the number of foreign lenders and their share in the loan are both smaller. Our findings shed light on the two types of agency problems associated with the syndicated loans, and have important implications for shareholders, creditors and regulators.

SESSION 11 **Erato**

CRISIS II
Session Chair: Andy Naranjo - University of Florida, USA

"A View of Modern Bank Marketing in the Light of the Current Crisis: A Cross-Country Comparison"
Chrysanthi Balomenou - Hellenic Open University, Greece
Amalia Akriviadi - EFG Eurobank Ergasias, Greece

Discussant: Ibrahim Jamali - American University of Beirut, Lebanon

The current economic and financial crises have caused a number of changes in financial markets and societies around the globe and have largely affected the behaviour of individual consumers. As a consequence, the relationship between commercial banks and their customers has also been affected by this fluctuating environment. Indeed, the median bank customer is gradually transforming his preferences, influenced by the transformations in the banking and financial markets as well as the profound changes which take place at the macroeconomic environment almost every day. The present paper analyses, both from a theoretical and from an empirical viewpoint, the behaviour of bank customers during the current crisis from a marketing perspective. Our research, which relies upon a formalised questionnaire, focuses on the Greek and the

Luxemburgish banking sectors with the purpose to present, examine and compare the various marketing strategies which bank marketers follow in the two countries. Our main purpose is to gauge the degree to which the crisis has affected the demand and supply of the existing banking products and services, and to evaluate how marketers have reacted (or should react) to this sort of changes in order to help banks to stay afloat. According to our main findings, the Greek banks face more serious challenges compared to those that their Luxembourgish counterparts do.

"Forecasting the LIBOR-Federal Funds Rate Spread During and After the Financial Crisis"
Wassim Dbouk - American Unversity of Beirut, Lebanon
Ibrahim Jamali - American University of Beirut, Lebanon
Lawrence Kryzanowski - Concordia University, Canada

Discussant: Vasilios Giannopoulos - University of Patras, Greece

In this paper, we examine the statistical forecast accuracy of econometric models, surveys and futures rates in predicting the LIBOR-Federal Funds Rate (LIBOR-FF) spread during and after the financial crisis. We provide evidence that the futures market forecast outperforms all competing forecasts during and after the financial crisis. Our results also suggest that the predictive accuracy of the econometric models improves in the post-crisis period. We argue that the post-2009 improvement in the econometric models' forecasts is attributable to the absence of LIBOR manipulation. The economic significance of the uncovered predictability is assessed using a trading strategy. Our results suggest that trading based on the futures market and econometric forecasts generates positive risk-adjusted returns.

"Applying Data Envelopment Analysis on Accounting Data to Assess the Efficiency of Greek Retail Branches During Crisis Years"
Eleftherios Aggelopoulos - University of Patras, Greece
Vasilios Giannopoulos - University of Patras, Greece
Antonios Georgopoulos - University of Patras, Greece

Discussant: Kyriaki Kosmidou - Aristotle University of Thessaloniki, Greece

This study investigates the efficiency of a branch network – and subsamples of it – in Greece, incorporating risk into analysis and taking into account the crisis effects. Moreover, the paper examines the impact of environmental factors and branch size on efficiency. The analysis is based on primary accounting data obtained from the monthly P&L statements of retail branches of a very large commercial bank, for the period 2006-2010. Efficiency is measured by a DEA model in which the risk is proxied by loan loss impairments. The results show that the crisis reduces on average the efficiency scores of retail branches, while at the same time efficiency is unequally distributed among branches given their environmental and size characteristics. The main source of inefficiency is the reduced ability of branch managers to manage credit risk due to the adverse economic environment. The findings have important managerial implications for bank managers and policymakers.

"An Examination of Risk in the Banking Sector during the European Financial Crisis"
Kyriaki Kosmidou - Aristotle University of Thessaloniki, Greece
Dimitrios Kousenidis - Aristotle University of Thessaloniki, Greece
Anestis Ladas - University of Macedonia, Greece
Christos Negakis - University of Macedonia, Greece

Discussant: Chrysanthi Balomenou - Hellenic Open University, Greece

The recent financial crisis in Europe, which was the first after the formation of the Eurozone, underlined a number of significant problems that magnified the associated effects. One of these problems was the increased interdependence of the banks that led to an escalation of the crisis in the banking sector. As a result a number of banks, domiciled in the crisis-affected countries, suffered a number of stock crashes during the crisis. In this study we seek to examine if the complexity of the relations and the interconnectedness played a significant role in the stock crashes. The research framework takes into consideration a number of regulatory, reporting and financial market factors that have also been found to relate to stock crashes. The policy implications of the results are discussed in the study.

ASSET PRICING II

Session Chair: Chao Chen - Fudan University, China

"Biased Time-Series Estimates of Beta in the CAPM"

Hamish Malloch - University of Sydney, Australia
Richard Philip - University of Sydney, Australia
Stephen Satchell - University of Sydney, Australia
Amy Kwan - University of Sydney, Australia

Discussant: Kenan Qiao - University of Groningen, Netherlands

There is a large literature on cross-sectional biases arising in second-stage procedures in the CAPM. However, standard time series regression techniques used to compute beta can also result in biased estimates. Assuming that the market is proxied by a fixed-weight index, we demonstrate that the relative weighting of an asset within the index, and/or the magnitude of its idiosyncratic risk, directly biases the beta estimate for the individual stock and also for all stocks within the index. Via simulations, we show that the problem is most pronounced for markets with a small number of highly concentrated assets.

"Reconsidering the Capital Asset Pricing Model: Unlevered Betas and the Cross-section of Unlevered Stock Returns"

Lammertjan Dam - University of Groningen, Netherlands
Kenan Qiao - University of Groningen, Netherlands

Discussant: Neophytos Lambertides - Cyprus University of Technology, Cyprus

To appropriately test the implications of the Capital Asset Pricing Model (CAPM), we argue that it is crucial to adjust conventional betas for firms' leverage ratios, as we claim leverage is the predominant source of variation in betas over time. The adjustment we propose boils down to backing out so-called "unlevered betas" and "unlevered returns", which can be seen as regular betas and returns if firms were fully financed with equity. The distinct assumptions that justify our approach are: i) a highly inelastic supply of equity, and ii) relatively stable unlevered betas. We propose a new method to calculate unlevered betas and show that they are able to explain the cross-sectional variation in average unlevered stock returns of 10,845 U.S. firms and a variety of test portfolios, for the period 1972-2014. Our model outperforms the classical CAPM and the Fama-French three-factor model both in terms of pricing errors and significance of the factor prices. While the statistical performance of our unlevered CAPM is not overwhelming as such, based on the robustness of the results, the theoretical underpinnings, and the circumstantial evidence of previous literature, we advocate using unlevered returns in asset pricing tests.

"Nonlinear Equity Value, Asymmetric Returns and Stock Market Anomalies"

Luca Del Viva - ESADE Business School, Spain
Neophytos Lambertides - Cyprus University of Technology, Cyprus
Lenos Trigeorgis - University of Cyprus, Cyprus

Discussant: Amy Kwan - University of Sydney, Australia

We examine whether various stock market anomalies are related to nonlinear equity value and asymmetric returns, specifically whether the skewness effect is related to the value/growth anomaly, the book asset growth effect, the volatility effect, and the distress risk puzzle. We posit that firm growth and downsizing/reorganization options lead to nonlinear equity values and increased equity return asymmetry. We show that the part of expected idiosyncratic skewness that can be predicted using only measures of book asset growth (in interaction with volatility), growth options and distress is negatively related to equity returns, while the other part is not priced. We conclude that the negative relations between book asset growth, growth options, volatility, and distress with equity returns can be attributed to nonlinear equity valuation and more asymmetric returns for growth-oriented and distressed firms.

MACROECONOMICS
Session Chair: Constantin Mellios - University of Paris 1 Panthéon-Sorbonne, France

"An Analysis of Fiscal and Expectations Multipliers across the Euro Area"
Nektarios Michail - Cyprus University of Technology, Cyprus
Christos Savva - Cyprus University of Technology, Cyprus

Discussant: Aleksander Aristovnik - University of Ljubljana, Slovenia

Using a Factor-Augmented VAR specification, we examine the response of seven Euro Area economies to a government consumption shock and a shock in expectations. We find that even though the response of the government consumption shock is large, a shock in expectations has an even greater effect. In addition, we find that these shocks have persistent long-run effects which may push interest rates to the zero lower bound. We further enhance our analysis using a rolling window approach and find that impact multipliers are time varying.

"The Role of Stability and Growth Pact on Fiscal Discipline in EMU Member States"
Aleksander Aristovnik - University of Ljubljana, Slovenia
Matevz Meze - University of Ljubljana, Slovenia

Discussant: Marcos González-Fernández - University of León, Spain

The following paper deals with the topical issue of fiscal surveillance in the EMU. We focus on analyzing the impact of the EU's supranational fiscal rules (i.e. the Maastricht criteria for entering the EMU and the subsequent Stability and Growth Pact (SGP)) on the fiscal behaviour of EMU member states in order to acquire new insights into solutions needed to ensure fiscal discipline in the future. With the regression of fiscal reaction functions for the panel of euro area countries, we estimate the changes occurring in discretionary fiscal policy in the Maastricht period and in the period after entering the EMU when the policy became governed by the SGP. Estimates show that EMU member states' discretionary fiscal policy was procyclical in the 1980s, but turned countercyclical in the Maastricht period. In the SGP period, the countercyclical behaviour decreased and fiscal policy became acyclical. We conclude that the difference in fiscal behaviour before and after entering the EMU is the result of a change in the incentives and that solutions should thus also be looked for in creating certain forms of positive incentives for fiscal discipline.

"Determinants of Sovereign Debt Maturity in the Eurozone"
Marcos González-Fernández - University of León, Spain
Carmen González-Velasco - University of León, Spain

Discussant: Stella Spilioti - Athens University of Economics and Business, Greece

The aim of this paper is to study the determinants of the maturity of sovereign debt in the Eurozone. For this purpose, we use contracting costs theory, signaling theory and tax theory. The results indicate that the size of a country's economy and its level of debt have a direct relationship with maturity. Furthermore, credit risk shows a highly significant inverse relationship increase when the financial crisis is included in the analysis. We also find evidence of a significant inverse relationship between the corporate tax rate and the average maturity of sovereign debt.

"The Relationship between the Government Debt and GDP Growth: Evidence of the Euro Area Countries"
Stella Spilioti - Athens University of Economics and Business, Greece

Discussant: Christos Savva - Cyprus University of Technology, Cyprus

This paper investigates the average impact of government debt on GDP growth in the Euro area countries

using data from the period 1981-2014. The empirical results suggest that the impact of debt on economic growth is positive and statistically highly significant. In our estimation of the growth equation we also include some other control variables such as: 1) the variables capturing the impact of inflation, 2) the indicators of the openness of the economy and the external competitiveness, and 3) other control variables related to the demographic characteristics of the economy as well as indicators that expected to influence the future investments.

SESSION 14 **Board Room 1**

OTHER
Session Chair: Nihat Aktas - WHU Otto Beisheim School of Management, Germany

"Oligopoly in Telecommunications: The Case of Vodafone and Orange."
Fenia Palla - University of Macedonia, Greece
Efstratios Livanis - University of Macedonia, Greece

Discussant: Imad Moosa - RMIT University, Australia

This article presents simply an application of the Cournot model in the industry of telecommunications. Using a fundamental and recognized model of oligopoly we try to apply it in the cases of Vodafone and Orange, two of the largest and most significant telecommunications operators in European Union. The methodology followed was taken by Utah University (Department of Economics and Finance) with the use of numerical simulations. The data were taken by Bloomberg database.

"The Effect of Oil Prices on Stock Prices: A Structural Time Series Approach"
Imad Moosa - RMIT University, Australia

Discussant: Jahangir Sultan - Bentley University, USA

A structural time series model is estimated to examine the effect of oil prices on stock prices in three oil importing countries and four oil exporting countries. The results show that some missing variables affect the secular behaviour of, and that oil prices can explain cyclical variation in, stock prices. In all cases the effect of oil prices on stock prices turns out to be significantly positive. This finding is explained in terms of the positive effect running from economic activity to both oil prices and stock prices.

"Asset Embezzlement and the Economy: An Experiment"
Kip Holderness - West Virginia University, USA
Jahangir Sultan - Bentley University, USA

Discussant: Abdulazeem Abozaid - Qatar Foundation, Qatar

In this paper, we conduct a simulation to investigate how changes in pressure and opportunity interact with macroeconomic conditions to affect employees' propensity to embezzle assets as well as the likelihood for embezzlement to remain undetected. Our results indicate that opportunity to embezzle assets appears to be more important than pressure, a finding that contradicts recent reports that increased asset misappropriation was prevalent during the recent global recession presumably as a result of increased financial pressure experienced by employees. This study also suggests that asset misappropriation is far more likely to go undetected during an expansion than a recession.

"The Internal Challenges Facing Islamic Finance Industry"
Abdulazeem Abozaid - Qatar Foundation, Qatar

Discussant: Yonglei Wang - Toulouse School of Economics, France

Islamic finance is undoubtedly one of the fastest growing financial industries. Its total assets have exceeded two trillion dollars, and the number of Islamic financial institutions is approaching 600 around the globe. Nevertheless, Islamic finance is facing various challenges that are impeding its further growth. Some of these challenges are from outside the Islamic finance while others are internal and they cannot be attributed to external factors. The most serious internal challenges are the ones that relate to the lack of enforceable robust Shariah governance, which in turn has led to creating an avenue for fatwa (Shariah opinions given by Shariah scholars) shopping and invasion of controversial products endorsed by Shariah scholars who are starred on the basis of their ‘convenient’ fatwas. The internal challenges also relate to the methodology used in Islamic banks in structuring their financing products. The existing product development methodology has yielded a number of products borrowing their Shariah legitimacy from the mere adherence to certain useless and perplexing technicalities. The paper comes to highlight these challenges and outline the prospectus of what constitutes a sound Islamic banking product in terms of both its Shariah control and products development methodology.

LUNCHEON

12:45 - 2:15 p.m. Restaurant

SESSION 15 **Meliton Hall A**

MARKET MICROSTRUCTURE
Session Chair: Alain Coen - University of Quebec in Montreal, Canada

"The Non-Information Cost of Trading and its Relative Importance in Asset Pricing"
Kee Chung - University at Buffalo, USA
Sahn-Wook Huh - Universit at Buffalo, USA

Discussant: Petko Kalev - University of South Australia, Australia

Using intraday order-flow data for a broad and long sample of NYSE/AMEX stocks, we show that the non-information component of trading costs is priced in the cross-section of stock returns. More importantly, we show that the non-information component is much larger and more strongly related to stock returns than the adverse-selection component, indicating that the non-information component plays a more important role in asset pricing than the adverse-section component. We conduct a variety of robustness tests and show that our main results hold for different estimation methods, measures of the adverse-selection cost, study samples, and control variables. We offer several plausible explanations for these results.

"The Evolution of Price Discovery in US Equity and Derivatives Markets"
Damien Wallace - University of South Australia, Australia
Petko Kalev - University of South Australia, Australia
Andy Lian - University of South Australia, Australia

Discussant: Elvis Jarnecic - University of Sydney, Australia

The paper considers the evolution of price discovery in the U.S. equity and derivatives markets. For the period January 2002 through December 2013, we investigate the price discovery for two popular securities based on the S&P 500 index, namely the S&P 500 E-mini futures and the SPDR Exchange Traded Fund. We observe a significant change in the price discovery of these two securities over this period. The E-mini futures are dominant for price discovery though on a steady decline until January 2006 when the contribution of both price series is approximately the same. During the Global Financial Crisis, however, the E-mini dominates the price discovery process. From the end of 2009 onward the SPY ETF dominates the price discovery process. We also find that changes in relative costs are significant determinants of price discovery. Using the VIX index as a measure of expected volatility, we observe that in times of high expected volatility the price discovery process is dominated by the futures contract. We also provide some evidence that when the trade size of the SPY decreases relative to the E-Mini futures, the information share of the SPY increases, results that are consistent with expectations of informed trading.

"Institutional Trading Costs in the Presence of HFT"
Peng He - Australian Securities and Investments Commission, Australia
Elvis Jarnecic - University of Sydney, Australia
Yubo Liu - University of Sydney, Australia

Discussant: Sahn-Wook Huh - Universit at Buffalo, USA

This paper examines the presence of High Frequency Trading (HFT) around large institutional trades and their price impacts on NASDAQ and NYSE. The findings contribute to the understanding of HFT around institutional trades and its effect on realised execution costs. The focus on institutional price impact adds to the current literature around HFT's impact on conventional market quality metrics, such as spread and depth, while addressing concerns that HFT add to the difficulty of institutional order execution despite its perceived association with liquidity provision. Our results indicate that the impacts of HFT participation on institutional execution costs vary between buy and sell trades. It is documented that institutional buy trades present higher

execution costs, when the level of HFT participation is high. In contrast, institutional sell trades could be executed at better prices with high level of HFT participation. The contrasting results may be attributable to the difference in the nature of HFT, and their respective abilities and costs to short sell.

SESSION 16 **Meliton Hall B**

ACCOUNTING ISSUES I
Session Chair: Zhaoyang Gu - Chinese University of Hong Kong, Hong Kong

"Recession and Quality of Audit Services"
Panayiotis Tahinakis - University of Macedonia, Greece
Michalis Samarinas - University of Macedonia, Greece

Discussant: Gary Kleinman - Montclair State University, USA

In the context of the Eurozone recessive environment, this paper seeks to examine the effect that audit quality has on audit opinion expression. Our findings based on a Eurozone sample, suggest that the size of the auditing firm and auditor's expertise in an industry continues to be a proxy for audit quality and impacts audit opinion during the recession. The same does not apply for audit tenure. These findings provide evidence with respect to audit quality differentiation in monetary union with common currency and accounting standards in the presence of economic recession. It attempts to provide useful insights for auditors, accountants and regulators concerning the regulatory framework and the efficiency of the various audit policy changes especially in periods of fiscal distress.

"Audit and Accounting Quality in an International Setting: Testing the Impact of Religion, Culture, Income and Legal Code on National Regulatory Efforts"
Gary Kleinman - Montclair State University, USA

Discussant: Nazim Hussain - Ca Foscari University of Venice, Italy

Assuring the quality of international auditing and accounting is a partial function of the strength of national auditing and accounting enforcement efforts. Several potential determinants of the strength of these efforts were postulated in Kleinman, Lin and Palmon (2014). The postulated determinants include national culture, religion, source of auditing and accounting standards, and legal code origin. The authors, however, did not test the relationship of the postulated determinants to auditing enforcement efforts. This study undertakes this task, using the Brown, Preiato and Tarca (2014) measures of accounting and auditing enforcement efforts. We find that religion, culture, legal code and the economic variables of foreign direct investment as a percent of GDP and GNP per capita were determinants of either accounting or auditing enforcement efforts, and sometimes both. The implications of these findings are presented.

"Impact of Sustainability Performance on Financial Performance: An Empirical Study of Global Fortune (N100) Firms"
Nazim Hussain - Ca Foscari University of Venice, Italy

Discussant: Panayiotis Tahinakis - University of Macedonia, Greece

Last three decades have witnessed a huge amount of research trying to establish how company's sustainability performance (SP) is related with financial performance (FP). Researchers have applied various methods and theoretical frameworks to investigate this relationship but results are still fragmented and competing. In this article, we analyze the relationship between SP measures (Economic, Environmental, and Social) and FP. Data for the for all SP dimensions are obtained by applying manual content analysis technique on the sustainability reports of Global Fortune N100 firms from 2007 to 2011. Differently from previous contributions, in this article sustainability disclosure (SD) and SP are considered jointly through a composite index. To best of our knowledge, the time series is the longest in this field of research. Finally, the compliance of sustainability report with Global Reporting Initiative (GRI) guidelines ensures a high degree of comparability and quality of information provided by the companies. Results obtained from fixed effect regression models reveal that the economic performance information is not relevant, while the impact of environmental and social dimensions of sustainability remains relevant and significant across different measures of FP. No evidence shows any relation between SP and ownership structure. The use of control sample further corroborates the relevance of sustainability dimension to explain changes in FP.

SESSION 17 **Terpsihori**

ANALYSTS
Session Chair: Egemen Genc - Erasmus University, Netherlands

"Do Analysts Understand the Economic and Reporting Complexities of Derivatives?"
Hye Sun Chang - University of Illinois, USA
Michael Donohoe - University of Illinois, USA
Theodore Sougiannis - University of Illinois, USA

Discussant: Ari Yezegel - Bentley University, USA

We investigate whether and how the complexity of derivatives influences analysts' earnings forecast properties. Using a difference-in-differences design, we find that, relative to a matched control sample of non-users, analysts' earnings forecasts for new derivatives users are less accurate and deviate more from consensus forecasts after derivatives initiation. These results do not appear to be driven by the economic complexity of derivatives, but rather the financial reporting of such economic complexity. Overall, despite their financial expertise, analysts routinely misjudge the earnings implications of firms' derivatives activity. However, we find some evidence that a series of derivatives accounting standards has helped analysts improve their forecasts over time.

"International Stock Market Returns and Aggregate Analyst Recommendation Ratings"
Ari Yezegel - Bentley University, USA

Discussant: Dimitrios Xefteris - University of Cyprus, Cyprus

This study explores the determinants of aggregate analyst recommendation ratings and tests whether aggregate recommendations predict future stock market price fluctuations. Based on a sample of 59 countries for the period 1993-2013, U.S. macroeconomic conditions, prior market returns and the average aggregate recommendation in the world significantly influence aggregate analyst recommendations in a particular country. The analysis also reveals that aggregate analyst recommendations possess predictive power of future returns for developed and to a limited extent in emerging countries. Interestingly, the U.S. aggregate analyst recommendations contain more predictive information content for future returns in emerging countries than the aggregate recommendations in those countries. In contrast, aggregate recommendations and changes have no predictive power in frontier markets. These results demonstrate that analysts in frontier markets are less informative despite potentially greater opportunities to identify mispricing.

"Simple Centrifugal Incentives in Spatial Competition"
Didier Laussel - Aix-Marseille University, France
Michel Le Breton - Toulouse School of Economics, France
Dimitrios Xefteris - University of Cyprus, Cyprus

Discussant: Theodore Sougiannis - University of Illinois, USA

This paper examines the nature of spatial competition (for example, between two professional forecasters) when any motion towards the center induces costs of arbitrary magnitude. We study a continuum of different degrees of centrifugal incentives and we find that: a) a symmetric equilibrium in pure strategies (and, hence, a convergent equilibrium) exists if and only if centrifugal incentives are sufficiently weak on both sides, b) when centrifugal incentives are strong on both sides, players mix in an intuitive manner - the stronger the centrifugal incentives, the larger the probability weight that players assign to locations near the extremes - and, intriguingly, c) when centrifugal incentives are strong on only one side, say for example only on the left, players mix such that they never locate to locations near the extreme right while in expected terms they locate to the right side of the strategy space. Our results are relevant to a wide range of economic applications including electoral competition, product differentiation, auctions, price-guessing and money request games.

SESSION 18 **Erato**

CURRENCIES
Session Chair: Rasoul Rezvanian - Northeastern Illinois University, USA

"Dynamic Spillovers between Commodity and Currency Markets"
Nikolaos Antonakakis - University of Portsmouth, UK
Renatas Kizys - University of Portsmouth, UK

Discussant: Sara Ferreira Filipe - Luxembourg School of Finance, Luxembourg

In this study, we examine the dynamic link between returns and volatility of commodities and currency markets. Based on weekly data over the period from January 6, 1987 to July 22, 2014, we find the following empirical regularities. First, our results suggest that the information contents of gold, silver, platinum, and the CHF/USD and GBP/USD exchange rates can help improve forecast accuracy of returns and volatilities of palladium, crude oil and the EUR/CHF and GBP/USD exchange rates. Second, gold (CHF/USD) is the dominant commodity (currency) transmitter of return and volatility spillovers to the remaining assets in our model. Third, the analysis of dynamic spillovers shows time- and event-specific patterns. For instance, the dynamic spillover effects originating in gold and silver (platinum) returns and volatility intensified (degraded) in the period marked by the global financial crisis. After the global financial crisis, the net transmitting role of gold and silver (platinum) returns shocks weakened (strengthened), while the net transmitting role of gold, silver and platinum volatility shocks remained relatively high. Overall, our findings reveal that, while the static analysis clearly classifies the aforementioned variables into net transmitters and net receivers, the dynamic analysis denotes episodes wherein the role of transmitters and receivers of return (volatility) spillovers can be interrupted or even reversed.

"What Drives Exchange Rates? Reassessing Currency Return Predictability"
Sara Ferreira Filipe - Luxembourg School of Finance, Luxembourg
Paulo Maio - Hanken School of Economics, Finland

Discussant: Anastasios Malliaris - Loyola University Chicago, USA

We compute a variance decomposition for the log exchange rate based on a present-value relation. At long horizons, return predictability drives the variation in the exchange rate while predictability of future interest rate differentials plays a secondary role. At shorter horizons, the dominant source is predictability of the future spot rate. There is more return predictability and less interest spread and exchange rate predictability in the case of real exchange rates compared to nominal exchange rates. An alternative decomposition based on a first-order VAR tends to overstate the importance of predictability of future interest spreads and exchange rates.

"Currency Wars and Global Financial Instavilities"
Anastasios Malliaris - Loyola University Chicago, USA

Discussant: Nikolaos Antonakakis - University of Portsmouth, UK

Currently the global financial system is experiencing significant currency wars. Traditionally, the global monetary system has been characterized by currency volatility, free capital movements and massive financial imbalances caused primarily by the large deficits in the U.S. trade and current accounts. The global financial crisis of 2007-09 supplied additional evidence that these imbalances contribute to global instabilities. An attempt to moderate some of the difficulties experienced by the global monetary system and the volatility of the U.S. dollar was the formation of the European Economic and Monetary Union (EMU) and the creation of the euro. We argue in this paper that among several causes of the global financial crisis of 2007-09, the accumulated large global imbalances and currency wars played an important role. We follow a

Kindleberger-Minsky approach to connect the global imbalances to asset price bubbles also fueled by an easy monetary policy in the US that eventually led to the bursting of the bubble and the global financial imbalances that followed. We conclude by emphasizing that the current global currency wars as the most important unresolved problem of the global monetary system.

SESSION 19 **Thalia**

BEHAVIORAL II
Session Chair: Jefferson Duarte - Rice University, USA

"Emotional Responses to Financial Information"
Jean-François Gajewski - Université de Savoie, IREGE, France
Réal Labelle - Stephen A. Jarislowsky Chair in governance, HEC Montréal, Canada
Pierre-Majorique Léger - HEC Montréal, Canada
Li Li - Montpellier Business School, France
Sylvain Sénécal - HEC Montréal, Canada

Discussant: Fotini Economou - Centre of Planning and Economic Research (KEPE), Hellenic Open University & Open University of Cyprus, Greece

A longstanding controversy in accounting and finance is whether financial markets are governed by rational forces or by emotional responses. The dominant view is that investors are rational and markets efficient and that, on average, there is no room for emotions. Despite the efforts of behavioural finance which challenges those assumptions, prior research based on archival or self-reported data has not opened the “black box” of the potential role of emotions in investors’ beliefs revision, a crucial intermediate between information and prices. To overcome this hurdle, we study the role of emotions as a complement to rationality in the decision-making process of traders by measuring their electrodermal response, a proxy for emotional response, during an experiment modeled on a simple but representative investment decision. This multi-trial within-subject experiment exposes each subject-trader to the announcement of earnings and to the revelation of the gain or loss on his investment decision. While controlling for other variables likely to affect a trader’s emotions, we find a statistically significant change in the emotional response of subject-traders when they are informed of their gains or losses. Furthermore, in line with Prospect theory, losses trigger a higher emotional response than gains. We also find that emotions moderate the “rational” relationship between unexpected earnings and excess stock returns.

"The Impact of “Fear” on Herding Estimations"
Fotini Economou - Centre of Planning and Economic Research (KEPE), Hellenic Open University & Open University of Cyprus, Greece
Christis Hassapis - University of Cyprus, Cyprus
Nikolaos Philippas - University of Piraeus, Greece

Discussant: Cristina Ortiz - Universidad de Zaragoza, Spain

The recent global financial crisis has clearly demonstrated the impact of investor sentiment on stock markets. As a result, herd behavior has attracted researchers’ interest due to its important implications for the stock market efficiency and its potential destabilizing effect. In this paper we examine the impact of investors’ “fear” captured by the well known and acknowledged implied volatility indices on herding estimations. To this end we employ daily data of all listed stocks, active or dead, from Greece, Germany, UK and US from January 2004 to July 2014. The stock markets under examination also provide comparable implied volatility indices that are all constructed based on the CBOE VIX methodology. We examine herd behavior applying the cross sectional dispersion approach in the same spirit with Chang et al. (2000), augmenting the benchmark model with the “fear” indicators. Moreover, we investigate the asymmetric herding behavior under different market states as well as during the crisis period taking always investor sentiment into consideration. The empirical results provide useful insight for investors and regulators, testing for the impact of “fear” on herd behavior estimations within and across markets.

"Disposition Effect in Spanish Domestic Equity Funds"
Cristina Ortiz - Universidad de Zaragoza, Spain

Discussant: Li Li - Montpellier Business School, France

This paper approaches the disposition effect in Spanish domestic equity portfolio managers. There is no significant tendency to hold on losses and selling winners for sophisticated investors for the entire period. However, a high proportion of funds shows disposition effect, especially subsamples that correspond to important downward trends in stock markets. Funds that hold a small number of stocks with higher past returns are more prone to disposition effect and past performance is positively related to disposition effect. This study is the first to show that disposition effect might not be a cognitive bias inherent to the person, but depends on the type of stock. Stocks with small fund portfolio shares are more prone to be hold onto losses than on winners. The special bets of managers for small proportion of the portfolio are also disposition-driven behaviour.

SESSION 20 **Chloe**

FUNDS I
Session Chair: Nihal Bayraktar - Pennsylvania State University, USA

"Do Mutual Fund Flows Chase Security Returns?"
Heung-Joo Cha - Univeristy of Redlands, USA

Discussant: David Nanigian - The American College, USA

The unprecedented growth of mutual funds has brought about the need for an understanding of the relationship between mutual fund flows and security returns. In this paper, I examine the dynamic relationship between security returns and mutual fund flows. I employ various empirical methods including VAR (vector-autoregression) analyses, and Granger causality tests. The findings include: (i) stock market performance Granger-causes equity mutal fund flows but not vice versa, which is contrary to the popular belief that equity mutual fund flows lead stock price changes; (ii) there is weak evidence of causality from equity fund flows to index prices mainly through the cointegration term; (iii) S&P 500 returns and equity fund flows comove over time, while Treasury bond and bill returns do not appear to comove with their corresponding fund flows; (iv) the most significant factors explaining mutual fund flows appear to be measures of security performance in the U.S. financial market.

"Redemption Fees: Reward for Punishment"
Michael Finke - Texas Tech University, USA
David Nanigian - The American College, USA
William Waller - University of North Carolina at Chapel Hill, USA

Discussant: Laura Andreu - University of Zaragoza, Spain

Short-term redemption fees have become increasingly prevalent amongst mutual funds. Mutual funds impose redemption fees with the intent of maximizing the wealth of mutual fund shareholders through discouraging them from engaging in frequent trading activity. This paper empirically analyzes if and how redemption fees achieve this goal. We find that mutual funds with redemption fees outperform their counterparts by 1.0 to 1.4 percent a year. Moreover, performance increases by 0.5 to 2.4 percentage points a year following the initiation of a redemption fee such that the difference in performance between the two groups of funds is indeed attributable to the fee. We find that the fee improves performance through changing portfolio characteristics. Most notably cash holdings decrease by 77 to 102 basis points after fee initiation.

"The Value Added by Trading Strongly Influenced by Manager Motivation"
Laura Andreu - University of Zaragoza, Spain
Lydia Mateos - University of Zaragoza, Spain
Jose Luis Sarto - University of Zaragoza, Spain

Discussant: Heung-Joo Cha - Univeristy of Redlands, USA

We investigate the value of active mutual fund management by examining the trades of Spanish domestic equity mutual funds from December 1999 to December 2011. We firstly find that stocks purchases by funds have significantly higher excess return over the market than stocks they sell in the short-term. Second, the paper finds that portfolios comprised of large stock purchases according to the money available for the fund which represents valuation-motivated buys in which the manager is making personal bets outperform funds with a lower proportion of valuation-motivated buys in the next period. Similarly, portfolios that comprise a high proportion of valuation-motivated sells outperform subsequently to the remaining portfolios not only in the short-term but also in the long-term. Finally, we also find that the concentration of the trades in a small number of securities when managers have strong valuation beliefs and are making their own bets on these stocks increases the value added to the fund performance.

SESSION 21 **Board Room 1**

ASSET PRICING III
Session Chair: Lung-Fu Chang - National Taipei University of Business, Taiwan

"Liquidity Risk and Asset Pricing in French Stock Market: A Comparative Analysis"
Sheraz Ahmed - Lappeenranta University of Technology, Finland
Arseny Gorbenko - Lappeenranta University of Technology, Finland

Discussant: Vasilios Sogiakas - University of Glasgow, UK

This paper investigates pricing of liquidity in the French stock market. The authors utilize the liquidity-adjusted capital asset pricing model (LCAPM) recently developed by Acharya and Pedersen (2005) and incorporates three different liquidity measures, namely Amihud, FHT, and PQS, to test whether liquidity level and risks significantly affect stock returns. It appears that the findings largely depend on the liquidity measure used. In general, the results exhibit more evidence for insignificant influence of liquidity level and risks as well as market risk on stock returns. Nevertheless, the difference in the results between these measures provides new insight to the existing literature on this topic. The Amihud-based findings might indicate that market resiliency is not priced in the French stock market. At the same time the contradicting results from FHT and PQS provide some foundation for the hypothesis that one of two leftover liquidity dimensions – market depth or breadth – should significantly affect stock returns.

"Risk of Liquidity Risk Premium"
Yuping Huang - University of Glasgow, UK
Vasilios Sogiakas - University of Glasgow, UK

Discussant: George Athanassakos - University of Western Ontario, Canada

Most of the empirical and theoretical work on liquidity and asset pricing focuses on the determination and quantification of the liquidity risk premium. During the last decade however, the interest of many researchers has been attracted by the risk of the liquidity risk premium. A negative relationship has been addressed between risk of trading activity and asset prices which is attributed mostly on the clientele effect. Our paper underlines this finding and provides a comparative analysis of the volatility of liquidity risk through an asset pricing framework considering several dimensions of liquidity such as transaction cost, trading activity and price impact. Our empirical findings are consistent with the literature and additionally provide evidence of a heterogeneity that is apparent with respect to the liquidity component under examination (i.e. transaction cost, trading activity and price impact) as well as to the risk metric which is adopted.

"Value, Size, Liquidity and Volatility Effects Revisited: The Case of Cross-Listed vs Non Cross-Listed Canadian Stocks"
George Athanassakos - University of Western Ontario, Canada

Discussant: Sheraz Ahmed - Lappeenranta University of Technology, Finland

The purpose of this paper is to address the following key question. Do cross-listed and non-cross-listed firms behave similarly or there are distinct differences between them that make grouping cross-listed and non-cross-listed stocks in one basket bias results and produce unfounded generalizations and conclusions? For the period 1982-2012, we find distinct differences between cross-listed and non-cross-firms. First, the forward returns for the cross listed firms are lower than those of the non-cross listed firms. Second, among cross listed firms, the ones with the highest forward returns are those that differ the most from the corresponding non-cross listed firms. Third, cross listed and non-cross listed firms differ significantly with regards to the response of their returns to firm-size and the volatility differences. We find that non-cross listed firms drive the size premium in the aggregate data as the size premium is much larger for non-cross listed than cross listed firms. Given that non-cross listed stocks are more numerous than the cross listed ones in the aggregate sample, this means that the size premium observed in aggregate data is not as generalizable as one may think.

Refreshments 3:45 - 4:00 p.m.

SESSION 22 **Meliton Hall A**

ACCOUNTING ISSUES II
Session Chair: Theodore Sougiannis - University of Illinois, USA

"Intangible Assets from a Legal and a Finance Perspective: The Case of Polish Companies"
Thomas Hatzigagios - University of Macedonia, Greece
Katerina Lyroudi - Hellenic Open University, Greece
Monika Bolek - University of Lodz, Poland

Discussant: Zhaoyang Gu - Chinese University of Hong Kong, Hong Kong

The new challenge before today's CEOs and executives is to realize that intellectual property (patents, trademarks and copyrights) are not only legal matters but also corporate finance matters. They are the assets that enhance corporate value and offer the company a new competitive advantage. The proper exploitation and measurement of intellectual property or intangibles, gives strategic and financial benefits to the underlying organization. In this paper, first the concept of intellectual property is defined and analysed based on the existing literature from a legal point of view. Second, the relationship between a firm's intangible assets with its liquidity, and market value is examined, for a sample of non financial companies listed in the Warsaw Stock Exchange (WSE) in Poland, a transition economy that has become a member of the European Union. The empirical results indicate a negative relation between a firm's intangibles and its liquidity as measured by the cash conversion cycle and a positive relation between a firm's intangibles and its market value.

"Income Smoothing and the Prediction of Future Cash Flows"
Zhaoyang Gu - Chinese University of Hong Kong, Hong Kong

Discussant: Andrianos Tsekrekos - AUEB, Greece

Income smoothing through accounting accruals is a prevalent accounting phenomenon. Both proponents and opponents of income smoothing predict market rewards to income smoothing either because income smoothing conveys useful information or because the market is fooled by the smoothed income. I distinguish between these two views by examining whether the market reward is justified by the underlying fundamentals, i.e., whether income smoothing conveys information about firms' future cash flows. I find that income smoothing is associated with higher predictive ability of income for future cash flows, higher predictive ability of the accruals for future cash flows, and lower volatility of future cash flows. These results suggest that the information role of dominates the opportunistic use of income smoothing.

"Accounting Quality, Information Risk and the Term Structure of Implied Volatility around Earnings Announcements"
Seraina Anagnostopoulou - AUEB, Greece
Andrianos Tsekrekos - AUEB, Greece

Discussant: Jacek Gad - University of Lodz, Poland

We examine the association between accounting quality, which is used as a proxy for firm information risk, and the behavior of the term structure of implied option volatility around earnings announcements. By employing a large sample of US firms having options traded on their equity during 1996-2010, we find that lower (higher) accounting quality is significantly associated with stronger (weaker) changes in the steepness of the term structure of implied volatility curve around quarterly earnings announcements. This finding is robust to controls for business stemming-uncertainty about future firm performance, and it is consistent with stronger long-term uncertainty for higher information risk firms, indicating greater uncertainty on the future economic performance of poorer vs. stronger accounting quality firms. We also establish the trading implications of these findings by demonstrating a (profitable in-sample) self-financed option trading strategy that is based on the quality of the accounting information released on earning announcement days.

"The Main Disclosures about Control over The Financial Reporting: The Practice of Companies Listed on The Warsaw Stock Exchange (WSE)"

Jacek Gad - University of Lodz, Poland
Ewa Walinska - University of Lodz, Poland

Discussant: Thomas Hatzigagios - University of Macedonia, Greece

The aim of this paper is to answer the question whether, and, if so, to what extent, control over financial reporting is exercised in practice. An attempt was made to measure the control by analysing the disclosures regarding the control over financial reporting which were included in the annual reports and statements on corporate governance. This part of the research was of qualitative nature. In addition, quantitative research was carried out in an attempt to identify factors which affect the scope of disclosures concerning control over financial reporting.The annual reports of the companies listed on the WSE were the subject of the research. The research problems presented in this article with regard to the disclosures about the control over financial reporting have only been discussed to a limited extent in the literature. It seems that the list of disclosures is an important part of this paper. It can serve as a reference point for the development of a disclosure index and, additionally, provide a basis for a verification of research questions that may be posed in the future.The results of the study indicate that there was no single form of disclosing the information on internal control and risk management systems in relation to financial reporting in the reporting practices of the public companies listed on the Warsaw Stock Exchange in 2011. The disclosures were different both in terms of the degree of detail and the content.

SESSION 23 **Meliton Hall B**

BEHAVIORAL III

Session Chair: Dimitris Petmezas - University of Surrey, UK

"The Differences between Choice Task and Matching Task in Eliciting Time Preferences"

Offer Shapir - Ben-Gurion University, Israel
Tal Shavit - Ben-Gurion University, Israel
Ui Benzion - Emek Israel College, Israel

Discussant: Stéphanie Serve - University of Cergy-Pontoise, France

This paper investigates two popular methods of eliciting time preferences: choice task using Multiple Price List (MPL) and matching task using Open-Question. The subjective discount rates (SDR) were collected from the Willingness To Pay (WTP) and Willingness to Receive (WTR) of approx 400 subjects over different time horizons. For each method (choice and matching) we use different groups of subjects and found that SDR using choice task is significantly lower than of matching task both for WTP and WTR. These differences are getting weaker with time. The mechanism differences and the complexity structure of the matching task relative to MPL structure may cause higher SDR compensating for the effort. While matching task is basically very similar to first price auction, MPL mechanism is more like second price auction. We also find hyperbolic structure of time discount rates.

"Multiple Banking Relationships: Do SMEs Mistrust Their Banks?"

Catherine Refait Alexandre - University of Franche Comté - CRESE, France
Stéphanie Serve - University of Cergy-Pontoise, France

Discussant: Nojoud Habash - Birzeit University, Palestinian Territory, Occupied

We investigate whether multiple banking relationships are explained by firms' characteristics (size, age, performance and risk) or by the quality of banking relationship as measured by the trust the firm feels toward its main bank. We use the results of an original survey conducted on a sample of French SMEs in December

2012. According to the traditional theoretical framework of multiple banking, we find that the most performing firms are more likely to engage in multiple banking relationships. We also highlight the explanatory power of an alternative model based on two characteristics of the banking relationship, distance and trust: when the manager is closer to his loan officer, or when he expresses the desire to build a valuable relationship, then the firm will be less likely to engage in multiple banking relationship.

"Fast Food Franchise Invasion in the Gulf Cooperation Council Countries: is it a Temporary or Permanent Wave?"

Nojoud Habash - Birzeit University, Palestinian Territory, Occupied

Discussant: Offer Shapir - Ben-Gurion University, Israel

This paper aims to describe the expansion of fast food franchising at the Gulf Cooperation Countries GCC, a phenomenon that has attracted the attention of variety of franchising companies (in different field and mainly in fast food field) around the world toward the GCC. Using the conditional logit model on a sample of 38 western fast food franchises in the GCC, we have tested investment decision from three dimensions: economic, political and cultural. The paper shows that the key attractions for franchisors looking to expand their operations within the GCC were consistent with the general growth in this region which is connected with the attractive investment climate beside the concentration of high net-worth individuals, favorable regulations, and a young and upwardly mobile consumer market. The paper shows that such results are related to the gulf local's affection with the Eastern culture including eating habits. Moreover, the paper pointed that both American and European international investment are the dominators on the GCC not only in respect to fast food but also to all kind of Middle East and mainly the Gulf investment opportunities.Finally, the paper presents a set of recommendations for policy makers and regulators to give more consideration to the idea of investment variety that based not only on the economy needs but also on the locals preferences; as long as such desires consist with the region traditions and culture.

SESSION 24 **Terpsihori**

OPTIONS

Session Chair: Anastasios Malliaris - Loyola University Chicago, USA

"A Generalization of the Recursive Integration Method for the Analytic Valuation of American Options"

Lung-Fu Chang - National Taipei University of Business, Taiwan
Jia-Hau Guo - National Chiao Tung University, Taiwan
Mao-Wei Hung - National Taiwan University, Taiwan

Discussant: Edgar Ortiz - Universidad Nacional Autonoma de Mexico, Mexico

This article provides a general accelerated recursive integration method for pricing American options based on stochastic volatility and double jump processes. Our proposed model is a generalization of the recursive integral representation method and nests various option pricing models. Under stochastic volatility and double jump processes, American option prices can be evaluated by the sum of a corresponding European option price and an early exercise premium integral. Numerical results show that our proposed method is efficient and accuracy in computing American option values.

"Real Options Analysis of a Mexican Biotechnological Enterprise"

Elio Martínez Miranda - Universidad Nacional Autónoma de México, Mexico
Alejandra Cabello - Universidad Nacional Autónoma de México, Mexico
Edgar Ortiz - Universidad Nacional Autonoma de Mexico, Mexico

Discussant: Federico Platania - University of Liege, Belgium

To overcome the limitations of traditional valuation tools particularly concerning risk and flexibility, Real Options Analysis (ROA) has been frequently recommended for the case innovative enterprises and their products; this preference is directly linked the R&D products of technological enterprises. Many uncertainties surround these type of projects such as those produced by biotechnological and pharmaceutical firms; besides all risks and competition associated with all new products and services, they are characterized by multistage decision making processes, subject to new available information. This paper applies Real Options Analysis to value a Mexican biotechnological corporation producer of three important antivenom products marketed mainly in the United States. Valuation is carried out in terms of a corporate investment portfolio and employing a European rainbow compound option.

"Real Options Valuation under Uncertainty"
Marie Lambert - University of Liege, Belgium
Manuel Moreno - Universidad de Castilla la Mancha, Spain
Federico Platania - University of Liege, Belgium

Discussant: Lung-Fu Chang - National Taipei University of Business, Taiwan

In this paper we develop a novel valuation model and methodology to value a pharmaceutical R&D project based on real options approach. The real options approach enables the possibility of optimally abandon the project before completion whenever the investment cost turns out to be larger than the expected net cash flow stream. On the other hand, the proposed model accounts for two different sources of uncertainty, those are technical and economic risk. This model incorporates a novel economic state vector where each economic state captures the interaction among different market and economic forces using Fourier series as the particular basis for the economic function space. In this sense, Fourier series are considered as an aggregate of forces playing arelevant role in the process evolution determining the cash flow structure and also allowing us to properly define an economic scenario where the project will be developed.

SESSION 25 **Erato**

MARKET COMPETITION
Session Chair: George Athanassakos - University of Western Ontario, Canada

"Do Firms Continue Excessively? An Empirical Analysis"
Varouj Aivazian - University of Toronto, Canada
Asad Priyo - North South University, Bangladesh
Mohammad Rahaman - Saint Mary's University, Canada

Discussant: Eda Orhun - Zayed University, United Arab Emirates

Firm entry and exit decisions are central to theories of market organization and the firm, and to the efficiency of a competitive market environment. Timely exit by “inefficient” firms is essential for the reallocation of economic resources from lower-value to higher-value users. If firm performance continues to decline it may become optimal to dismantle the firm and release its assets to higher-valued outside uses. However, different stakeholders in the firm may disagree about the exit decision and its timing. In some cases stockholders and/or managers with control rights may prefer continued operation of the firm even when the liquidation value of the firm exceeds its continuation value. In this paper we investigate the problem of excessive continuation among U.S. firms. Using firm level data for the period 1970-2011 we observe that on average 13.6% of the U.S. firms continued excessively each year. The average duration of excessive continuation was 3.6 years with costs for such firms of about 15.9% in cumulative loss of returns on assets. We employ a discrete-time hazard model using multi-period Logit regressions and find that greater liquidity, greater debt maturity, weaker debt covenants and greater shareholder-management agency problem are all positively associated with excessive continuation.

"Voluntary Disclosure and Market Competition: Theory and Evidence from The U.S. Services Sector"
Nathan Dong - Columbia University, USA
Eda Orhun - Zayed University, United Arab Emirates

Discussant: Sotirios Kokas - University of Essex, UK

This paper analyzes a firm's incentives to disclose private information about market demand and its cost when there is a potential entrant. The model illustrates that if signaling to the credit market is not in question, there is a unique fully revealing disclosure equilibrium in which every type of the incumbent, except the high demand-high cost type is transparent. This result is due to the strong incentive of the high demand-high cost type to be nontransparent in any equilibrium candidate in order to discourage entry. However, if one considers the effect of signalling to the credit market which would be especially critical for high-debt firms, a partial disclosure equilibrium where high demand-high cost type pools with the incumbent type with the least prospects (the low demand-high cost type) may also occur. This is due to a second force affecting the disclosure policy, which is the incumbent's own profitability. We use the panel data of service firms in the U.S. to test our theoretical predictions. Consistent with the model's implications, the empirical results indicate that among low-debt service firms, those of high demand-high cost type are likely to avoid information disclosure, whereas among high-debt firms, those of high demand-high cost and low demand-high cost types are less likely to disclose private information.

"Bank Market Power and Frim Performance"
Manthos Delis - University of Surrey, UK
Sotirios Kokas - University of Essex, UK
Steven Ongena - University of Zurich, Switzerland

Discussant: Bertrand Jérémie - Universite de Lille, France

We examine the interrelationship between bank market power and firm performance, using bank-firm relationships for syndicated loan deals. We show that the relatively poor-performing firms in the year prior to loan origination, obtain credit from banks with relatively high market power. However, bank market power positively affects the performance of firms in the year after the loan origination, albeit this effect turns negative for very high levels of market power. Thus, our results validate the hypothesis that bank market power, up to a certain extent, is beneficial as a means to enhance the availability of credit to worse-performing firms and, in general, to improve the future performance of the borrowing firms.

"Impact of Banking Competition on Lending Technologies"
Jean-Christophe Statnik - University of Lille, France
Bertrand Jérémie - Universite de Lille, France

Discussant: Varouj Aivazian - University of Toronto, Canada

For the past 20 years, scholars have extensively discussed the impact of banking competition on the choice between transactional and relationship lending technologies, both empirically and theoretically, but have not yet come to a resolution. This study addresses this question using a new approach to relationship lending: a measure of the actual level of soft information banks use at the time of loan pricing. Using this new approach, the authors conclude that banks prefer to implement relationship lending technology when competition is weak. In addition, with regard to the shape of the relationship between competition and relationship banking, they find that, in accordance with extant theoretical conclusions, this relationship is nonlinear and concave.

SESSION 26 **Thalia**

REAL ESTATE
Session Chair: Aleksander Aristovnik - University of Ljubljana, Slovenia

"Real Estate and Consumption Growth as Risk Factors:An Empirical Asset Pricing Approach"
Benoit Carmichael - Laval University, Canada
Alain Coen - University of Quebec in Montreal, Canada

Discussant: Roselyne Joyeux - Macquarie University, Australia

The objective of this article is to study the influence of equity market, the consumption growth and the return on real estate wealth on asset returns. The latter risk is generally neglected in the financial literature. The role played by real estate assets in the recent financial crisis calls this omission into question. A linear multifactor pricing model with real estate wealth return as a potential risk factor is built and estimated to study the importance of real estate for asset pricing. Estimates are based on CRSP's monthly decile portfolio returns from January 1972 to December 2013. The real estate risk factor is one of the FTSE NAREIT US Real Estate Index Series. GMM results show that real estate wealth risk is priced by the market. To check robustness, we also report results for two equal length sub-samples. This exercise reveals that the real estate factor is particularly useful to explain the cross-sectional variation of returns in the last two decades generally associated with the so called real estate bubble.

"Fundamentals and the Volatility of Real Estate Prices in China: A Sequential modelling strategy"

Yongheng Deng - National University of Singapore, Singapore
Eric Girardin - Aix Marseille University, France
Roselyne Joyeux - Macquarie University, Australia

Discussant: Maria Chondrokouki - AUEB, Greece

In a similar way to the stock market, the housing market in China has often been portrayed as highly speculative, giving rise to “bubble” concerns. Over the last decade, residential prices increased every year on average by double digits in Beijing or Shanghai (Deng, Gyourko and Wu, 2012). However many observers and researchers argue that fundamentals of the housing sector, both sector-specific and macroeconomic, may have been the driving forces behind housing price volatility. While existing empirical work exclusively relies on downward-biased official housing prices, this paper uses original high-frequency hedonic residential price series for Beijing and Shanghai to test such alternative hypotheses. We propose a sequential research strategy including explosive unit root tests (Phillips, Shi and Yu, 2014), the filtering of microstructure noise (Bollerslev et al. 2015) and a Mixed Data Sampling (MIDAS) methodology (Ghysels et al, 2007, Engle et al., 2013) which enables us to document that fundamentals can indeed account for movements in housing price volatility, as well as transaction volume.

"The Role of Uncertainty in Investment: An Examination Using Residential Real Estate Data from Eight OECD Countries"

Maria Chondrokouki - AUEB, Greece
Andrianos Tsekrekos - AUEB, Greece

Discussant: Alain Coen - University of Quebec in Montreal, Canada

This study empirically tests the uncertainty-investment relationship using aggregate construction data on residential real estate from eight OECD countries: Belgium, Denmark, Finland, Greece, Japan, Norway, Spain and Sweden. After controlling for built-asset price, construction costs, expected rent, interest rate levels, expected growth of real rents and systematic risk, we find that uncertainty is significantly negatively related to the rate of investment in almost all examined countries. This finding appears robust to a number of alternative measures that we use to proxy uncertainty or aggregate investment. Moreover, by extending the investigation to long-run equilibrium relationships between investment and total uncertainty, we conclude that our findings support the notion that the ability to delay decisions in the face of uncertainty and irreversibility are important aspects of investment in real estate.

SESSION 27 **Chloe**

CAPITAL STRUCTURE II

Session Chair: Vasily Tkachev - Moscow State Institute of International Relations MGIMO-University, Russian Federation

"The Influence of National Culture on the Capital Structure of SMEs"

Gillian Fairbairn - University of Stirling, UK
Darren Henry - La Trobe University, Australia
Ioannis Tsalavoutas - University of Glasgow, UK

Discussant: Nihal Bayraktar - Pennsylvania State University, USA

Variations in entrepreneurial attitudes towards risk and control imply a link between the capital structure of SMEs and national culture. We investigate this unexplored relationship, using two of Schwartz's latest cultural dimensions (Embeddedness and Hierarchy) and a panel data sample of almost 627,000 observations from seven countries, covering the period 2006 to 2008. Using a panel tobit model, our results show that Hierarchy is negatively related to debt levels not only for the full sample, but also across the sub-samples of micro, small and medium firms. This suggests that managers who operate in cultures where power, authority and wealth are important cultural values use less debt. Embeddedness is also negatively related to debt levels of small and medium firms. This suggests that relatively-smaller companies in cultures which value security and public appearance tend to use less debt. Further testing shows that national culture can affect long-term, short-term debt, and the choice between the two differently. While the results for Hierarchy show a consistent, negative relationship between this dimension and both types of debt, the results for Embeddedness vary depending on the size of the firm and the duration of the debt source.

"Effects of Financial Characteristics and Fundamentals on Firms' Fixed Capital Adjustment Process"
Nihal Bayraktar - Pennsylvania State University, USA

Discussant: Mohamed Belkhir - UAE University, United Arab Emirates

Despite historically low costs of borrowing in recent years in developed countries, no major improvements have been observed in fixed investment behaviors of firms. The lack of strong investment activities has showed that firms' only concern is not the cost of borrowing while making their investment decisions. The role of fundamentals, such as expected returns on investments or expected profitability, can be crucial for their investment behavior. In this paper, the focus is on the development of a theoretical model which can reproduce empirically observed links among fixed investment, fundamental determinants, and financial characteristics of firms. A model with both convex and non-convex capital adjustment costs is improved by incorporating financial characteristics of firms into their investment decision process. The structural parameters of this model are solved by the indirect inference method reproducing the coefficients of a reduced form investment equation where profitability shocks and the cash-flow-to-capital ratio are independent variables. The findings show that the model is successful in reproducing the coefficients of the investment equation compared to the alternative models in the investment literature.

"Capital Structure in the MENA Region: Firm and InstitutionalDeterminants"
Mohamed Belkhir - UAE University, United Arab Emirates
Aktham Maghyereh - UAE University, United Arab Emirates
Basel Awartani - University of Plymouth, UK

Discussant: Ioannis Tsalavoutas - University of Glasgow, UK

This paper provides novel evidence on firm- and country-level determinants of firm capital structure decisions in the MENA region. Using a sample of 444 listed firms from ten countries, over the 2003-2011 period, or 3,717 firm-year observations, we find that leverage ratios of firms located in the MENA region are comparable to those of firms based in other developing and also developed countries. We also find that MENA firms have target leverage ratios toward which they adjust over time. Yet, the speed of adjustment varies from one country to another, possibly reflecting different institutional environments across the region. Our findings also suggest that size, asset tangibility, profitability, taxes, and growth are associated with leverage consistent with the trade-off and pecking order theories of capital structure. We further find robust evidence that better institutional quality leads firms to use more debt. Specifically, firms operating in countries with relatively more developed financial systems, stronger rule of law, and more regulatory effectiveness operate with greater financial leverage.

ASSET PRICING IV
Session Chair: Petko Kalev - University of South Australia, Australia

"Differences in Expectations and the Cross Section of Stock Returns"
Panayiotis Andreou - Cyprus University of Technology, Cyprus
Anastasios Kagkadis - Lancaster University Management School, UK
Dennis Philip - Durham University, UK
Ruslan Tuneshev - Durham University, UK

Discussant: Ioannis Papantonis - Aristotle University of Thessaloniki, Greece

This paper constructs a novel empirical firm-level proxy for differences in expectations ("DiE") among investors about expected return and stock returns distribution that is obtained from the dispersion of equity options trading volume across multiple strike prices. For the sample period from 1996:01 to 2012:12, we demonstrate that stocks exhibiting higher differences in expectations consistently earn lower returns and outperform lower differences-in-expectations stocks by 10.1% per year. Using double sorts and Hou and Loh decomposition, we also show that this effect cannot be substantially explained by any single canonical, liquidity or option-related characteristic. Finally, applying cross-sectional regression tests, we document an economically significant predictive power of our differences-in-expectations measure which is robust to that of other traditional predictors and present a strong evidence of negative return-DiE relationship.

"GARCH Option Pricing Models: Evidence from Joint Likelihood Estimations"
Ioannis Papantonis - Aristotle University of Thessaloniki, Greece

Discussant: Stratos Livanis - University of Macedonia, Greece

In this paper we utilize the affine-GARCH option-pricing framework of Heston and Nandi (2000) combined with the recently-introduced variance-dependent pricing kernel of Christoffersen, Heston and Jacobs (2013) (henceforth CHJ) that has been proved to explain some commonly observed option-pricing irregularities. In our empirical analysis we verify the validity of the implications of this kernel specification by employing a somewhat different estimation approach. We build a joint likelihood function that incorporates both spot and forward-looking information, but instead of working with the wide cross-section of index options as in CHJ, we propose to use the daily variance dynamics inferred from the VIX index to approximate the implied risk-neutral variance process. Minimizing the implied variance errors in the objective function is technically equivalent to minimizing a cross-section of vega-weighted option-valuation errors. This technique is straightforward and computationally more efficient and, as we show, it can produce similar results. We find strong evidence that support the hypothesis of priced volatility risk, since the model fits the data much better after allowing for this more flexible pricing kernel process. Our findings indicate a U-shaped pattern for the logarithmic kernel, which can be very helpful in explaining option-pricing puzzles and is also in line with the semi-parametric evidence documented in CHJ.

"Asset Allocation under the Value at Risk and Expected Shortfall"
Nikos Loukeris - University of Macedonia, Greece
A. Khuman - University of Essex, Greece
Iordanis Eleftheriadis - University of Macedonia, Greece
Stratos Livanis - University of Macedonia, Greece

Discussant: Panayiotis Andreou - Cyprus University of Technology, Cyprus

The Parametric and Monte Carlo methods are compared to estimate the Value at Risk (VaR) and the conditional Value at Risk (CVaR) in the London's FTSE 100 index. Applied to empirical stock data between 2002 to 2007, the different approaches are presented and critically discussed. The implementation of different backtesting methods, evaluates the reliability of the VaR and CVaR estimation approaches.

KEYNOTE SPEECH

8:15 - 9:00 p.m.

Professor Gikas Hardouvelis
University of Piraeus, Greece and former Minister of Finance of the Hellenic Republic

GREECE: THE WAY FORWARD

Since the January 2015 elections, the possibility of a sovereign default has had adverse consequences on all aspects of economic life in Greece, on business prospects, on exports, on investment decisions, on the flow of FDI, on economic sentiment, and of course, on bond yields, stock prices, bank deposits, and so forth. Economic activity is frozen, anxiety has come back and, instead of the promised economic take-off, which gradually took hold in 2014, a new recession has arrived, thus painting a dark picture of the future.

The current strife is caused by a collision between the new-leftist Greek government and the country's lenders. The lenders' side can neither be lenient nor super strict regarding the earlier signed agreements. Leniency creates moral hazard and threatens the stability of EMU. At the other end, super-strictness and a possible Grexit also threaten the long-term stability of EMU. Hence, the lenders' side would rather find a sensible in-between compromise, consistent with economic growth. Yet, a muddle through solution, with Greece suffering prolonged stagnation, but remaining a member of EMU, also appears acceptable to the lenders, as long as they perceive their loans to Greece would be repaid.

The Greek side behaves as if moral hazard does not exist and that lenders' only worry is the possibility of Grexit. This has caused delays. Whatever the eventual solution, the key to the way forward is the persistent implementation of structural reforms and ownership of those reforms by the population.

RECEPTION

9:00 - 10:00 p.m.

SESSION 29 **Meliton Hall A**

CORPORATE GOVERNANCE II
Session Chair: Wendy Rotenberg - University of Toronto, Canada

"CEO Accountability for Corporate Lawsuits"
Jiafu An - University of Edinburgh, UK
Jo Danbolt - The University of Edinburgh, UK
Wenxuan Hou - The University of Edinburgh, UK

Discussant: Georgios Voulgaris - University of Warwick, UK

Corporate lawsuits have been found to depress stock performance and undermine corporate reputation. We draw on agency theory and predict that CEOs should be held accountable for corporate lawsuits. By examining lawsuit cases of Chinese listed firms from 1999 to 2011, we first document that information asymmetry makes firms more likely to get involved in lawsuits, confirming the assertion from theoretical literature. We find that the incidence of lawsuits increases the propensity of CEO turnover in defendant firms regardless of lawsuit results. In plaintiff firms, such sensitivity between lawsuit and CEO turnover becomes lower if they win. Finally, we show that board independence and private controlling shareholders strengthen CEO accountability of plaintiff firms. The results are robust to the control of relevant firm characteristics, performance and governance measures and are consistent after controlling for selection bias by applying propensity score matching.

"The Impact of Investor Horizon on Say-on-Pay Voting"
Konstantinos Stathopoulos - University of Manchester, UK
Georgios Voulgaris - University of Warwick, UK

Discussant: Yoram Kroll - Ono Academic College (OAC), Israel

Shareholder investment horizons have a significant impact on Say-on-Pay voting patterns. Short-term investors are more likely to avoid expressing opinion on executive pay proposals by casting an abstaining vote. They vote against board proposals on pay only in cases where the CEO already receives excessive pay levels. In contrast, long-term investors typically cast favourable votes. According to our findings this is due to effective monitoring rather than collusion with the management. Overall, investor heterogeneity in terms of investment horizon helps explain Say-on-Pay voting, in particular the low levels of Say-on-Pay dissent, which have recently raised questions over the efficiency of this corporate governance mechanism.

"The Degree of Operating, Financial and Total Leverage: A New Analytic Free Cash Flow Paradigm"
Yoram Kroll - Ono Academic College (OAC), Israel
David Levhari - Hebrew University of Jerusalem, Israel
Sivan Riff - Haifa University, Israel

Discussant: Lin Guo - Suffolk University, USA

The conventional degree of Operating, Financial and Total leverage (DOL, DFL and TDL respectively), measure return and risk in terms of expected profit and the elasticity of profits with respect to output or sales. Our analysis differs from the conventional in two aspects. First, in our analysis Free Cash Flow (FCF) replaces profit as the expected level of FCF and its risk is more relevant for all the investors (bond and stock holders) and thus it is also more relevant than profit for valuation of Enterprise Valuation (EV). Secondly, in contrast to the conventional elasticity risk measure that assumes implicitly that variability of output the source of risk and price and variable cost per unit are constant, our model reflects the impact of uncertain exogenous shocks on the demand of the product and the then the optimal production level is determined endogenously. Our measures of the elasticity assume that the firm maintains optimal production level. The FCF in our model considers only the tax benefit of leverage versus the overall cost of default. Recent

theoretical and empirical studies shows that the expected level of this component is very significant and can determine capital structure. Our model determines simultaneously optimal levels of production, investment and leverages that maximize expected cash flow and minimize its elasticity measure of its risk.

"Private Institutional Ownership and Firm Value of Public Companies in China"
Lin Guo - Suffolk University, USA
Stefan Platikanov - University of Massachusetts, USA

Discussant: Jiafu An - University of Edinburgh, UK

Using information on the identity and percentage ownership of the ten largest shareholders in Chinese nonfinancial firms during the 1999-2010 period, we examine private institutional investors' preferences for specific firm characteristics and then investigate how ownership by these investors affects firm value. We find that private institutional investors prefer large and profitable firms with more growth opportunities and better corporate governance quality while they try to avoid firms in which the state government is the ultimate controlling entity, and firms with high stock trading volume. We distinguish between ownership by private grey institutions, e.g. banks and insurance companies, and ownership by private independent institutions, e.g. pension funds, asset management, investment advisory, and venture capital firms. We find that private institutional ownership is positively associated with company Tobin's Q and operating performance, and the effect is mainly driven by the ownership of independent institutions. The positive impact of ownership by independent institutions starts small and insignificant in the beginning of the sample period and grows strong and significant in the second half of the period, suggesting the gradual strengthening of the monitoring role of these investors over time. In contrast, the previously documented negative impact of grey institutions' ownership seems to be gradually disappearing.

SESSION 30 **Meliton Hall B**

BANKRUPTCY
Session Chair: Vikash Ramiah - UNISA / RMIT University, Australia

"How do the Bankruptcy Systems Perform in Eastern Europe?"
Regis Blazy - University of Strasbourg, France
Nicolae Stef - University of Strasbourg, France

Discussant: Mehmet Karan - Hacettepe University, Turkey

For post-socialist countries, an important aspect of the bankruptcy law attractiveness is based on its relative performance of generating higher recoveries. This article uses an original database of 561 closed bankruptcy cases in three Eastern European countries, Hungary, Poland, and Romania. We use this data to evaluate the main determinants of the bankruptcy systems' performances during the post-transitions era. Precisely, we wonder if the specificities of the local bankruptcy codes are significant enough to influence to creditors' recoveries. Besides, we test for the main determinants of the total recoveries, which might be impacted by the presence of private creditors and/or the concentration of the claims. We also contribute to the literature by measuring the priority order of repayment between the competing classes of creditors: namely the public, the social, and the private claims. We additionally investigate the level of competition between those classes of creditors.We confirm some passivity from the public creditors. The Eastern bankruptcy systems also provide stronger protection of the private secured claims than the public ones. From that view, the post-socialist economies mimic the prioritization of secured creditors that characterizes most of Western European bankruptcy systems. Last, the Eastern European bankruptcy systems have successfully implemented competition between the various classes of creditors, which we interpret as a sign of maturity.

"Credit Risk Evaluation of Turkish Households Aftermath the 2008 Financial Crisis"
Mustafa Kaya - Hacettepe University, Turkey
Özgür Ayaydin - University of Illinois at Chicago, USA
Mehmet Karan - Hacettepe University, Turkey

Discussant: Martin Gurny - Macquarie University, Australia

The objective of this study is to determine the impact of demographical and financial attributes of Turkish households aftermath the 2008 financial crisis. We obtain the data from Turkish Statistical Institute (TURKSTAT) on a panel of 13,979 households between the years 2008 and 2012. We apply our estimations on two stages. First we use logistic regressions to detect which attributes are likely to lead to default. Second we make robustness test with Survival Cox Analysis and evaluate the impacts of these attributes again. Our results show that the attributes that affect the default are; household income. standard deviation of the household income, age, education and gender.

"Prediction of US Commercial Bank Failures via Scoring Models: The FFIEC Database Case"

Martin Gurny - Macquarie University, Australia
Egon Kalotay - Macquarie University, Australia
Stefan Trueck - Macquarie University, Australia

Discussant: Mehmet Goktan - California State University, East Bay, USA

We examine the performance of static and multi-period credit-scoring models for determining probabilities of default (PDs) of financial institutions. We use an extensive database for the US provided by the Federal Financial Institutions Examination Council (FFIEC). Academic research linked to the performance of rating models for financial institutions is rather limited, as most studies mainly focus on corporates and, due to their different balance sheet structure, often exclude financial institutions from their sample. However, the importance of assessing the default risk of financial institutions has become even more obvious since the recent period of financial and economic turmoil during the financial crisis. We use an extensive sample of more than seven thousand US commercial banks that also contains over four hundred default events, using the unique FFIEC database. Our analysis also focuses on evaluating the performance of the considered scoring techniques. We apply a substantial number of model evaluation methods, including techniques that have not yet been applied in the literature on credit scoring. We also provide an overall ranking of the models according to the different evaluation criteria. We find that the considered scoring models provide a high predictive accuracy in distinguishing between default and non-default financial institutions. The proposed models perform very well also in comparison to results on scoring techniques for the corporate sector.

"Corporate Governance and Firm Survival"

Mehmet Goktan - California State University, East Bay, USA
Robert Kieschnick - University of Texas at Dallas, USA
Rabih Moussawi - Villanova University, USA

Discussant: Nicolae Stef - University of Strasbourg, France

We examine how various aspects of corporate governance influence the likelihood of a public corporation surviving as a separate public entity and in doing so address several unaddressed issues with prior research. Examining managerial ownership, board size/structure, corporate governance provisions, and state laws for a large sample of U.S. public corporations, we present evidence that outsider dominated boards and lower restrictions on internal governance play a major role in corporate survival. Further, our results suggest that some corporate governance factors are more important determinants of survival outcomes than many economic factors that have figured prominently in prior research.

SESSION 31 **Terpsihori**

CRISIS III

Session Chair: Lorne Switzer - Concordia University, Canada

"Private Bank Lending and Growth: Is too much Harmful for the Economy?"

Demetris Koursaros - Cyprus University of Technology, Cyprus
Nektarios Michail - Central Bank of Cyprus, Cyprus
Christos Savva - Cyprus University of Technology, Cyprus

Discussant: Simona Mutu - Babes-Bolyai University, Romania

We examine whether too much private lending harms economic growth using a Smooth Transition Conditional Correlation (STCC) model in the G7 countries. We find that there exists a positive correlation between lending and growth both before as well as after private debt to GDP thresholds. This correlation exhibits diminishing returns in the G7 countries but never switches sign. Our results indicate that since the level of debt does not affect growth, its distribution will have to, posing some important policy implications.

"The Impact of Policy Interventions on Systemic Risk across Banks"

Simona Mutu - Babes-Bolyai University, Romania
Steven Ongena - University of Zürich, Switzerland

Discussant: George Chalamandaris - AUEB, Greece

This paper investigates the impact of policy interventions on systemic risk across banks. Focusing on a comprehensive sample of European banks during the period 2005-2011, we first identify the relevant number of domestic and global systemically important banks. Their contribution and exposure to systemic risk intensifies after 2008. State loans and guarantees end up significantly increasing banks` contribution and exposure to systemic risk, especially for smaller banks, while impaired assets acquisitions at best have a limited effect for large and potentially illiquid banks. Only recapitalizations and nationalizations significantly reduce banks` contribution and exposure to systemic risk, but this effect seems difficult to obtain for large or risky banks.

"News Trading in the CDS Market and the Incremental Information Content of Published Financial Statements"

George Chalamandaris - AUEB, Greece

Discussant: Dimitrios Kousenidis - Aristotle University of Thessaloniki, Greece

In this article we explore whether changes in published financial statement variables are informationally important from the perspective of a CDS trader. Using an extensive dataset and a large number of financial ratios and accounting metrics, we employ a Bayesian Model Averaging framework to determine those quantities that appear to affect most CDS spread returns within different time-intervals around the announcement date. Equally importantly, we examine whether the credit market is efficient in anticipating the actual changes that will occur in the financial reports before these are published and whether the incremental information that is contained in them, is not all subsumed by the equity (stock and options) market. Our results suggest that the CDS market reacts mostly to earnings-related financial ratios, while it extracts from the financial statements significant piece of information that cannot be obtained solely from stock and implied volatility returns.

"The Market Impact of the Involvement of the EU/ECB/IMF in Crisis-Affected Countries during the European Sovereign Debt Crisis"

Dimitrios Kousenidis - Aristotle University of Thessaloniki, Greece

Discussant: Demetris Koursaros - Cyprus University of Technology, Cyprus

This paper examines whether the release of news about policy interventions by the troika (EU/ECB/IMF) in the crisis-affected EU countries (Cyprus, Greece, Ireland, Italy, Portugal, and Spain) and about the policy responses of these countries' governments had impacts on the return and risk of stocks in the financial and real-economy sectors of these countries. The results indicate that the involvement of the troika managed to reverse some adverse effects of the crisis. However, the policy response of national governments was found to not have had any significant market effects. The simultaneous release of news from the troika and from national governments had significant effects on firms in the industrial and banking sectors, suggesting that, when national governments agree on reforms with the troika, the market anticipates benefits for firms in these sectors. The implications of these results are discussed in this paper.

FIRM PERFORMANCE

Session Chair: Ron Bird - University of Technology Sydney, Australia

"Net Working Capital and Performance of UK SMEs"

Godfred Afrifa - Canterbury Christ Church University, UK

Discussant: Sunil Poshakwale - Cranfield University, UK

This paper examines the influence of cash flow on the relationship between net working capital and firm performance using a sample of 6,926 non-financial small and medium enterprises in the United Kingdom for the period from 2004 to 2013. The results show that firms with cash flow below the sample median exhibit lower investment in working capital but firms with cash flow above the sample median have higher investment in working capital. The results suggest that managers should consider their firms cash flow when determining the appropriate investment to be made in working capital, so as to improve performance. This current study incorporates the relevance of cash flow in assessing the association between WCM and firm performance. The results suggest that whilst firms with limited cash flow should strive to reduce investment in working capital, firms with available cash flow should increase investment in working capital.

"Gender Diversity and Firm Performance: UK Evidence"

Sunil Poshakwale - Cranfield University, UK
Vineet Agarwal - Cranfield University, UK

Discussant: Roel Brouwers - KU Leuven, Belgium

This paper documents the recent trends in gender diversity in the board of directors of 100 largest UK listed companies and analyses the relationship between the presence of women directors on the board and financial performance for the period 2003 to 2013. The paper shows that the percentage of firms with at least one woman on the board in 2013 has increased to 97% from 66% in 2003. This suggests that the dominance of males on the board of directors of UK Plc has been on decline. In terms of gender diversity, in 2013, 25% of the non-executive directors are women as compared to mere 11% in 2003. However, the presence of women in the executive positions on the boards has barely changed since the proportion of firms with no women executive directors in 2013 (85%) is very similar to that in 2003 (88%). Representation of women on the boards across various industry sectors of FTSE 100 companies is generally more than 25% with the exception of basic materials and oil & gas sectors.

"The Relevance to Investors of Carbon Performance under the EU ETS: A Long Term Perspective"

Roel Brouwers - KU Leuven, Belgium
Frederiek Schoubben - KU Leuven, Belgium
Cynthia Van Hulle - KU Leuven, Belgium
Steve Van Uytbergen - KU Leuven, Belgium

Discussant: Valentina Tarkovska - Dublin Institute of Technology, Ireland

In this study we examine the link between carbon emission performance and firm value under the EU ETS. First, we show that polluting firms have lower Tobin's Q values and that good environmental performance relative to industry peers pays off. Second, our results do not provide convincing support that firm value decreases when verified emissions relative to allocated emissions increase. On the contrary, our results provide strong evidence of a positive link between underallocation and firm value for three types of firms; firms with high carbon intensity, relative to industry peers; firms that are not able to pass through carbon costs and firms operating in countries with lax climate policy. These findings are consistent with the argument that increasing verified relative to allocated emissions offers an incentive to reduce carbon emissions, thereby enhancing firm value.

"CEO Pay Slice and Firm Value: Evidence from UK Panel Data"
Valentina Tarkovska - Dublin Institute of Technology, Ireland

Discussant: Godfred Afrifa - Canterbury Christ Church University, UK

This study examines a relationship between the CEO Pay Slice (CPS) – the fraction of the top five executive directors' total compensation that is captured by CEO - and firm value in the UK. CPS reflects the relative importance of CEO as well as the extent to which the CEO is able to extract rents. CPS may also alter effectiveness of board performance by influencing cooperation and cohesiveness among its members. Using a large sample of UK-listed companies over the 1997 to 2010 period, we document evidence supporting a negative relationship between CPS and firm value as measured by Tobin's Q. Our results are consistent with the hypothesis that high CPS is associated with agency problems, and is likely to impact negatively on the executive team's spirit and motivation. Our results have major implications for the on-going debate on how to reform executive remuneration, and highlight the importance of considering remuneration issues at the board level, supporting the principles of UK Corporate Governance Code (2010).

SESSION 33 **Thalia**

M&AS II
Session Chair: Alexander Groh - EMLYON Business School, France

"Do Acquirers Learn from the IPO Market?"
Nihat Aktas - WHU Otto Beisheim School of Management, Germany
Jean-Gabriel Cousin - Université Lille Nord de France, France
Ali Ozdakak - WHU – Otto Beisheim School of Management, Germany
Junyao Zhang - Université Lille Nord de France, France

Discussant: Usha Mittoo - University of Manitoba, Canada

As a result of increased information production and aggregation, acquiring companies may take make merger decisions based on valuable information they extract from public markets. Using a large sample of 14,470 deals, this paper examines acquisitions by target type and provides a novel source of information for the takeover decision - the IPO market. The results provide evidence of learning about private target acquisitions from IPO information such as underpricing or IPO proceeds. We find that the proportion of private target acquisitions significantly correlates with such indicators. Furthermore, we show that abnormal returns around the announcement of these acquisitions are positively related to signals derived from the IPO market, implying learning gains.

"Do Mergers and Qcquisitions Improve Informativeness of the Acquirer's Stock?"
Hubert De La Bruslerie - University Paris Dauphine, France

Discussant: Jocelyn Grira - UAE University, United Arab Emirates

Are mergers and acquisitions significant events that develop informativeness, which is seen as the disclosure of private and specific information after a transaction? Is the informativeness process the same in different countries? Looking only at cumulative abnormal returns (CARs) is insufficient and the results are sometimes contradictory. To answer to these questions we use the concept of informativeness first developed by Roll (1988). We consider a sample of mergers and acquisitions in the US and Europe over the 2000–2013 period. We gauge informativeness by using different measures. First, we refer to the use of the synchronicity measure to follow the change in informativeness before and after the announcement of a transaction. We also use Amihud's (2002) illiquidity ratio and several original statistics built to measure the activity of analysts to forecast EPS. We show that the disclosure process is not linked with the acquirer's abnormal returns at the announcement date. Informativeness of the stock prices does not improve systematically between, before, and after the acquisition. We show that the acquisition premium and the means of payment are particularly important in the diffusion process.

"The Role of Corporate Political Strategies in M&As"
Ettore Croci - Università Cattolica del Sacro Cuore, Italy
Christos Pantzalis - University of South Florida, USA
Jung Park - Auburn University, USA
Dimitris Petmezas - University of Surrey, UK

Discussant: Youngsoo Kim - University of Regina, Canada

In line with the view that politics can complicate M&A deals, we show that firms contributing to political action committees (PACs) or involved in lobbying are less likely to receive a bid and, if so, their takeover process is lengthier. We also find that target firms with political connections command a higher takeover premium from bidders lacking political expertise. This is consistent with the notion that target's connections not easily replicable by the bidder can render target firms' portfolios of real options more valuable. Overall, our findings suggest that corporate political strategies can be regarded as intangible-like assets, which affect takeover deals.

SESSION 34 **Chloe**

PORTFOLIO MANAGEMENT II
Session Chair: George Blazenko - Simon Fraser University, Canada

"Risk, Return, and Mean-Variance-Efficiency of Islamic and non-Islamic Stocks"
Shumi Akhtar - University of Sydney, Australia
Maria Jahromi - University of Sydney, Australia

Discussant: Stephan Gasser - WU Vienna, Austria

This study finds that Islamic stocks are more mean-variance efficient than non-Islamic stocks and the market because they reduce risk for the same level of returns. We combine a unique Malaysian dataset that identifies individual Islamic stocks since 1997 with a new method where we apply Islamic business activity and financial ratio screens to the universe of Malaysian stocks. Both datasets show that Islamic stocks have an annualised standard deviation that is on average 3.43-3.78 percentage points lower compared to non-Islamic stocks. This is due to financial ratio screens which dominate the results with 65.12% of firms excluded from the Islamic portfolio due to failure to comply with financial ratio screens, as opposed to 6.98% which fail both screens and 4.02% which fail business activity screens. While stocks that fail financial ratio screens have equal returns and higher standard deviation than Islamic stocks, stocks that fail business activity screens have higher returns and equal standard deviation to Islamic stocks. Therefore, the lower variance of Islamic stocks is exclusively driven by financial ratio screens.

"Caveat Emptor: Does Bitcoin Improve Portfolio Diversification?"
Alexander Eisl - Vienna University of Economics and Business, Austria
Stephan Gasser - WU Vienna, Austria
Karl Weinmayer - Vienna University of Economics and Business, Austria

Discussant: Zvika Afik - Ben-Gurion University, Israel

Bitcoin is an unregulated digital currency originally introduced in 2008 without legal tender status. Based on a decentralized peer-to-peer network to confirm transactions and generate a limited amount of new bitcoins, it functions without the backing of a central bank or any other monitoring authority. In recent years, Bitcoin has seen increasing media coverage and trading volume, as well as major capital gains and losses in a high volatility environment. Interestingly, an analysis of Bitcoin returns shows remarkably low correlations with traditional investment assets such as other currencies, stocks, bonds or commodities such as gold or oil. In this paper, we shed light on the impact an investment in Bitcoin can have on an already well-diversified investment portfolio. Due to the non-normal nature of Bitcoin returns, we do not propose the classic mean-variance approach, but adopt at Conditional Value-at-Risk framework that does not require asset returns to be normally distributed. Our results indicate that Bitcoin should be included in optimal portfolios. Even though an investment in Bitcoin increases the CVaR of a portfolio, this additional risk is overcompensated by high returns leading to better risk-return ratios.

"Don't Put All Your Eggs in One (Time) Basket"
Zvika Afik - Ben-Gurion University, Israel

Discussant: Maria Cortez - University of Minho, Portugal

We show that it is easy to enhance the Sharpe ratio of an investment at no additional cost. This can be achieved by purchasing the risky asset in a few installments instead of completing the investment in a single purchase. A similar argument holds for selling the risky asset. In the simple case of a geometrical Brownian motion (GBM) we prove analytically that such a strategy decreases the variance of returns without changing expected returns, relative to the one-shot strategy. We demonstrate the benefits of this strategy by bootstrapping daily S&P-500 prices for the 1985-2013 period and using Monte Carlo simulations of GBM and of a jump diffusion processes. The results are statistically significant. We show that the strategy is more effective for short investment horizons and the performance improves with the number of installment used.

"The Performance of US and European Green Funds in Different States of the Market"
Florinda Silva - University of Minho, Portugal
Maria Cortez - University of Minho, Portugal

Discussant: Shumi Akhtar - University of Sydney, Australia

This paper contributes to the literature by evaluating the performance of US and European green funds on the basis of conditional models of performance evaluation. We also evaluate the performance of green funds using alternative approaches that take into account different states of the market.Our sample of Green funds includes both US and European domiciled funds that invest globally. A total of 12 US and 61 European Global Green funds are analyzed over the period August 1996 to December 2013.At the aggregate level, the results show that, in general, the performance of global green funds is neutral. However, there are some individual funds, particularly European funds, that underperform the benchmark. Overall, our results are consistent with extant evidence on socially responsible fund performance that concludes that the inclusion of socially criteria does not lead to different performance compared to conventional funds. Therefore, investing in green funds does not seem to penalize performance. When using alternative approaches to distinguish performance in different states of the market, we observe that several European global green funds show higher performance when interest rates are higher. Also, in general, green funds tend to perform better in crisis periods. Overall, the results show some sensitivity to the criteria used to identify different states of the market.

SESSION 35 **Board Room 1**

INFORMED TRADING
Session Chair: Amalia Di Iorio - La Trobe University, Australia

"Insider Trading Returns: Does Country-level Governance Matter?"
Juha-Pekka Kallunki - University of Oulu, Finland
Jyri Kinnunen - Hanken School of Economics, Finland
Minna Martikainen - Hanken School of Economics, Finland

Discussant: Philip Gharghori - Monash University, Australia

We investigate a relation between abnormal insider returns and country-level governance in twenty European countries before and after the recent financial crisis. We measure governance by the rule of law and the control of corruption. Our study is motivated by recent discussions on the obvious adverse economic outcomes of the weak governance of certain European countries. In contrast to common belief, we find no evidence that insiders in low-governance countries earn superior abnormal returns, if compared to insiders in high-governance countries. Our results rather point to opposite: in addition to a negative relation between abnormal insider sale returns and governance, we find that insiders in high-governance countries earn higher abnormal returns on their purchase transactions, especially after the start of the recent financial crisis. The strength of the relation between governance and insider returns depends inversely and asymmetrically on the hierarchical position of an insider for sales and purchases. This finding support a view that insider trading

serves as a substitute for direct profit diversion in the case of lower-level insiders, while an information-content hypothesis can explain insider returns earned by higher-level insiders. Our results remain unaffected after controlling for various firm- and country-specific factors, including shareholder protection.

"Informed Trading Around Stock Split Announcements: Evidence from the Option Market"
Philip Gharghori - Monash University, Australia
Edwin Maberly - Monash University, Australia
Annette Nguyen - Deakin University, Australia

Discussant: Egemen Genc - Erasmus University, Netherlands

Prior research shows that splitting firms earn positive abnormal returns and that they experience an increase in stock return volatility. If they do, then the option market is an ideal venue to capitalize on this information. By examining option-implied volatility, we assess option traders' perceptions on return and volatility changes arising from stock splits. We find that they do expect higher volatility following splits. There is only weak evidence though of option traders anticipating an abnormal increase in stock prices. In further analysis where we examine cross-sectional variation in the option-implied volatility of splitting firms, we show that our option measures can predict both stock volatility levels and changes after the announcement. However, there is little evidence that they can predict the returns of splitting firms.

"Short Selling and Cross-Firm Price Impact"
Ferhat Akbas - Universtiy of Kansas, USA
Ekkehart Boehmer - Singapore Management University, Singapore
Egemen Genc - Erasmus University, Netherlands

Discussant: Jefferson Duarte - Rice University, USA

Firm-level monthly short interest is positively and significantly related to the returns of firms that compete in the same product markets. This finding is robust to standard controls and cannot be explained by industry momentum, industry lead-lag relationships, or industry information spillover effects. Short interest also contains information about the fundamentals of competing firms. Trading cost reductions are an important driver for trading a firm's competitors rather than the firm's own stocks. Our findings suggest that short sellers' trades play an important role in the price discovery of competing firms.

"What Does the PIN Model identify as Private Information?"
Jefferson Duarte - Rice University, USA
Edwin Hu - Rice University, USA
Lance Young - University of Washington, USA

Discussant: Jyri Kinnunen - Hanken School of Economics, Finland

Some recent papers suggest that the Easley and O'Hara (1987) probability of informed trade (PIN) model fails to capture private information. We investigate this issue by comparing the PIN model with the Duarte and Young (2009) (DY) and Odders-White and Ready (2008) (OWR) models of private information arrival. We find that the PIN and DY models fail to capture private information because they mistakenly associate variations in turnover with the arrival of private information. On the other hand, the OWR model, which uses returns along with order flow imbalance to identify informed trade, seems to produce patterns that are consistent with the arrival of private information.

Refreshments 10:30 - 10:45 a.m.

SESSION 36 **Meliton Hall A**

FAMILY FIRMS
Session Chair: Mehmet Karan - Hacettepe University, Turkey

"Debt Financing, Survival, and Growth of Start-Up Firms"
Rebel Cole - DePaul University, USA
Tatyana Sokolyk - Brock University, Canada

Discussant: Louise Van Scheers - University of South Africa, South Africa

This study utilizes data from the Kauffman Firm Survey to analyze the use of credit by U.S. start-up firms. We first examine what factors explain a start-up's decision to use credit, and, conditional upon using credit, its decision as to what type of credit to use—business or personal. We find that larger and better-quality start-ups are more likely to use credit in general, and of these credit users, better-quality firms are more likely to use business rather than personal credit. Importantly, the decision to use credit at the time of the firm's start-up affects subsequent firm outcomes. A firm using debt—in particular, business debt—at start-up is significantly more likely to survive and achieve a higher level of revenue than non-debt firms three years after start-up. We attribute this to the incentives and expertise of the lenders, which, for business debt, almost always are banks.

"Investigating Alternative Access to Start-Up Capital for Tshwane Built Environment SMMEs, South Africa"
Louise Van Scheers - University of South Africa, South Africa
Ernest Whitehead - Milpark Business School, South Africa

Discussant: Hyonok Kim - Tokyo Keizai University, Japan

The aim of this study was to investigate alternative access to start-up capital for Built Environment SMMEs from established support and developmental institutions in South Africa. The aim and objectives of the study have been met. The study has shown that Built Environment SMMEs accessing start-up capital from alternative funding institutions and the perceived challenges associated with accessing the finance includes the following:- More than half of the sample population did not apply to commercial institution for start-up capital, which may indicate that the SMMEs did not meet the financial requirements of the commercial institution; - More than 80% of respondents did not apply to any alternative funding institution to access start-up capital; - Approximately 80% of respondents made use of savings and other sources of funding for start-up capital; - Most SMMEs are not aware of alternative funding institutions, and that alternative funding institutions are not easily accessible.

"Accounting Information Quality and Government Guaranteed Loans: Evidence from Japanese SMEs"
Hyonok Kim - Tokyo Keizai University, Japan
Yukihiro Yasuda - Hitotsubashi University, Japan

Discussant: Olga Kandinskaia - CIIM, Cyprus

We empirically investigate the effects of accounting information quality measured by accruals quality on the usage of government loan guarantees. We find that higher accruals quality is associated with higher acceptance rate of the government guaranteed loan but not associated with that of non-guaranteed loans. We also find that higher quality of accruals is not associated with interest rate of the guaranteed loans but with that of non-guaranteed loans. These results indicate that accounting information quality reduces the information asymmetries with the government credit guarantee corporation (CGC) and banks, and they use the accounting information effectively in their screening processes of SMEs.

"Choosing Financial Performance Measures for SMEs: Review of Approaches in Empirical Studies"
Olga Kandinskaia - CIIM, Cyprus

Discussant: Tatyana Sokolyk - Brock University, Canada

In the domain of management science the operationalization of the firm performance, and more specifically, financial performance is a key element of the empirical research design process. Despite the tremendous number of published empirical studies in the management science, there seems to be little consistency to the definition of the financial aspect of performance, especially when it concerns small and medium-size enterprises. The paper presents the results of a literature review examination of 50 selected SME studies as regards the choice of financial performance measures as dependent variables. We discuss the 'single measure' approach vs 'multiple measures' approach, the data collection methods (objective data vs subjective perceptions), and the 'sustainability in financial performance' concept, which is increasingly used in new fields of strategic management such as the resource based view of the firm. The paper was written as a contribution to a research team effort of creating the survey construct for a cross-national resource based theory framework for SMEs.

SESSION 37 **Meliton Hall B**

FINANCIAL INTERMEDIARIES
Session Chair: Sunil Poshakwale - Cranfield University, UK

"Pricing of Implicit Guarantees for Financial Institutions"
Jakob Bosma - University of Groningen, Netherlands

Discussant: Panagiotis Dontis Charitos - University of Westminster, UK

This paper presents a structural credit-risk model with the aim to estimate and test for the presence of implicit guarantees granted to financial insti- tutions. The guaranteed value gauges the importance of the institution's survival to ensure financial stability as perceived by a financial regulator. The structural nature of the model allows for hypothesis testing to assess the presence of the guarantee and the explanatory power of the model. A validation exercise shows that implicit guarantees relate to future bailout decisions. Thereby suggesting that funding advantages have accrued to sys- temically important banks prior to the financial crisis of 2007/2008.

"The Wealth and Risk Effects of U.S. Financial Reform: The Case of Financial Institutions"
Ka Kei Chan - University of Westminster, UK
Panagiotis Dontis Charitos - University of Westminster, UK
Sotiris Staikouras - City University London, UK

Discussant: Artashes Karapetyan - Central Bank of Norway, Norway

This study aims to inform the current regulatory debate by examining the wealth and risk effects of the Dodd-Frank Act on U.S. financial institutions. We measure the effects of key legislative events of the Act by means of a multivariate regression model using the seemingly unrelated regression (SUR) framework. We find that national banks, state banks and finance firms experience negative valuations. We also report positive and significant increases in the systematic risk for national and state banks, investment banks and insurance companies following the passage of the Act. The cross-section results reveal that large institutions fare better than their smaller counterparts and that large investment banks have gained value at the expense of others. Our results suggest that the Dodd-Frank Act may have redistributed value among financial institutions.

"Collateral and Screening over The Length of Banking Relationship"
Artashes Karapetyan - Central Bank of Norway, Norway
Bogdan Stacescu - BI Norwegian Business School, Norway

Discussant: Jayasinghe Wickramanayake - Monash University, Australia

We examine banks' choice over two costly instruments to screen their applicants and use over the lending relationship: direct screening and collateral requirements. We show that the potential for longer-term relationships increases the preference for initial screening, facilitating credit access without collateral. The results are stronger under stronger bank competition. The results suggest that policies supporting loyal lending relationship can increase initial access to credit, reducing dependence on collateral. The model also rationalizes established empirical facts over the lifetime of lending relationship (such as reduced incidence of collateral in future periods for safer borrowers) and offers new testable implications about its link with screening.

"Interest Rate Pass-Through Dynamics: An Empirical Investigation Using Bank Level Data in an Emerging Market Economy"

Anil Perera - Central Bank of Sri Lanka, Sri Lanka
Jayasinghe Wickramanayake - Monash University, Australia

Discussant: Jakob Bosma - University of Groningen, Netherlands

This paper aims to examine the dynamics of interest rate pass-through in the context of an emerging market economy focusing on structural changes over time as well as adjustment asymmetries and heterogeneities. Based on the published and unpublished bank-wise unique dataset for Sri Lankan banking market, empirical results show that there is a structural change in the interest rate pass-through process in the emerging market setting but significant asymmetries and heterogeneities in interest rate adjustments continue to prevail. These findings have important policy implications for the conduct of monetary policy and monetary transmission in the emerging market economies.

SESSION 38 **Terpsihori**

CORPORATE RISK MANAGEMENT

Session Chair: Yoko Shirasu - Aoyama Gakuin University, Japan

"Financial Derivatives Usage by UK & Italian SMEs.Empirical Evidence from UK & Italian Non-Financial Firms"

Giulia Fantini - Swansea University, UK

Discussant: Tobias Gaugler - University of Augsburg, Germany

A number of studies have examined the risk management practices within non-financial companies. This research is a comparative study of derivative usage among UK and Italian non-financial listed SMEs over the time period 2005-2012. The aspects it refers concern the management of financial risks which to date (in Italy) has been little studied from the literature point of view, because of the paucity of data. The aim of this research is to provide evidence for UK and Italian non-financial listed SMEs on the determinants of hedging and on the types of financial derivatives used as hedging instruments.

"Bank Risk-Taking and the Matter of Geography"

Barabara Seitz - University of St. Gallen, Switzerland
Tobias Gaugler - University of Augsburg, Germany
Christian Stepanek - University of Augsburg, Germany
Andreas Rathgeber - University of Augsburg, Germany

Discussant: Wendy Rotenberg - University of Toronto, Canada

The influence of geography on human behavior is discovered by an increasing number of scientists. We contribute to this field of research and investigate the impact of the geographic location and vicinity of a bank on its risk-taking behavior. If a bank is risk averse, it can be assumed that it is surrounded by other risk averse banks (and vice versa). In contrast to this hypothesis, if a capital market is purely rational, the risk-taking behavior of a bank does not influence nearby banks. Our empirical analysis is based on 2007 - 2010 panel data of German cooperative banks and confirms our hypothesis. Therefore, we use a distance variable which gives the percentage of banks with a similar behavior in risk-taking. To proxy bank risk-taking behavior and to capture different aspects of bank risk, we use appropriate accounting ratios including solvency ratio (SOLVA), Z-score (Z), and securities (SEC). We carry out a full survey among all German cooperative banks, whereby it is historically evolved that each single bank has territorial protection. Taken together, more than 1,100 banks cover the whole territory. This allows a very detailed geographical analysis. Based on our sample, we firstly can replicate the results of existing, US-American studies. Due to the highly fragmented German bank market, we can show additional evidence for the existence of geographical effects. In summary, we can show that geography is a key variable to explain the level of a bank's risk-taking.

"Foreign Exchange Derivatives, Foreign Currency Debt and Cross Listing: Evidence from Canada"

Robert Kieschnick - University of Texas at Dallas, USA
Wendy Rotenberg - University of Toronto, Canada

Discussant: Stefan Stoeckl - ICN Business School, France

This study is the first to examine relationships between cross listing of equity and foreign exchange exposure management via FX derivatives, foreign currency debt and operational diversity. We provide unique evidence that the cross listing of stock is related to the extent of foreign currency denominated debt financing but not to the use of FX derivatives. We also find that the use of foreign currency debt is a strategic complement to the use of FX derivatives, but that these decisions are driven by different aspects of firm's foreign activities.

"What do We Really Know about Corporate Hedging? A Multimethod Meta-Analytical Study"

Jerome Geyer-Klingeberg - University of Augsburg, Germany
Markus Hang - University of Augsburg, Germany
Andreas Rathgeber - University of Augsburg, Germany
Stefan Stoeckl - ICN Business School, France
Matthias Walter - University of Augsburg, Germany

Discussant: Giulia Fantini - Swansea University, UK

Corporate hedging is highly relevant from both theoretical and practical points of view; as such, the determinants of corporate hedging have been one of the most intensively discussed topics in financial research. While existing literature provides several hypotheses explaining why hedging on the firm level can contribute to shareholder value, a myriad of studies on corporate hedging incentives exist that come to ambiguous results. We provide new evidence on the determinants of corporate hedging, by testing the most common hypotheses by applying three methods of quantitative reviews. To this end, we conduct the first multivariate meta-analysis in corporate finance using a unique sample of 132 empirical studies including more than 100,000 companies. Based on this research, we reach a number of conclusions. First, multivariate meta-analysis is the most appropriate approach to test determinants of corporate hedging due to the overestimation of the univariate meta-analysis and the misleading properties of vote counting. Second, our results indicate a strong evidence for the bankruptcy and financial distress hypothesis. Regarding the other hypotheses, we find weak to no support. Overall, we see that multivariate meta-analysis is a tool with potentially beneficial application to other topics in finance.

SESSION 39 **Erato**

MARKET ANOMALIES

Session Chair: Varouj Aivazian - University of Toronto, Canada

"Are European Environmental Regulations Excessive?"

Huy Pham - RMIT, Australia
Vikash Ramiah - UNISA / RMIT University, Australia
Imad Moosa - RMIT, Australia

Discussant: Andrew Grant - University of Sydney, Australia

This paper investigates the impact of announcements of European environmental regulations on the French equity market. Using event study methodology and asset pricing models, we assess whether announcements of stringent and lax policies affect returns of environmentally-friendly businesses and polluters. Additionally, we estimate the change in systematic risk following the new regulations and develop a test to check if these effects are excessive. According to the results, the French capital market is particularly sensitive to announcements made by the European Union Emission Trading System and furthermore environmental regulations are excessive in a relatively small proportion of firms.

"Arb-mirage: Exploring the Extent to Which Apparent Inefficiency in Betting Markets is an Illusion"

Andrew Grant - University of Sydney, Australia
Johnnie Johnson - University of Southampton, UK
Tasos Oikonomidis - University of Southampton, UK

Discussant: Ron Bird - University of Technology Sydney, Australia

This paper explores the claim made in previous studies that the football betting market is weak form inefficient, to the extent that prices offered by competing bookmakers enable arbitrage to take place. We dichotomise bookmakers into those that change odds frequently and accept bets from sophisticated bettors (book-balancers) and those that do not change odds frequently and seek to avoid sophisticated clients (position-takers). Using data from European football, arbitrage opportunities are created by betting at the highest odds on each outcome across a pool of six bookmakers (three of each type). More than 50% of arbitrage opportunities arise from betting on favoured teams with the position-taking bookmaker, and hedging with the book-balancing bookmaker. Position-taking bookmakers set less efficient prices than book-balancers in order to attract uninformed order flow, who prefer to bet on favourites. We argue that these potential opportunities are not likely to be exploitable in practice as position-taking bookmakers are likely to restrict the activities of informed bettors.

"Where Goes Momentum?"

Ron Bird - University of Technology Sydney, Australia
Xiaojun Gao - Waikato University, New Zealand
Danny Yeung - University of Technology Sydney, Australia

Discussant: Bohyun Yoon - Kangwon National University, Korea, Republic of

Bird and Gao (2013) compare the performance of time-series (Moskowitz, Ooi, & Pedersen, 2012) and cross-sectional (Jegadeesh & Titman, 1993) momentum strategies across six stock markets. In order to investigate whether the apparent profit generated by the two momentum strategies could be exploited, we evaluate the impact of transaction costs on their performance and then incorporate risk into the analysis. We find that transaction costs severely erodes the profitability of the two momentum strategies and when risk is then incorporated, the UK remains the only one of the six markets where momentum would seem to provide the basis for an exploitable investment opportunity

"Why Has the Size Premium Disappeared?"

Dong-Hyun Ahn - Seoul National University, Korea, Republic of
Byoung-Kyu Min - University of Neuchatel, Switzerland
Bohyun Yoon - Kangwon National University, Korea, Republic of

Discussant: Vikash Ramiah - UNISA / RMIT University, Australia

This paper explores why the size effect has vanished since the early 1980s. We show that the size premiums are significantly positive mainly at the bottom of the business cycles. More importantly, this dependency of the size premium on the business cycles is preserved even after the 1980s. Therefore, our findings suggest that whereas unconditional size effect per se has perished, the size effect conditional on the business cycles is 'alive and well.' The less frequent occurrences of troughs on the back of prolonged duration of business cycle are shown to be responsible for the dissolution of the size premium.

PORTFOLIO MANAGEMENT III

Session Chair: Yoram Kroll - Ono Academic College (OAC), Israel

"Equity Allocation Without Estimation Risk"

Yufen Fu - Tunghai University, Taiwan
George Blazenko - Simon Fraser University, Canada

Discussant: Gil Cohen - Carmel Academic Center, Israel

In this paper, we simultaneously control the ill-behaviour of mean-variance weights and outperform 1/N'th investing. We propose two equity allocation methods that moderate or eliminate the adverse impact of estimation risk on portfolio weights. We moderate estimation risk with weights equal the normalized ratio of ex ante excess-return to unsystematic-risk. We eliminate estimation risk with normalized ex-ante excess-return weights. With these weights and Blazenko and Fu's (2013) ex-ante returns, portfolios without estimation risk have the highest Sharpe ratio above the 1/N'th strategy. The force of diversification is so strong that detailed risk analysis is not necessary for high Sharpe ratios we uncover from high-return industries in industry-rotation and high-return common shares in security-selection.

"Can Technical Oscillators Outperform the Buy and Hold Strategy?"

Gil Cohen - Carmel Academic Center, Israel
Elinor Cabiri - Haifa University, Israel

Discussant: Shi Li - University of Manitoba, Canada

This study compares returns from the traditional buy and hold strategy to well-known technical oscillators applied to diverse indices leading the global market (DJI, FTSE, NK225 and TA100) during the period 2007-2012. Our aim was to establish whether technical tools can consistently achieve returns exceeding those of the Buy and Hold strategy across various financial markets. We found the RSI to be the best oscillator, outperforming the DJIA, the FTSE100 and the NK225 for five of the six years examined. The only index that did better than the RSI was the TA100, which outperformed all the examined oscillators. In second place was the MACD oscillator, which outperformed the NK225 B&H strategy and came in second for the TA100. The results show that during bear markets the RSI and MACD generally produce better gains than the indices, while the opposite occurs during bull markets.

"Mean-Variance Theory with Imprecise Information"

Gady Jacoby - University of Manitoba, Canada
Shi Li - University of Manitoba, Canada
Yan Wang - Brock University, Canada

Discussant: Andrew Mason - University of Surrey, UK

In this paper, we examine the impact of imprecise accounting information on optimal portfolio choice in the mean-variance sense. We provide a theoretical platform which shows the exact way in which imprecise return errors affect portfolio choice and alter the optimal vector of weights. While our theory suggests that this distortion is due to the alteration of the first two moments of returns, generated by imprecise information, empirical evidence suggests that optimal portfolio weights are highly sensitive to small estimation errors in expected returns, but they are less sensitive with respect to errors in return variance estimates. Our model is consistent with the four-beta imprecise information adjusted static CAPM of Jacoby et al. (2014).

"Luck Versus Skill in Fund Performance: Does Style Matter?"

Andrew Mason - University of Surrey, UK
Sam Agyei-Ampomah - Cranfield University, UK
Andrew Clare - City University London, UK
Stephen Thomas - City University London, UK

Discussant: George Blazenko - Simon Fraser University, Canada

We firmly believe that style-appropriate, investible benchmarks not only provide a more parsimonious way of describing manager performance, but also that their use better aligns performance evaluation with the real world performance targets of fund managers'. It is against such benchmarks that managers should be judged. With this principle foremost in our approach, we use style-consistent benchmarks to determine whether any observed alpha produced by a sample of U.S. equity funds is due to skill or to luck. We find that different segments of the market, ranging from large-cap growth to small-cap value, exhibit different levels of skill and luck. Our results also show that the use of standard multi-factor models underestimates managerial ability and overstates the proportion of funds whose abnormal performance can be attributed to chance rather than to skill, when compared against the use of style-consistent practitioner benchmarks. We also find that a single factor performance evaluation model that uses Russell style indices consistent with the style orientation of a fund and market practice provides a parsimonious way of accounting for fund performance. Finally, our findings should be of particular relevance in mutual fund markets where the risk factors commonly used in the academic literature to evaluate manager performance – SMB, B/M, MOM and others – are not readily available

SESSION 41 **Chloe**

VOLATILITY I
Session Chair: Brice Dupoyet - Florida International University, USA

"Informational Content of Monday Returns and the Role of Dynamic Invariants"
Catherine Kyrtsou - University of Macedonia, Greece
Anastasios Malliaris - Loyola University Chicago, USA
Christina Mikropoulou - University of Macedonia, Greece

Discussant: Sazali Abidin - University of Waikato, New Zealand

The most cited explanations for the existence of calendar effects include investors' behavioral biases, microstructure effects, time-varying bid-ask spreads, short-selling and transactions-related effects such as tax-loss selling or macro-economic risk. However, a series of recent papers has focused on the study of the behavioral dimension of calendar effects. Under such type of dynamic structure, empirical methods accounting for calendar effects in stock returns with means of either linear or non-linear regressions with dummy variables, might fail. To overcome these potential biases and to focus on the Monday effect we propose a new data treatment method. We use recurrence-based measurement, to aim at disentangling the behavior of the dynamic invariants of Monday time series in order to capture the inherent complexity and persistence of the trading patterns. The empirical findings show that, for both S&P500 and ATHEX the underlying dynamics of the Monday returns are far more informative than the simple dummy regression approach.

"Do Volatility and Correlation Change during the European Sovereign Debt Crisis?"
Sazali Abidin - University of Waikato, New Zealand
Yafei Li - University of Waikato, New Zealand
Junyu Pan - University of Waikato, New Zealand

Discussant: Kashif Saleem - Lappeenranta University of Technology, Finland

The European debt crisis began at the end of 2009 when three major global rating companies downgraded Greece's sovereign rating. Subsequently, the international rating agencies warned Portugal, Italy, Ireland and Spain; and other European countries' sovereign credit ratings were given a negative evaluation, indicating the presence of the European debt crisis. In this research, we examine seven Europe countries (UK, Italy, Germany, France, Spain, Greece and Europe) stock index and one USA stock index (Dow Jones Industrials), and apply the GARCH model to analyze and compare the volatility of stock returns in the European countries during two periods, January 2010 to June 2011 (exclusion of crisis) and January 2010 to October 2011 (inclusion of crisis). This include the changes in correlation among the major European stock indices as well as the correlation among the 11 major sectors within the Stoxx Europe 600. We found that the crisis significantly increases the volatility of stock markets and correlations among the European countries increased during the crisis. In addition, we also conclude that correlations among the 11 major sectors within the Stoxx Europe 600 increased substantially during the crisis period.

"Regime Switching in the Impact of Oil Price Shocks on Stock Market Volatility.Evidence from Oil-Importing and Oil-Exporting Countries."
Kashif Saleem - Lappeenranta University of Technology, Finland
Kishmat Sapkota - Lappeenranta University of Technology, Finland

Discussant: Amalia Di Iorio - La Trobe University, Australia

Research has highlighted the adequacy of Markov regime-switching model to address dynamic behavior in long-term stock market movements. Employing a purposed extended regime-switching GARCH (1,1) model, this paper further investigates the regime dependentnonlinear relationship between changes in oil price and stock market volatility in Saudi Arabia, Norway and Singapore for the period of 2001-2014. Market selection is prioritized to nationaldependency on oil export or import, which also rationalizes the fitness of implied bivariate volatility model. Among two regimes identified by the mean model, high stock market returnlowvolatility regime reflects the stable economic growth periods. The other regime characterized by low stock market return-high volatility coincides with episodes of recession and downturn. Moreover, results of volatility model provide the evidence that shocks in stock markets are less persistent during the high volatility regime. While accelerated oil price rises the stock market volatility during recessions, it reduces the stock market risk during normal growth periods in Singapore. In contrast, oil price showed no significant notable impact on stock market volatility of target oil-exporting countries in either of the volatility regime. In light to these results, international investors and policy makers could benefit the risk managementin relation to oil price fluctuation.

"Idiosyncratic Volatility and Momentum: The Performance of Australian Equity Pension Funds"
Bin Liu - RMIT University, Australia
Amalia Di Iorio - La Trobe University, Australia

Discussant: Christina Mikropoulou - University of Macedonia, Greece

We investigate the importance of idiosyncratic volatility for pricing of equity funds by using a comprehensive dataset of Australian retail equity pension funds from January 1995 to December 2008. We find strong evidence to support that idiosyncratic volatility is a significant pricing factor for returns of the equity funds implying that investors should consider idiosyncratic volatility when evaluating the performance of funds,. We also find strong evidence to support that idiosyncratic volatility is strongly associated with momentum effect of Australian equity pension funds as equity pension funds with high idiosyncratic volatilities exhibit a high momentum effect.

SESSION 42 **Board Room 1**

ASSET PRICING V
Session Chair: Florinda Silva - University of Minho, Portugal

"The Formulation of the Four Factor Model when a Considerable Proportion of Firms is Dual-Listed"
Sharon Garyn-Tal - The Max Stern Yezreel Valley Academic College, Israel
Beni Lauterbach - Bar-Ilan University, Israel

Discussant: Huanhuan Zheng - The Chinese University of Hong Kong, Hong Kong

We examine the performance of the Fama-French-Carhart four factor asset pricing model in an economy, Israel, where a relatively large proportion of shares (14.4% in our sample) are dually listed, i.e. trade also on NYSE or NASDAQ. We find that a hybrid model (adding U.S. or global factors to the local 4 factors model) performs only slightly better than the local model, casting doubt on the practical necessity of hybrid models in emerging markets. Further tests suggest that the dually listed shares should not be excluded when constructing the local factors.

"Asset Price Bubbles and Depression"
Huanhuan Zheng - The Chinese University of Hong Kong, Hong Kong

Discussant: Lorne Switzer - Concordia University, Canada

We present a model in which agents strategically conduct either rational arbitrage or irrational speculations to maximize their pay-offs. Agents are heterogeneous not only because they choose different trading strategies but also because the same strategy can lead to different trading orders. The collective actions of agents have feedback effects on the asset price, which affects agents' subsequent trading behavior. We show analytically that (i) when agents consistently fail to coordinate on rational arbitrage, the asset price bubbles or depressions can arise and persist even without any change in the fundamental; (ii) when there is significant shock to the fundamental or the speculative buying/selling, the asset price bubbles and depressions may be corrected; and (iii) information transparency magnifies the bubbles and depressions through weakening the incentive to coordinate on rational arbitrage.

"Assessing Stock Price Risk in DEveloped Markets Using Extreme Measures"

Lorne Switzer - Concordia University, Canada
Seungho Lee - Concordia University, Canada
Yun Zhao - Concordia University, Canada
Zhigang Yang - Concordia University, Canada

Discussant: Mona Soufian - Hull University Business School, UK

This paper examines the volatility characteristics of ten developed markets over long time horizons, focusing on the percentages of extreme days, weeks, and months over of a year as an alternative to the traditional standard deviation metric. The extreme-day measure captures the behavior of loss averse investors in the US and Canada better than the traditional standard deviation measure. The evidence for the other countries of the study is mixed. Investors in countries in the G-7 with more collective (as opposed to individualistic) cultures show less responses to changes in risk. These results are consistent with the proposition that distance, language, and culture affect stockholder behavior. Canadian investors that are geographically in close proximity to the US financial centers respond to risk in a similar manner as American investors, which contrasts with the behavior of overseas investors. Investors in countries in the G-7 that rank higher on the level of collectivism vs. individualism scale do not show significant portfolio responses to changes in risk. This is consistent with the hypothesis that more collectivist cultures constrain the initiative for investors to actively trading in response to market signals.

"What are the determinants of stability in Financial Markets/Systems? Bridging Behavioural Finance and Ecological Rationality; The added value of the recent paradigm shift in Psychology and Science to Finance"

Mona Soufian - Hull University Business School, UK
Robert Hudson - Hull University Business School, UK
Yasmin Merali - Hull University Business School, UK

Discussant: Sharon Garyn-Tal - The Max Stern Yezreel Valley Academic College, Israel

What are the determinants of stability in Financial Markets/Systems? Bridging Behavioural Finance and Ecological Rationality; The added value of the recent paradigm shift in Psychology and Science to FinanceMona Soufiana, Robert Hudsonb and Yasmin Meralic a Dr Mona Soufian, Hull University Business Schoolb Professor Robert Hudson, Professor of Finance, Hull University Business Schoolc Professor Yasmin Merali, Professor of System, Hull University Business SchoolAbstract With an intention to investigate the determinants of stability in financial market, we attempt to build further on the work of "fresh thinking on systematic risk" and use Agent Based Modelling to examine systematic risk and stability in financial market. In this paper we treat financial market as a complex system and apply complexity and stability, which is evidentially the common ground of financial systems and ecosystem. This study looks beyond neoclassical models of Finance to select the influential candidate variables. The candidate variables to carry out this investigation are derived from selected domain of science, with evidential added values within this medley of interests. We examine whether the stability of financial market can be influenced by the system's complexity, agents' population and connectedness between agents. The results of this study would be beneficial to build and further development about fresh thinking on systematic risk in financial markets.

LUNCHEON

12:45 - 2:15 p.m. Restaurant

Tuesday 2:15 - 3:45

SESSION 43 **Meliton Hall A**

ACCOUNTING ISSUES III
Session Chair: Hubert De La Bruslerie - University Paris Dauphine, France

"Does Accounting Conservatism Mitigate Banks' Crash Risk?"
Panayiotis Andreou - Cyprus University of Technology, Cyprus
Ian Cooper - London Business School, UK
Christodoulos Louca - Cyprus University of Technology, Cyprus
Dennis Philip - Durham University, UK

Discussant: Dionysia Dionysiou - University of Stirling, UK

We show that banks that follow conservative accounting on average benefit from a reduction in stock price crash risk, with the key discretionary channel being conservatism arising within the banks' loan loss provisions. The marginal benefit of conservatism in reducing crash risk is greatest among small banks and at the lower part of the bank lending cycle. While large banks exhibit crash risk, particularly during the boom periods of the bank lending cycle, the risk for stock price crashes is not reduced by more conservative accounting, even for large banks with more asymmetric information. The implication for bank regulation is that further regulation for conservative bank loan loss accounting does not present a significant opportunity to limit any systemic crash risks of the banking sector.

"Goodwill Related Mandatory Disclosure and the Cost of Equity Capital"
Francesco Mazzi - The University of Florence, Italy
Paul André - ESSEC Business School, France
Dionysia Dionysiou - University of Stirling, UK
Ioannis Tsalavoutas - University of Stirling, UK

Discussant: Terry Harris - Durham University, UK

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"Conditional Conservatism and Shareholder Value in US Publicly Listed Bank Holding Companies"
Panayiotis Andreou - Cyprus University of Technology, Cyprus
Terry Harris - Durham University, UK
Dennis Philip - Durham University Business School, UK

Discussant: Christodoulos Louca - Cyprus University of Technology, Cyprus

This paper investigates the relationship between conditional conservatism and shareholder value in US publicly listed bank holding companies (BHC) using the economic value added approach. Specifically, we

hypothesize and find a positive and significant relationship between conditional conservatism and shareholder value. This relationship is suspected because of conditional conservatism's noted ability to mitigate the principal / agency conflict, thereby helping to reduce costs associated with monitoring, bonding and residual loss. In addition, consistent with positive accounting theory, we argue that conditional conservatism is an efficient contracting mechanism used to reduce information asymmetries. Hence, we expect and find that more conservative banks face a lower cost of equity financing. Furthermore, we examine whether recent recessionary periods have an effect on the strength of the relation between conditional conservatism and shareholder value. This relationship is expected to be more pronounced during recessionary periods as conditional conservatism helps to address agency concerns and relaxes bank external financing constraints. Here, we find results consistent with our expectations. Additionally, we delve more deeply into the impact that pre-crisis levels of conditional conservatism have on BHC shareholder value during the great recession of 2007 Q4 - 2009 Q2; we predict and find a positive and significant relationship between.

SESSION 44 **Meliton Hall B**

VOLATILITY II
Session Chair: Haoping Xu - Fudan University, China

"Dynamic Correlation of Stock and Bond Returns in Asian Markets with Determinants of Macroeconomic Conditions and Market Risk"
Malick Sy - RMIT University, Australia
Farzad Fard - RMIT University, Australia

Discussant: Terrence Hallahan - Victoria University, Australia

This paper examines the dynamic correlation between stock and bond returns for five advanced Asian markets. Test Statistics suggest that co-movements of stock-bond returns are time-varying over the last 15 years in most of the countries in our sample. The stock-bond correlations are positively correlated with Consumer Price Index (CPI) and Gross Domestic Product (GDP) expectations respectively. The results show that during a period of high stock market risk measured by the respective implied volatilities and conditional variances, there is a divergence between the stock and bond prices movement. We also found that in advanced Asian economies, there is a significant positive correlation between stock-bond returns and bond market risk as measured by the conditional variance of bond returns.

"The Impact of Macroeconomic Announcements on the Volatility of Equity Returns: High-Frequency Evidence from Indonesia"
Haryadi Haryadi - Victoria University, Australia
Terrence Hallahan - Victoria University, Australia
Hassan Tanha - Victoria University, Australia

Discussant: Dimos S Kambouroudis - University of Stirling, UK

We examine the extent to which stock return volatility is affected by major scheduled macroeconomic announcements in an emerging market, Indonesia, using high-frequency data. This study contributes to the literature in several ways. First, it extends the finance literature on volatility patterns in emerging markets using high-frequency data. Second, the study contributes to the literature by using a rolling observation model in measuring intraday volatility. Third, to our knowledge, this study is the first to examine the degree of Indonesian equity market efficiency by identifying the impact of macroeconomic announcements on the volatility of market returns. We find different patterns of intraday volatility when we decompose the volatility on a monthly and on a daily basis, and by sub-sample periods. Furthermore, while we find that most domestic macroeconomic announcements impact on the volatility, contrary to the literature, we find no evidence of impact from the US macroeconomic announcements. We also find the 2008 global financial crisis significantly influences the impact of macroeconomic announcement on the volatility of Indonesian equity market returns.

"Performance and Volatility Forecasting Comparisons: Socially Responsible Versus Conventional and Mmarket Indices"

Dimos S Kambouroudis - University of Stirling, UK
David McMillan - University of Stirling, UK

Discussant: Malick Sy - RMIT University, Australia

In this paper we seek to investigate the performance of Socially Responsible Investments (SRI) as well as the risk element of SRI, by modelling and forecasting the volatility of the UK market. Using an SR index, the FTSE4Good, and then draw conclusions by making comparisons with its respective conventional and market indices namely the FTSE 250 and FTSE All Share. First, within a Value-at-Risk (VaR) framework mainly used in risk management we find in terms of performance the FTSE4Good index, does a better job compared to its conventional and market indices. Second, we find that the FTSE4Good index gives the most accurate forecasts compared to FTSE250 and FTSE All Share indices. This finding was also confirmed in terms of economic significance using the VaR methodology.

SESSION 45 **Terpsihori**

FUNDS II

Session Chair: Kashif Saleem - Lappeenranta University of Technology, Finland

"Assessing Fund Performance in a Low Volatility Environment"

Apostolos Xanthopoulos - Mercer Investment Consulting, USA

Discussant: Roger Otten - Maastricht University, Netherlands

Since the meltdown of 2007, institutional investor interest in long-only strategies that are unconstrained by benchmark indexes has increased. Because the performance of such strategies is not evaluated against a market index, fixed income managers are able to modify interest-rate and spread duration, exposing investors on high levels of volatility. Investor willingness to accept a less than absolute return in this way is an outcome of the principal-agent problem, between institutional investors and portfolio managers. In an environment of low market rates and volatility, this cost to investors, in the form of less-than-absolute returns, becomes lower. Investors tolerate deviations from the benchmark, when its variance is low. Unconstrained returns deviate from any index much more, compared to other types of strategy. By construction, the durations to rates and spreads will be time-varying. Within the framework of higher-moment utility functions, the gauge of performance across strategies of varying aggressiveness can be mathematically stated as a ratio of two time horizons (a) a short one, in which holding period return is maximized, and (b) a long-memory one, in which market behavior and risk tolerances is recorded. The performance of funds in a low-volatility environment is then dependent on the ratio of these two time horizons.measured, over on for which performance is remembered.

"The Performance of Small Cap Mutual Funds: Evidence for the United Kingdom"

Roger Otten - Maastricht University, Netherlands

Discussant: Yilmaz Yildiz - Hacettepe University, Turkey

This paper investigates the performance of mutual funds that specialize in investing in UK smaller companies. In contrast to mutual funds investing in large company stock, research on the small cap fund segment of the market is scant and suffers from methodological shortcomings. In this paper we address these issues by applying conditional multi-factor models tailored to smaller companies during 1992-2011. Our main results are fivefold. First, UK small cap funds deliver a statistically significant unconditional multi-factor alpha of 4.08% per annum, net of fees. This clearly deviates from previous work on large cap mutual funds which deliver significant underperformance in most developed markets. Secondly, we document a severe survivorship bias of 3.9% per annum. This raises doubt on previous small cap fund studies that did not include dead funds. Thirdly, introducing time variation in betas consumes most of the statistical significance of alphas which might indicate that small cap managers are successfully timing the market. Fourthly, in contrast to the large cap literature, strong persistence (hot hands) exists for past winners. The top performing funds deliver a statistically significant alpha of 4.99% per year even after taking into account time variation in betas. We believe these results are relevant for both academics and practitioners when constructing efficient portfolios.

"Price and Volume Effects Associated with Changes in Group Composition of Borsa Istanbul"
Yilmaz Yildiz - Hacettepe University, Turkey
Mehmet Baha Karan - Hacettepe University, Turkey
Burak Pirgaip - Capital Markets Board of Turkey, Turkey

Discussant: Apostolos Xanthopoulos - Mercer Investment Consulting, USA

This study investigates the effects of quarterly ABC Grouping Announcements which are determined by market capitalization and floating rate of firms' shares, on stock price and trading volumes between October, 2010 and October, 2014. The results provide evidence of significant positive abnormal returns and volumes for the upgraded firms and negative for the downgraded ones after the announcement in the short run. Further, significant abnormal returns are observed for the upgraded firms before the announcement that means market reacts and anticipates even before the announcement date. There are statistically significant differences between the firms with high and low market capitalizations regarding the stock return and trading volume. This study contributes to the growing literature about the firm groupings and provides a new perspective about the market efficiency.

SESSION 46 **Erato**

REGULATION AND CAPITAL MARKETS
Session Chair: Zana Grigaliuniene - ISM University of management and economics, Lithuania

"Policy Initiatives and Firms' Access to External Finance: Evidence from a Panel of Emerging Asian Economies"
Udichibarna Bose - University of Glasgow, UK
Ronald MacDonald - University of Glasgow, UK
Serafeim Tsoukas - University of Glasgow, UK

Discussant: Mary Malliaris - Loyola University Chicago, USA

This paper analyses the impact of policy initiatives co-ordinated by Asian national governments on firms' access to external finance, using a unique firm-level database of eight Asian countries- Hong Kong SAR, Indonesia, Korea, Malaysia, Philippines, Singapore, Taiwan and Thailand over the period of1996-2012. Using a difference-in-differences approach and controlling for firm-level and macroeconomic factors, the results show a significant impact of policy on firms' access to external finance. After splitting firms into constrained and unconstrained, using several criteria, the results documentthat unconstrained firms benefited significantly in obtaining external finance, compared to their constrained counterparts. Finally, we show that the increase in access to external finance after the policy initiative helped firms to raise their investment spending, especially for unconstrained firms.

"The Impact of Large-Scale Asset Purchases on The S&P 500 Index and Long-Term Interest Rates"
Ramaprasad Bhar - University of New South Wales, Australia
Anastasios Malliaris - Loyola University Chicago, USA
Mary Malliaris - Loyola University Chicago, USA

Discussant: Alexander Groh - EMLYON Business School, France

After the bankruptcy of Lehman Brothers in September of 2008 and the financial panic that ensued, the Federal Reserve moved rapidly to reduce the federal funds rate to .25%. It was quickly judged that additional measures were needed to stabilize the U.S. economy. Beginning in December 2008, the Federal Reserve Bank initiated three rounds of unconventional monetary policies known as Quantitative Easing. These policies were intended to reduce long-term interest rates when the short term federal funds rates had reached the zero lower bound and could not become negative. It was argued that the lowering of longer-term interest rates would help the stock market and thus the wealth of consumers. This paper carefully investigates two hypotheses: QE impacting long-term interest rates and QE impacting the stock market using a Markov regime switching methodology. We conclude that quantitative easing has contributed significantly to increases in the stock market but less significantly to long-term interest rate declines.

"Same Rules, Different Enforcement: Market Abuse in Europe"

Douglas Cumming - York University, Canada
Alexander Groh - EMLYON Business School, France
Sofia Johan - York University, Canada

Discussant: Serafeim Tsoukas - University of Glasgow, UK

We present and analyze a novel set of enforcement data from the European Securities Market Authority during the period following the European Union’s harmonized rule setting on securities market abuse. The data show significant differences in the intensity of enforcement across Europe. The empirical tests are highly consistent with the view that the intensity of enforcement is the most statistically robust and economically significant predictor of market abuse detection. In particular, the data identify three important arms of enforcement: the number of supervisors, which enhances detection; formalized cooperation, which facilitates surveillance; and imprisonment, which facilitates deterrence. We discuss research, practitioner implications, and policy implications for securities regulation across several key European countries.

SESSION 47 **Thalia**

RISK MANAGEMENT
Session Chair: Ming Dong - York University, Canada

"Risk Management Optimization for Sovereign Debt Restructuring"

Andrea Consiglio - University of Palermo, Italy
Stavros Zenios - University of Cyprus, Cyprus

Discussant: Brice Dupoyet - Florida International University, USA

Debt restructuring is gaining acceptance as a policy tool for resolving sovereign debt crises. In this paper we propose a scenario analysis for debt sustainability and integrate it with scenario optimization for the risk management of re-profiling sovereign debt. The scenario dynamics of debt are used to define a risk metric --conditional Debt-at-Risk-- for the tail of debt-to-GDP ratios, and a multi-period stochastic programming model optimizes the expected cost of financing a debt structure, subject to limits on the risk. The model handles important technical aspects of debt restructuring: it collects all debt issues in a common framework, and can include embedded options and contingent claims, multiple currencies and step-up or linked contractual features. Alternative debt profiles are then analyzed for their cost vs risk tradeoffs. With a suitable re-calculation of the efficient frontier, debt sustainability of a given debt profile can then be ascertained. The model is applied to two stylized examples drawn from Italy, the Cyprus debt crisis and the Russian sanctions for the Ukrainian crisis.

"Implied Convexity in VIX Futures and its Properties"

Robert Daigler - Florida International University, USA
Brice Dupoyet - Florida International University, USA
Fernando Patterson - University of Texas, USA

Discussant: Chulwoo Han - Durham University, UK

We examine the properties of the convexity adjustment needed to value VIX futures prices. Rather than proposing another VIX futures pricing model, we develop the “implied convexity” for VIX futures. The implied convexity extracts the missing convexity adjustment component needed between the observed VIX futures price and the forward-starting variance swap rate. We then study the properties of this convexity adjustment, both as a time series and with respect to various market dynamics. We find that implied convexity often violates no-arbitrage conditions since it is frequently negative, and that implied convexity is strongly statistically related to market volatility. We also investigate the ability of implied convexity to predict realized VIX futures price variances, finding that it underestimates the realized VIX futures variance 71.39% of the time.

"Mixed Poisson Credit Risk Model Incorporating PD-LGD Dependency"
Chulwoo Han - Durham University, UK

Discussant: Stavros Zenios - University of Cyprus, Cyprus

In this article, a generic severity risk framework in which loss given default (LGD) is dependent upon probability of default (PD) in an intuitive manner is developed. By modeling the conditional mean of LGD as a function of PD, which also varies with systemic risk factors, this model allows an arbitrary functional relationship between PD and LGD. Based on this framework, several specifications of stochastic LGD are proposed with detailed calibration methods. By combining these models with an extension of CreditRisk+, a versatile mixed Poisson credit risk model that is capable of handling both risk factor correlation and PD-LGD dependency is developed. An efficient simulation algorithm based on importance sampling is also introduced for risk calculation. Empirical studies suggest that ignoring or incorrectly specifying severity risk can significantly underestimate credit risk and a properly defined severity risk model is critical for credit risk measurement as well as downturn LGD estimation.

SESSION 48 **Chloe**

PERSONAL FINANCE
Session Chair: Walid Busaba - University of Western Ontario, Canada

"Pro Forma Valuation of Private Hotel Firms in Greece"
Athanasios Karampouzis - University of Macedonia, Greece
Dimitrios Ginoglou - University of Macedonia, Greece

Discussant: Sanjiv Jaggia - Cal Poly, USA

The present paper examines a pro forma valuation methodology of non-listed hotel enterprises in Greece for the purpose of acquisition by investors. The general valuation methodology followed is the discounted FCFF (Free Cash Flow to the Firm) model, assuming a constant rate of growth. As a discount rate, the WACC of the super sector “Travel & Leisure” of the Athens Stock Exchange is considered, as well as all fundamentals necessary for model construction. The only input of the pro forma model is total assets of a private company and is considered, therefore, a variable. There shall be a trial to make the necessary adjustments (accounting issues, DLOM etc), too.

"Rent-to-Own Usurers? Theory and Empirical Evidence"
Sanjiv Jaggia - Cal Poly, USA
Herve Roche - Universidad Adolfo Ibanez, Chile

Discussant: Georgios Panos - University of Glasgow, UK

We develop a rational-expectations competitive equilibrium model to explore the pricing mechanism of a rent-to-own agreement. It accounts for the agreement's unique features such as the return or early purchase options and several free services included in the contract. Using detailed transactional data, we infer how customers exercise these options to calibrate our model for several product categories, contractual lengths and payment periodicity. In all cases, our model is able to match the patterns displayed by the observed markups and APRs very well; however, it falls a little short in matching the levels.

"Informal Origin, Performance and Conduct: Firm-Level Evidence from the Balkans"
Ourania Dimitraki - University of London, UK
Leora Klapper - The World Bank, USA
Georgios Panos - University of Glasgow, UK

Discussant: Athanasios Karampouzis - University of Macedonia, Greece

In the last two decades, the Balkan counties have been a laboratory of business environment and financial sector reform in the post-communist and the post-conflict transition processes. The main aim was to support formal business operation and performance, as well as to prevent the old norms of informal business conduct. Using data from more than 5,000 firms in eight Balkan countries we examine three hypotheses related to the performance and behaviour/conduct of firms that stemmed from the informal sector. Our results indicate that firms of informal origin perform better in terms of sales and employment growth, as well as exporting activity. Moreover, we find a moderate positive relationship between access to finance among informal firms and their performance, which becomes stronger for young firms of informal origin. We interpret this as in accordance with a competitive view of informality in the Balkans. Finally, we test whether informal forms of conduct persist among formerly informal firms. Our results strongly reject this hypothesis.

SESSION 49 **Board Room 1**

ASSET PRICING VI
Session Chair: Youngsoo Kim - University of Regina, Canada

"Higher-Order Dynamics in Asset-Pricing Models with Recursive Preferences"
Walt Pohl - University of Zurich, Switzerland
Karl Schmedders - University of Zurich, Switzerland
Ole Wilms - University of Zurich, Switzerland

Discussant: Johannes Stadler - University of Augsburg, Germany

This paper presents an analysis of the higher-order dynamics of key financial quantities in asset-pricing models with recursive preferences. For this purpose, we first introduce a projection-based algorithm for solving such models. The method outperforms common methods like discretization and log-linearization in terms of efficiency and accuracy. Our algorithm allows us to document the presence of strong nonlinear effects in the modern long-run risks models which cannot be captured by the common methods. For example, for a prominent recent calibration of a long-run risks model, the log-linearization approach overstates the equity premium by 100 basis points or 22.5%. The increasing complexity of state-of-the-art asset-pricing models leads to complex nonlinear equilibrium functions with considerable curvature which in turn has sizable economic implications. Therefore, these models require numerical solution methods, such as the projection methods presented in this paper, that can adequately describe the higher-order equilibrium features.

"Financial Modelling Applying Multivariate Lévy Processes: New Insights into the Estimation and Simulation"
Andreas Rathgeber - University of Augsburg, Germany
Johannes Stadler - University of Augsburg, Germany
Stefan Stoeckl - ICN Business School, France

Discussant: Anandadeep Mandal - Cranfield University, UK

Stock returns are fat tailed and heavily skewed. L´evy processes fulfill these modelling requirements and produce marginal distributions with finite variances. An extensive body of literature is looking at the single processes fitting and applications. In contrast, we analyze multivariate L´evy models finding application in portfolio and risk management or pricing multivariate derivatives. We use the technique of the multivariate subordination and conduct a large simulation study on the fitting of the VG ,NIG and GH model. Our findings reveal the MLE and Chi^2 methods as the best estimation approaches in a two step fitting procedure and the GH model as the best multivariate model.

"What Drives Asymmetric Dependence Structure of Multi-Asset Return Comovements?"
Anandadeep Mandal - Cranfield University, UK

Discussant: Walt Pohl - University of Zurich, Switzerland

We study the economic sources of time varying return comovements of three different asset classes using Markov switching stochastic volatility model. Using multivariate time-varying conditional Student-t copula, we analyse the time variation of the joint dependence structure of the non-linear asset returns. This research is important because it presents the first empirical evidence examining the factors that drive the joint return distribution of different asset classes. We find that non-macro variables have significant influence on the return comovements. Our findings show that among the non-macroeconomic variables, uncertainty and illiquid variables play a dominant role in both contractionary and expansionary phases of the economy. Further, we observe that inflation and risk aversion positively impact the return comovements. Finally, our examination of the factor contributions reveals that the model fit worsens considerably when the non-macro factors are dropped from the estimation model.

Refreshments 3:45 - 4:00 p.m.

SESSION 50 **Meliton Hall A**

M&AS III
Session Chair: Yukihiro Yasuda - Hitotsubashi University, Japan

"Sovereign Wealth Funds Investment Effects on Target Firms' Competitors"
Narjes Boubakri - American University of Sharjah, United Arab Emirates
Jean-Claude Cosset - HEC Montreal, Canada
Jocelyn Grira - UAE University, United Arab Emirates

Discussant: Ming Dong - York University, Canada

In this paper, we investigate the impact of sovereign wealth funds acquisitions on the performance of target firms' competitors. Our study shows that the impact of sovereign wealth funds acquisitions on target firms' competitors equals 1.20% on the (-1,+1) window. This impact is positive and statistically significant. Our results suggest that market participants clearly anticipate value creation in the targets competitors, due to likely expected restructuring activities. This suggests that sovereign wealth funds' acquisitions create a monitoring pressure on competitors forcing them to re-evaluate their operations. Our cross-sectional analysis shows that relatively large rivals, low leveraged rivals, rivals with highly correlated returns with those of their corresponding targets, rivals in less competitive industries show higher abnormal returns upon the acquisition announcement. Foreign SWFs investments partially explain the cross-sectional variations in the positive valuation effects of rivals, as well as investments coming from commodity financed SWFs, and SWFs with high levels of transparency. Our results have policy implications as they question the rationality, and hence the legitimacy, of protectionist measures adopted by some governments as legal barriers to sovereign wealth funds cross-border investment activities.

"Does Stock Misvaluation Drive Merger Waves?"
Ming Dong - York University, Canada
Andreanne Tremblay - York University, Canada

Discussant: Yoko Shirasu - Aoyama Gakuin University, Japan

We investigate whether stock market misvaluation drives merger waves in a sample of completed acquisitions (involving public, private, or subsidiary acquirers and targets) during 1981-2010. We identify merger waves using all types of acquisition announcements ("common" waves), or using only pure stock offers for public targets by public acquirers ("pubpubstock" waves). We find that stock misvaluation (measured by market-to-book equity ratio) is a significant driver of pubpubstock waves, after controlling for economic drivers of merger waves. Acquirer overvaluation peaks during pubpubstock waves. Overvalued, in-wave bidders earn lower raw and market-adjusted long-run returns especially during pubpubstock waves. These results support the misvaluation hypothesis that stock misvaluation triggers pubpubstock waves. However, there is little indication that stock market-driven mergers benefit acquirer shareholders, judging by the buy-and-hold abnormal returns (with industry, size, and market-book matched portfolio returns as the benchmark).

"What are the Factors of Banks' M&A Effects : Evidence from Asia-Pacific Banks?"
Yoko Shirasu - Aoyama Gakuin University, Japan

Discussant: Hubert De La Bruslerie - University Paris Dauphine, France

This paper covers Asian stock exchanges to empirically examine market responses to acquisitions announcements, and changes in management strategy made by listed banks from long-term aspects.The long term results suggest that for cases of acquisition results shows that Asian stock investors over- priced banks stock highest in case of alliance acquisition. And M&A tools appear to be relief methods for unsound banks.

Acquires stocks in Asian banks not only grow their size but also proceed risk strategy, however it may be said M&A and cross border acquisitions are a huge burden.The DID results suggest that by strong legal protection and strict regulatory protection about bank entering, bank can reduce their non-performing loans and become sound banks. And interestingly, private monitoring regulation systems country's acquirer banks promote earing diversification strategy, in spite of bank activities regulation system country's acquirer banks cannot present distinct results. The courtiers whom had high rating and adapted private monitoring regulations systems tend to hold high Tier 1 capital ratio, they make efforts to obtain good global reputations.

SESSION 51 **Meliton Hall B**

IFRSS
Session Chair: Minna Martikainen - Hanken School of Economics, Finland

"Testing the Transparency Implications of Mandatory IFRS Adoption: The Spread/Maturity Relation of Credit Default Swaps"
Gauri Bhat - Southern Methodist University, USA
Jeffrey Callen - University of Toronto, Canada
Dan Segal - Arison School of Business, Israel

Discussant: Estery Giloz-Ran - Ben Gurion University, Israel

This study is the first to test whether IFRS adoption increased accounting transparency based on sharp model-driven hypotheses. The model by Duffie and Lando (2001) shows that changes to accounting transparency affect the spread/maturity relation of CDS instruments in very specific ways. Consistent with the Duffie-Lando model, we find that CDS spreads are lower across maturities following the adoption of IFRS, and the slope and concavity of the CDS spread/maturity relation are higher. These changes did not occur to the spread/maturity relation of control sample of CDS instruments. Predicted changes apply particularly to firms with low pre-IFRS transparency. Overall, this study provides strong evidence that IFRS adoption increased accounting transparency.

"The Positive Externalities of IFRS: Enhanced R&D Disclosure"
Estery Giloz-Ran - Ben Gurion University, Israel
Ilanit Gavious - Ben Gurion University, Israel
Baruch Lev - New York University, USA

Discussant: Maria Dimitriou - University of Macedonia, Greece

This study investigates whether specific accounting standards motivate firms to disclose more extensive voluntary information to investors, thereby enriching investors' information environment beyond the direct disclosure impact of the standards themselves. Specifically, we focus on accounting for R&D, which prescribes the largest difference between US GAAP and IFRS: while GAAP mandates the immediate expensing of all internal R&D outlays, IFRS calls for the capitalization of development costs, under certain circumstances. We hypothesize that the process of capitalization generates a large amount of valuation-relevant information. Whether firms share some of this information with investors—an important externality of accounting-standard-setting—is an empirical question which we explore in this study. Our major finding corroborates our hypothesis: the extent of voluntary, R&D-related disclosure is significantly higher in IFRS firms than in US GAAP firms, particularly for information items directly related to the conditions of IFRS for capitalization of development costs. Notably, we show that the difference-in-difference between the IFRS and GAAP firms' total disclosure score over time is highly significant. We further show that accounting information (earnings, book value of equity, R&D expenditures) as well as voluntarily disclosed information are complements and that both are value-relevant for high-technology investors.

"IFRS- and more Recently IFRS for SMEs- Impact on Financial Statements Compared to Greek GAAP: The Case of SMEs in Beverage Industry"
Maria Dimitriou - University of Macedonia, Greece

Discussant: Jeffrey Callen - University of Toronto, Canada

There have been major changes in financial reporting in recent years. Most obvious is the continuing adoption of International Financial Reporting Standards (IFRS) worldwide, and more recently, recognizing the importance of Small and Medium sized Entities, IFRS for SMEs. SMEs in Greece today, regardless of their size and their sector of activity, required and encouraged to exchange financial information in a meaningful and trustworthy manner. The paper aims to investigate the main accounting and business related issues for SMEs in Greek Beverage Industry which proves to be a matter of great importance and of considerable research interest the last three years. It considers currently effective standards and highlights future developments and challenges that could impact accounting in the industry in the years to come.

SESSION 52 **Terpsihori**

POLITICAL CONNECTIONS
Session Chair: Terrence Hallahan - Victoria University, Australia

"The Value of Politically Connected Independent Directors in China"
Haoping Xu - Fudan University, China
Xin Zhang - Fudan University, China
Songjingyi Liang - Boston Consulting Group, USA

Discussant: Weiwei Cai - University of Edinburgh, UK

In this study, we use the unique setting of regulation-induced resignations to examine the value of the political connections provided by independent directors. We document a significantly negative market reaction to the loss of politically connected independent directors. In particular, firms losing politically connected independent directors suffer 1.75% more during the 3 day window around the announcements of their leave than firms losing non-politically connected independent directors. The results are also robust when different event windows and different measures of market reaction are selected. Moreover, we find that the price drop is more pronounced for directors with local government backgrounds and in companies from regions with lower levels of marketization or with fewer analysts. We also test whether the magnitude of loss depends on the committee positions of the departing director but find mixed results. Taken together, our results support the hypothesis that investors are aware of the benefits politically connected independent directors bring in.

"Political Endorsement and Firm Performance: Evidence from Propaganda Coverage"
Weiwei Cai - University of Edinburgh, UK
Wenxuan Hou - University of Edinburgh, UK
William Rees - University of Edinburgh, UK

Discussant: Ali Ozdakak - WHU – Otto Beisheim School of Management, Germany

Governments play an active role in many emerging markets, and their influences on listed firms are inferred from their explicit connections. This paper introduces political endorsement as a new measurement for implicit political connection. We use the propaganda coverage of the listed firms by Chinese central government to proxy the government endorsement. To examine to what extent the endorsement brings benefits or costs, we examine a sample of Chinese listed firms from 2009 to 2011. We first show that the ratio of Party members in the board is positively related to the incidence of government endorsement. We find that government endorsement leads to improved firm performances, in terms of both the level and change of ROA and ROS. To address the selection bias, we apply propensity score matching and document consistent results. Finally, the sequence and the length in propaganda coverage are found to lead to more positive market reaction.

"Lame Duck Presidency and Stock Returns"
Youngsoo Kim - University of Regina, Canada
Jung Park - Auburn University, USA

Discussant: Haoping Xu - Fudan University, China

Recent studies highlight positive political effects on firm performance and stock returns. This paper shows

that the positive value impact on the cross-sectional stock returns disappears in the lame duck presidency periods, defined as the last two years before the Presidential party change. We find that this phenomenon is not explained by other election characteristics. Additional tests suggest that the diminishing political effect in the lame duck periods is more pronounced for the small firms that are less able to hedge policy risk away and for the firms located in the states where residents more strongly support the President.

SESSION 53 **Erato**

NEWS
Session Chair: Stavros Zenios - University of Cyprus, Cyprus

"The Impacts of Sentiment Index with News on Returns and Volatility"
Yu-Chen Wei - National Kaohsiung First University of Science and Technology, Taiwan
Yang-Cheng Lu - Ming Chuan University, Taiwan
Yen-Ju Hsu - National Taiwan University, Taiwan

Discussant: Vasiliki Athanasakou - London School of Economics, UK

This study constructs a sentiment index with news (SIN) by using the principal components analysis referred to in Baker and Wurgler (2006) for data covering the period from January 2006 to June 2013 with the incorporation of representative sentiment proxies in the Taiwan stock market. The index of equity market news sentiment is measured by using linguistic analysis to quantify daily equity news comprising major publishers in Taiwan including the China Times Group and United Daily News Group. The properties of the investor sentiment index (SI), market news sentiment index (MNSI) and sentiment index with news (SIN) are examined and compared. Furthermore, the asymmetric impact of SI, MNSI and SIN on market returns and volatility under the status of optimism or pessimism are investigated. The empirical results show that the pessimistic sentiment status has a stronger impact on market returns and volatility relative to the optimistic sentiment status; however, the sentiment status exhibits weak predictability to market returns if the sentiment status is not classified. The major contribution of this study is that the explanatory power of the SIN to market volatility is stronger than the ability of the SI and pure MNSI. The analysis supports the view that the news sentiment contributes in reflecting the status of market sentiment. Therefore, this study suggests that the sentiment measured by equity market news should be incorporated into the composition of the sentiment status.

"The Relative Concentration of Bad Versus Good News Flows"
Vasiliki Athanasakou - London School of Economics, UK
Norman Strong - Manchester Business School, UK
Martin Walker - Manchester Business School, UK

Discussant: Panagiotis Mazis - Alpha Bank A.E., Greece

This paper examines flows of bad and good news as a feature of the firm's information environment. We argue that to the extent that managers delay reporting bad news, this leads to bad news being more concentrated. Measuring flows of bad and good news using flows of negative and positive abnormal stock returns, we find that firms with higher volatility of operations and managerial incentives to withhold bad news exhibit relatively more concentrated bad news flows. This relative concentration is also positively associated with lower earnings quality and a higher risk of shareholder litigation. Our results suggest that the relative concentration of bad and good news flows is related to the quality of the firm's information environment.

"Content Analysis of the FOMC Statements -How does the Fed's Wording Affect Financial Markets & Capital Flows?"
Panagiotis Mazis - Alpha Bank A.E., Greece
Andrianos Tsekrekos - Athens University of Economics and Business, Greece

Discussant: Yu-Chen Wei - National Kaohsiung First University of Science and Technology, Taiwan

Fed Monetary Policy as explained through the Statements released by the Federal Open Market Committee

(FOMC) is becoming more and more significant for financial market participants, especially following the great Financial Crisis of 2007-2009. In this paper, we analyze the information content of the FOMC statements from May 1999 to March 2014 by using Latent Semantic Analysis (LSA), so as to identify characteristic themes and observe their impact in the treasury market and capital flows. The evidence suggests that FOMC statements incorporate multiple and multifaceted messages, although sometimes complex, and such form of increased transparency is meaningful for financial and capital markets, as can be highlighted through the effect that the most significant identified themes have on treasury yield volatility but also through their impact on treasury international capital flows.

SESSION 54 **Thalia**

AGENCY THEORY
Session Chair: Louise Van Scheers - University of South Africa, South Africa

"The Relationship between the Ownership Identity, Ownership Concentration and Firm Operating Efficiency: Evidence from China"
Krishna Reddy - University of Waikato, New Zealand
Yu Yin - University of Waikato, New Zealand

Discussant: Mihail Miletkov - University of New Hampshire, USA

China restructured its state assets management system through the establishment of the State-owned Assets Supervision and Administration Commission (SASAC) in 2003. As a consequence, the de facto ownership rights of the local state-owned enterprises (local SOEs) were granted to the local governments. It was assumed by the Chinese policy makers that the split of state ownership between central government and local authorities will increase government's fiscal incentives in improving SOEs' economic efficiency. This study investigates whether the redefined state-ownership firms perform better compared to their private sector counterparts. A panel data comprising 13,273 firm-year observations for the period 2005-2012 and a system of simultaneous equations (3SLS) that allows to control for the effects of endogeneity was used in this study. Our results show that the listed state owned firms have remained inefficient even during the period when China experienced economic upturn. Given the existence of a weak regulatory environment, the expropriating activities appear to a factor contributing to the inefficiencies of the SOEs in China. The policy implication of this study is that efficiency gains of ownership reform might not be fully realized without the existence of a more competitive market and effective legal infrastructure.

"A Multinational Study of Foreign Directors on Non-U.S. Corporate Boards"
Mihail Miletkov - University of New Hampshire, USA
Annette Poulsen - University of Georgia, USA
Babajide Wintoki - University of Kansas, USA

Discussant: Angelo Aspris - University of Sydney, Australia

Firms can benefit from the expertise of foreign directors, but the benefits and costs of these directors are likely to vary across firms and countries. In a sample of non-US firms across 80 countries, we find that foreign directors are more likely to be appointed by larger firms with foreign operations and in countries with fewer qualified domestic directors. The association between foreign directors and firm performance is more positive in countries with weaker investor protection, in firms that engage in cross-border acquisitions, and when the director comes from a country with stronger investor protection than the firm's host country.

"CEOs That Stick Around: Do They Add Value?"
Angelo Aspris - University of Sydney, Australia
Howie Zhang - University of Sydney, Australia

Discussant: Thomas David - Université Paris Dauphine, France

The CEO is a key piece of human capital, whose value extends beyond his or her own personal skillset, but also all the network effects which he or she can bring, or retain for the firm. In the case of CEO turnovers, a large percentage of CEOs do not immediately leave the firm at the end of their tenure. Instead, they are often elected to the board of directors where they can continue serving the firm for many years after the cessation of their stewardship. What are the implications of this practise? Fahlenbrach, Minton, and Pan (2011) study a US sample and find that in over half of CEO turnovers, the outgoing CEO is subsequently reappointed on the board of directors, and in more than 36 percent of cases, are reappointed at least twice.

"When Cutting Dividends is Not Bad News: The Case of Optional Stock Dividends"

Thomas David - Université Paris Dauphine, France
Edith Ginglinger - Université Paris Dauphine, France

Discussant: Krishna Reddy - University of Waikato, New Zealand

This paper provides new evidence on dividend policy by studying optional stock dividends, a mechanism that allows firms to cut cash payouts without a negative market reaction. We find that highly leveraged firms with limited cash holdings and large institutional ownership are more likely to offer optional stock dividends to their shareholders. These firms are the most committed to paying dividends, and optional stock dividends provide them with an opportunity for a stealth cut in dividends during economic downturns. Shareholders overwhelmingly approve optional stock dividends at general meetings with the majority favoring stock dividends over cash dividends. Further, in contrast to dividend cuts, shareholders do not view optional stock dividends as bad news. Our results support the monitoring explanation of optional stock dividends and show that shareholders value a firm's ability and willingness to pay dividends, even if the final cash payout is reduced.

SESSION 55 **Chloe**

INSTITUTIONAL FACTORS AND CAPITAL MARKETS

Session Chair: Sanjiv Jaggia - Cal Poly, USA

"Debt Maturity and Amortization: Evidence from Late Nineteenth Century Mortgages"

Walid Busaba - University of Western Ontario, Canada
Kenneth Snowden - University of North Carolina at Greensboro, USA

Discussant: Hui Zhu - University of Ontario Institute of Technology, Canada

Prior to 1930, the bulk of farm and residential mortgages in the U.S. were written for terms of five or fewer years and required borrowers to make only interest payments during the life of the loan. Loan maturity varied significantly across regions as mortgages generally were shorter and renegotiated more frequently in the recently settled areas of the South and West than in the more settled areas of the North and East. These lending patterns are of interest because they contrast with the fully amortized, long-term mortgage loans which are common today and were so in Nineteenth Century Europe. We use modern contract theory to analyze variations in average contract length within local mortgage markets across time, across local markets at a point in time, and between regional markets over time. Theory itself explains variations in contract design and practice across markedly different economic, informational, and institutional environments, and it turns out the historical mortgage market provides a compelling opportunity for this broader type of empirical investigation. The paper reports evidence that ex ante informational asymmetries and variations in liquidation values under default were at work in the historical mortgage market. Our analysis can explain the extensive use of short-term straight mortgage loans before 1930, and why the practice was largely abandoned in the 1930s by the combination of economic shocks

"Corporate Innovation: Cross-Country Comparisons"

Hui Zhu - University of Ontario Institute of Technology, Canada
Steven Zhu - Queen's University, Canada

Discussant: Cong Wang - University of Edinburgh, UK

This paper studies whether a country's integrated economic freedom explains corporations undertaking innovative activities. Using 5,700 firms from 29 countries filed and granted U.S. patents over the 1984-2006

period, we find strong and robust evidence that better economic freedom promotes corporate innovation. This finding suggests that cross-national differences with a sound legal environment, limited government, regulation efficiency, and open markets facilitate corporate innovative activities. We also find that firms domiciled in a country with more economic freedom than the U.S. experience greater overseas innovative activities. This is consistent with the notion that more economic freedom enhances innovation competence in the global market.

"Profit Inequality: Comparative Evidence from the U.S. and Chinese Listed Firms"
Cong Wang - University of Edinburgh, UK
Wenxuan Hou - University of Edinburgh, UK

Discussant: Christos Nounis - Centre of Planning and Economic Research, Greece

Classical economic theory holds that profit rates of all firms should converge to a uniform rate of profit when the economy is in equilibrium as a result of market competition, and the literature addresses the issue by examining the difference in profit levels, profit persistence and variance. In this study, we revisit the important issue by focusing on the inequality of profit of listed firms from the US and China, the largest developed and emerging markets. We find that both U.S. and China have experienced steady increase in profit inequality as indicated by the Gini coefficient of profit during the past decades. In the US, inequality between industries gradually fades (drop from 0.336 in 1950 to 0.271 in 2010) while inequality between firms becomes increasingly significant. However, in China, industry level inequality has soared since late 1990s and accounted for around 70% of the aggregate inequality in late 2000s. The inequality between SOEs (state-controlled enterprises) and private firms in China also accounts for a considerable (about 40%) portion of aggregate inequality, implying that the presence of state shareholders contributes to the profit inequality in China.

"Financial Innovation and Growth: Listings and IPOs from 1880 to World War II in the Athens Stock Exchange"
Stavros Thomadakis - University of Athens, Greece
Dimitrios Gounopoulos - University of Sussex, UK
Christos Nounis - Centre of Planning and Economic Research, Greece
Michalis Riginos - University of Athens, Greece

Discussant: Walid Busaba - University of Western Ontario, Canada

The study explores the growth of the Athens Stock Exchange through new listings and IPOs over the period 1880-1940. We examine institutional changes in exchange governance and listing requirements. On a theme that has not been addressed before, we find that simple listings were far more numerous than actual IPOs, while even during 'hot' listing periods IPO activity was relatively limited. IPOs in Greece remained unregulated throughout the period and there is only sparse evidence on the involvement of professional investment banking services. IPOs over-pricing in the early decades gives way to under-pricing in the 1920s. The growth of the Greek stock market was coincident with development episodes in the economy, as well as phases of protectionism. It has been driven by a demand for listings basically serving the liquidity needs of company owners. Finally, the study presents data on "quasi-IPOs" (i.e. capital increases shortly after listing) and shows that they offer a more accurate assessment of the demand for the financing of listing firms.

SESSION 56 **Board Room 1**

ASSET PRICING VII
Session Chair: Malick Sy - RMIT University, Australia

"Commodities: Resources or Financial Assets? A Cross Sectional Analysis of Metals Markets"
Fabian Lutzenberger - University of Augsburg, Germany
Benedikt Gleich - University of Augsburg, Germany
Herbert Mayer - University of Augsburg, Germany
Christian Stepanek - University of Augsburg, Germany
Andreas Rathgeber - University of Augsburg, Germany

Discussant: Georgios Skoulakis - University of British Columbia, Canada

Metals are not only very important resources for industrial production, but recently have attracted a large number of investors. While certainly both industrial producers and consumers as well as financial investors do have some influence on metal price development, the role of relevant price factors is not yet quite clear. Therefore, we examine the explanatory power of various fundamental factors related to supply and demand of metals as well as characteristics known from financial markets, on average monthly price changes in a unique data sample of 30 metals. Here we apply – to our knowledge for the first time in this context – the widely accepted method of characteristic-sorted portfolios, which is known to yield robust results. Our major finding is that these financial characteristics are also very relevant for metals markets. In particular, value and momentum effects are able to predict monthly price changes of our metal portfolios, while fundamental factors have very low predictive power. Hence, the view, that commodities are assets, seems to be clearly the dominating view in the short-run. Thus, our results suggest that fundamental factors are either already included in the current price and therefore are not relevant for predicting portfolio returns or that they could be less important than financial characteristics like value and momentum.

"Estimating and Testing Linear Factor Models Using Large Cross Sections: The Regression-Calibration Approach"

Soohun Kim - Georgia Institute of Technology, USA
Georgios Skoulakis - University of British Columbia, Canada

Discussant: Laleh Samarbakhsh - Ryerson University, Canada

We propose a modification of the two-pass cross-sectional regression approach for estimating risk premia in linear asset pricing models, suitable for the case of large cross sections and short time series. Employing the regression-calibration method, we develop a beta correction method, which deals with the error-in-variables problem, based on which an N-consistent estimator of the ex-post risk premia is constructedand novel asset pricing tests are developed. Empirically, we reject the implications of the CAPM and Fama-French model but also offer new evidence on the usefulness of the HML factor for pricing large cross sections of individual stocks.

"Is Default Risk Priced in Equity Options?"

Laleh Samarbakhsh - Ryerson University, Canada

Discussant: Herbert Mayer - University of Augsburg, Germany

What is the impact of default risk on equity option pricing? We study this question in detail by empirically examining to what extent the firm-specific default risk matters in pricing individual equity options. Recent financial crisis showed that for many financial firms equity options experienced high IVs and wide option bid-ask spreads, when the underlying credit default swap (CDS) spreads went up. By examining an exhaustive sample of US-listed firms with both CDS and options data available over an 8-year period from 2002 to 2010 we show that default risk is a prominent significant factor in the prices of equity options. The impact of default risk remains significant after controlling for firm-specific and macroeconomic factors. This study relates to recent literature that explains how default risk can get injected from the fixed income market to the equity options market and why default risk is important in the pricing of equity option and implied volatility.

KEYNOTE SPEECH

8:15 - 9:00 p.m.

Professor Robert Korajczyk
Nortwestern University, USA

HIGH-FREQUENCY MARKET MAKING TO LARGE INSTITUTIONAL TRADES

We utilize a unique data set that provides all orders and trades, with (masked) trader identity known, for all equities traded on Canadian exchanges. We identify and characterize designated market makers (DMMs) and high-frequency traders that act as market makers (HFTs). We also identify large institutional trade packages and characterize how HFTs and DMMs provide liquidity to these trades. Both HFTs and DMMs provide liquidity to large institutional trades, with HFTs providing substantially more. In high-volume stocks, HFT liquidity provision is significantly reduced for "stressful" trades, while DMM liquidity provision remains mostly unchanged. HFT liquidity provision is also significantly reduced following periods of low HFT profitability. The effective spread for large trades is significantly affected by HFT (and to a lesser extent DMM) choice of liquidity provision during the trade.

GALA DINNER

9:30 p.m. - midnight

MULTINATIONAL FINANCE JOURNAL

Quarterly Publication of the *Multinational Finance Society*, a nonprofit corporation.
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Aim and Scope

The Multinational Finance Journal (MFJ) publishes high-quality refereed articles on capital markets, financial institutions, management of investments, and corporate finance, dealing with issues that are relevant to the study and practice of finance in a global context. The MFJ makes a specific contribution by publishing research investigating phenomena related to the integration and interaction of national financial systems at the micro- and macro-finance levels and by disseminating research originating from countries with financial markets in different stages of development and diverse institutional arrangements.

Shipping Finance

In 2013, the MFJ editorial board has decided to widen the journal's scope by focusing in particular on finance aspects relevant to ocean shipping and transportation related areas. For this reason the Journal has appointed a new Editor, Dr. Photis M. Panayides to provide leadership to this new venture for the Journal. Articles of the special section on 'Shipping Finance' will be published regularly with each publication volume of the Journal. The Special section will host papers in the following topics for the shipping, logistics and transportation sectors:

- Maritime and transport infrastructure investment and financing
- Capital structure of shipping and transport companies
- Managing firm value in maritime transport
- Corporate governance and ownership structure in shipping and transport
- Maritime and transport mergers and acquisitions
- Financing, investment and privatization of transport related infrastructure
- Behavioral finance in relation to ship financing and management
- Financial performance and efficiency in maritime and transport sectors
- Risk-return characteristics of shipping investments
- Forecasting, volatility and shipping markets
- Risk management in shipping and transportation
- Accounting and maritime financial management

Editorial Policy

The editorial policy is to accept for publication original research articles that conform to the generally accepted standards of scientific inquiry and provide pragmatic interpretations of findings. Recognizing the multinational origins of the submitted articles, the MFJ is open to research that reflects diversity in its methodological and theoretical underpinnings.

Submissions

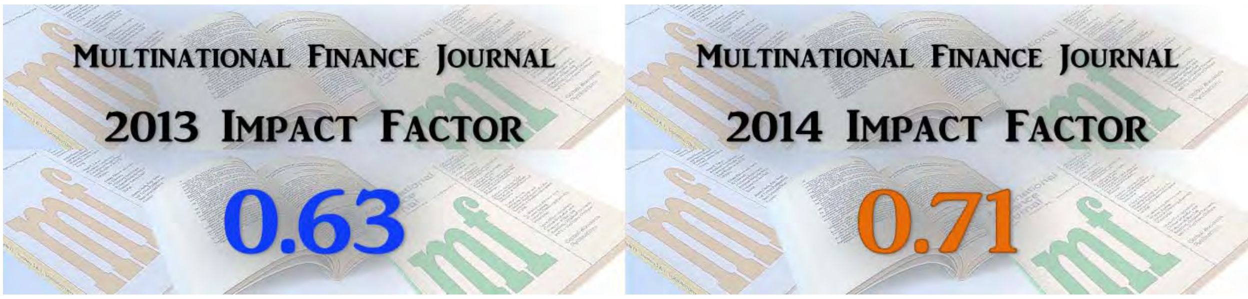
To submit your manuscript you have to login to your account (if you do not have an account, please create one), choose Multinational Finance Journal and then click on the 'Submit a new Manuscript' link. During this online submission process, detailed guidelines will appear on your screen providing information on how to proceed in each consecutive step of the submission. Moreover, all contacts between editor and corresponding author (including editor's decision notification) are to take place via e-mails. The submission/re-submission fee for MFS members is €80 and for non-members is €150.

Subscriptions

Annual subscription rate for institutions is €220. Claims for missing issues must be made within six months of the publication date. For air mail (international), please include an additional €25. Please, use our online pdf form and recommend to your library to carry a subscription to the Multinational Finance Journal. Your assistance on this matter is very much appreciated.

MULTINATIONAL FINANCE JOURNAL
EDITORIAL REPORT

Period January 2013 - December 2014



This report briefly summarizes the activity of the Multinational Finance Journal (MFJ) over the period January 2013 - December 2014.

Overall, this period has been a successful one for the journal, especially since its impact factor for 2014 has increased to 0.71 from 0.63 in 2013. The journal's impact factor in 2012 it was 0.38.

During this period, MFJ has seen 70 first-time submissions, while 30 papers were already in the editorial process from submissions prior to January 2013. Out of the newly submitted manuscripts, 48 were rejected in the first round and 22 were invited for revision and resubmission.Sixteen manuscripts were accepted for publication and 11 of these papers have already been published.

Only approximately 15% of the total manuscripts submitted were accepted for publication, and more than half of these required more than two rounds of revisions. This is indicative of the increasing quality of MFJ publications and the thoroughness of the review process. The stringency of the review process is further illustrated by the fact that even after an initial round of revisions more than 25% of those manuscripts were rejected.

The organizational quality of the review process has been strong. Specifically, more than 75% of all papers were processed in four months or less, and fewer than 10% of manuscripts were under review for six months or more. This translates to a mean (median) review period of 107 (119) days.

The managing teaming with the invaluable contributions of all members of the Editorial Board is committed to publishing original, high-quality theoretical and empirical articles across all the major fields of finance and economics, placing emphasis on the internationality of the research.

All efforts of the managing team aim to increase the visibility and impact of the journal. In this respect, MFJ is currently abstracted/indexed in: Google Scholar, GrossRef, EBSCO, ABS Academic Journal Quality Guide, Research Papers in Economics (RePEc), and Social Science Research Network (SSRN).

The journal's article archive can be found here:
http://www.mfsociety.org/page.php?pageID=175

To submit a paper, please follow this link:
http://www.mfsociety.org/page.php?pageID=165

Panayiotis Theodossiou, PhD
Editor-in-Chief

Panayiotis C. Andreou, PhD
Editor-in-Chief (Pro-Tem)

MULTINATIONAL FINANCE JOURNAL

FORTHCOMING ARTICLE

Volume 19, Issue 3 – September 2015

TITLE

"The Pricing of Illiquidity as a Characteristic and as Risk"

YAKOV AMIHUD
Ira Leon Rennert Professor of Entrepreneurial Finance,
Stern School of Business, New York University

HAIM MENDELSON
Kleiner Perkins Caufield & Byers Professor of
Electronic Business and Commerce, and Management,
Graduate School of Business, Stanford University

ABSTRACT

This paper reviews research on the effects of different measures of liquidity on asset prices. The foundation is the pricing of liquidity as an asset characteristic that began with the theoretical model and empirical evidence of Amihud and Mendelson (1986). The positive relation between expected returns on financial assets and the illiquidity of these assets has since been reconfirmed both in the U.S. and worldwide. The positive relation between illiquidity and expected return gives rise to research on the effect of liquidity related systematic risk. Two types of such risk are shown to be priced: exposure to shocks in market liquidity and exposure to the market illiquidity return premium. The pricing of these risks is stronger in times of greater funding illiquidity and economic stress.

MULTINATIONAL FINANCE JOURNAL

PUBLISHED ARTICLES

Volume 18, Issues 1 & 2 – March/June 2014 – pp. 1-167

A Cure Rather than a Disease: Government Ownership and Minority Shareholder Protection
Mihail K. Miletkov, *University of New Hampshire, USA*

Fund Family Tournament and Performance Consequences: Evidence from the UK fund industry
Zhichao Zhang, *Durham University, UK*
Li Ding, *Durham University, UK*
Si Zhou, *Durham University, UK*
Yaoyao Fu, *Durham University, UK*

Did Behavioral Mutual Funds Exploit Market Inefficiencies During or After the Financial Crisis?
Nikolaos Philippas, *University of Piraeus, Greece*

A Tale of Beauties and Beasts: Testing the Optimal Disclosure Hypothesis
Håkan Jankensgård, *Lund University, Sweden*

Volume 18, Issues 3 & 4 – September/December 2014 – pp. 169-336

Information Arrival, Jumps and Cojumps in European Financial Markets: Evidence Using Tick by Tick Data
Frédéric Délèze, *Hanken school of Economics, Finland*
Syed Mujahid Hussain, *Hanken school of Economics, Finland*

The Impact of Textual Sentiment on Sovereign Bond Yield Spreads: Evidence from the Eurozone Crisis
Sha Liu, *University of Southampton, UK*

Impact of Financial Crisis on Firms' Capital Structure in UK, France, and Germany
Abdullah Iqbal, *University of Kent, UK*
Ortenca Kume, *University of Kent, UK*

Systemic Banking Crises, Financial Liberalization and Governance
Basma Majerbi, *University of Victoria, Canada*
Houssem Rachdi, *University of Jendouba, Tunisia*

Volume 19, Issue 1 – March 2015 – pp. 1-75

Media Content and Stock Returns: The Predictive Power of Press
Nicky J. Ferguson, *University of Cambridge, UK*
Dennis Philip, *Durham University Business School, UK*
Herbert Y. T. Lam, *Renmin University of China, China*
Jie Michael Guo, *Durham University Business School, UK*

Equity Anomalies and Idiosyncratic Risk Around the World
Steve Fan, *University of Wisconsin - Whitewater, USA*
Scott Opsal, *University of Wisconsin - Whitewater, USA*
Linda Yu, *University of Wisconsin - Whitewater, USA*

Volume 19, Issue 2 – June 2015 – pp. 77-147

Dividends and Foreign Performance Signaling
Robert Joliet, *IESEG School of Management Lille-Paris, France*
Aline Muller, *HEC Management School of the University of Liège, Belgium*

The Determinants of Shareholder Value in Retail Banking During Crisis Years: The Case of Greece
Eleftherios Angelopoulos, *University of Patras, Greece*
Antonios Georgopoulos, *University of Patras, Greece*

CALL FOR PAPERS

Special Issue of the Multinational Finance Journal

TOPIC

"Shareholder activism and voting"

GUEST EDITOR

David Yermack
Albert Fingerhut Professor of Finance and Business Transformation
Leonard N. Stern School of Business

DETAILS

The Multinational Finance Journal (MFJ) announces a Special Issue that aims to publish influential articles that discuss top priority issues pertaining to corporate governance. Specifically, this Special Issue welcomes theoretical, applied, empirical, and policy-oriented research papers related to **shareholder activism and voting**. High quality, well written practitioner papers that follow rigorous research techniques will also be considered.

All submissions will follow the MFJ double-blind refereeing policy. All submissions should be submitted via the online system before **30 September 2015**. The Special Issue is expected to be published by the end of 2016.

An award of 1,000 USD will be presented to the best accepted articles published in the Special Issue. The decision will be reached following a voting process from the journal's Editorial Board.

SPRING 2016 CONFERENCE OF THE MULTINATIONAL FINANCE SOCIETY

April 22 - 24, 2016
Limassol - Cyprus

KEYNOTE SPEAKERS

Turan G. Bali - *Georgetown University, USA*
Raghavendra Rau - *Cambridge Judge Business School*

AREAS OF INTEREST

Papers in all areas of Finance, Banking, Accounting and Economics dealing with developed and developing countries are welcome. Specific topics include, but are not limited to: Asset Pricing; International Asset Market Structures; Financial Derivatives; Corporate Ownership; Governance and Compensation and Firm Performance; Issues of Governance and Management Control; Cost of Bankruptcy and Financial Distress; Capital Structure Issues for Firms; Capital Structures in the Post Crisis Era; Financial Accounting; Banking in Crisis; CDS; Commodities; Contagion in Financial Markets; Initial and Seasoned Public Offerings and Equity Restructuring; Investment Banking and Issuing of Corporate Securities; FX Arbitrage; Financial Reporting; Mergers; Acquisitions; Corporate Restructuring and Takeover Defences; Behavioral Finance; Microstructure of Developed and Emerging Markets; Portfolio Management and Pricing Models; International Corporate Pension Fund Policies; Shipping Finance.

Policy-oriented papers from researchers in government and industry are particularly welcome. Suggestions for the organization of panel sessions on topics of general interest will also be considered.

DOCTORAL STUDENT TUTORIALS AND PRESENTATIONS

The Multinational Finance Society will provide financial support for a limited number of registered doctoral students not sponsored by their institutions.

FURTHER INFORMATION

Information regarding the conference, accommodation, keynote speakers, travel arrangements, registration fees and other activities will be published on the MFS website in due course. Information about past conferences can be found on the website as well.

23RD ANNUAL CONFERENCE OF THE MULTINATIONAL FINANCE SOCIETY

June 26 - 29, 2016
Stockholm - Sweden

Further information to be provided after the conference