SPRING 2017 CONFERENCE
MULTINATIONAL FINANCE SOCIETY

http://www.mfsociety.org

ORGANIZED AT

Cyprus University of Technology
Tassos Papadopoulos Building
Themidos and Ifigenias Corner
Lemesos, CYPRUS

April 7-9, 2017

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

To bring together researchers, doctoral students and practitioners from various international institutions to focus on timely financial issues and research findings pertaining to industrialized and developing countries.

Keynote Speakers

George Constantinides - University of Chicago, USA
Gikas Hardouvelis - University of Piraeus, Greece and former Minister of Finance of the Hellenic Republic
Shyam Sunder - Yale School of Management, USA

Program Committee - Chairs

Andreas Charitou - University of Cyprus, Cyprus
Panayiotis Theodossiou - Cyprus University of Technology, Cyprus

Program Committee

Nihat Aktas - WHU Otto Beisheim School of Management, Germany
Wolfgang Bessler - Justus-Liebig University Giessen, Germany
George Blazenko - Simon Fraser University, Canada
Jeffrey Callen - University of Toronto, Canada
Andreas Charitou - University of Cyprus, Cyprus
Hassapis Christis - University of Cyprus, Cyprus
Ephraim Clark - Middlesex University Business School, UK
George Constantinides - University of Chicago, USA
Yiannis Dendramis - University of Cyprus, Cyprus
Gikas Hardouvelis - University of Piraeus, Greece
Phil Holmes - Leeds University, UK
Yoram Kroll - Ono Academic College (OAC), Israel
Anastasios Malliaris - Loyola University Chicago, USA
Minna Martikainen - Hanken School of Economics, Finland
Spiros Martzoukos - University of Cyprus, Cyprus
Andreas Milidonis - University of Cyprus, Cyprus
Nikolaos T. Milonas - University of Athens, Greece
Usha Mittoo - University of Manitoba, Canada
Christos Negakis - University of Macedonia, Greece
George Nishiotis - University of Cyprus, Cyprus
Steven Ongena - University of Zurich, Switzerland
Leszek Preisner - AGH, Poland
Frank Skinner - Brunel University, UK
Melita Stephanou-Charitou - University of Nicosia, Cyprus
Nikos Vafeas - University of Cyprus, Cyprus
Julian Williams - Durham University, UK
Avi Wohl - Tel Aviv University, Israel
David Yermack - New York University, USA
Ania Zalewska - University of Bath, UK

Local Organizing Committee

Panayiotis C. Andreou - Cyprus University of Technology, Cyprus
Irene Karamanou - University of Cyprus, Cyprus
Neophytos Lambertides - Cyprus University of Technology, Cyprus
Sotiroula Liasidou - Cyprus University of Technology, Cyprus
Christodoulos Louca - Cyprus University of Technology, Cyprus
Photis Panayides - Cyprus University of Technology, Cyprus
Panikkos Poutziouris - University of Central Lancashire, Cyprus
Christos Savva - Cyprus University of Technology, Cyprus
George Theocharides - CIIM, Cyprus

MULTINATIONAL FINANCE SOCIETY
OFFICERS AND DIRECTORS

mfs

Sponsored by

COOPERATIVE
CENTRAL BANK

Supported by

University of Cyprus

CYPRUS TOURISM ORGANISATION

CENTRAL BANK OF CYPRUS
EUROSYSTEM

Passion
FOR SUCCESS
CYPRUS CONVENTION BUREAU

EXARSIS
BUSINESS SOLUTIONS LTD

uclan
University of Central Lancashire
CYPRUS

LETTER FROM THE PROGRAM CHAIRS

Dear Colleagues,

We welcome you to the Spring 2017 Conference of the Multinational Finance Society in the beautiful city of Limassol (Lemesos), Cyprus. During the past several years the economic and political developments around the world have created a challenging environment for businesses, financial institutions and governments. The general economic slowdown, the worsening of the fiscal condition of various countries, the increased public and private debt and the turbulence in the financial sector of numerous European Union countries, necessitate the discussion of micro- and macro-finance issues and the exploration of timely solutions to financial problems.

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.

This year's meeting has also received many excellent submissions. In total, we received 108 papers - of those papers, 72 were accepted for presentation by the Program Committee. The conference program includes 58 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, Austria, Belgium, Canada, China, Cyprus, Denmark, Finland, France, Germany, Greece, Ireland, Israel, Italy, Norway, Qatar, Spain, Sweden, Switzerland, United Kingdom, United Arab Emirates and the United States of America. This creates an opportunity to not only meet our old friends again but also our new colleagues from Cyprus as well as other first-comers.

We are lucky this year to have three outstanding keynote speakers, Professor George Constantinides of University of Chicago, USA, Professor Gikas Hardouvelis of University of Piraeus, Greece and former Minister of Finance of the Hellenic Republic and Professor Shyam Sunder of Yale School of Management, USA.

We have a wonderful location in the facilities of the Cyprus University of Technology, which is located at the heart of Limassol.

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 local organizing committee members from the Cyprus University of Technology, University of Cyprus and Cyprus International Institute of Management.

Special thanks go to our support staff Gregoris Gregoriou, Adamos Stavrinos and Fanos Theodossiou for their administrative assistance. This conference would have not been possible without all of their hard work!

Finally we would like to thank our Grand Sponsor Cooperative Central Bank (COOP) and also the other sponsors, UCLan Cyprus, Central Bank of Cyprus and Cyprus Tourism Organization (CTO) for their financial support.

We wish you a pleasant stay in Limassol and we hope you enjoy the Conference.

The Program Chairs,

AC PT

Andreas Charitou
Panayiotis Theodossiou

GENERAL INFORMATION

CONFERENCE INQUIRIES

Global Business Publications
mfc2017a@mfsociety.org

CONFERENCE REGISTRATION

Friday, April 7 (Tassos Papadopoulos Building (CUT))	3:00 p.m. - 6:00 p.m.
Saturday, April 8 (Tassos Papadopoulos Building (CUT))	9:30 a.m. - 6:00 p.m.

SOCIAL FUNCTIONS

Friday, April 7

Refreshments (Tassos Papadopoulos Building)	6:00 - 6:15 p.m.
Introductory Remarks (Tassos Papadopoulos Building - Amphitheatre 1)	6:15 - 6:30 p.m.
Keynote Speech (Prof. Hardouvelis - Tassos Papadopoulos Building - Amphitheatre 1)	6:30 - 7:15 p.m.
Roundtable Discussion (Prof. Hardouvelis, Mr. Keravnos, Mr. Hadjiyiannis and Mr. Kyriacou - Tassos Papadopoulos Building - Amphitheatre 1)	7:15 - 8:45 p.m.
Reception (Tassos Papadopoulos Building)	8:45 - 10:00 p.m.

Saturday, April 8

Luncheon (Tassos Papadopoulos Building - Amphitheatre 2)	12:00 - 1:30 p.m.
Keynote Speech (Prof. Sunder - Tassos Papadopoulos Building - Amphitheatre 1)	1:30 - 2:15 p.m.
Refreshments (Tassos Papadopoulos Building)	4:15 - 4:30 p.m.
Keynote Speech (Prof. Constantinides - Tassos Papadopoulos Building - Amphitheatre 1)	7:45 - 8:30 p.m.
Gala Dinner (Carob Mill – The Evagoras Lanitis Center)	9:00 - 11:00 p.m.

Sunday, April 9

Limassol Traditional Village Excursion	9:15 a.m. - 4:00 p.m.

LIST OF SESSIONS

Friday 4:00 - 6:00 p.m.

Session 1	Behavioral Issues	Room 1
Session 2	Corporate Governance	Room 2
Session 3	Corporate Finance I	Room 3
Session 4	Accounting Issues I	Room 4

Saturday 10:00 a.m. - 12:00 p.m.

Session 5	Financial Econometrics I	Room 1
Session 6	Interest Rates	Room 2
Session 7	Financial Crisis	Room 3
Session 8	Accounting Issues II	Room 4

Saturday 2:15 - 4:15 p.m.

Session 9	Corporate Finance II	Room 1
Session 10	Funds I	Room 2
Session 11	Banking and Mortgages	Room 3
Session 12	Derivatives	Room 4

Saturday 4:30 - 6:00 p.m.

Session 13	Banking Issues	Room 1
Session 14	Funds II	Room 2
Session 15	Trading	Room 3
Session 16	Financial Econometrics II	Room 4

Friday 4:00 - 6:00 p.m.

SESSION 1 **Room 1**

BEHAVIORAL ISSUES
Session Chair: Dirk Schiereck - Technische Universitaet Darmstadt, Germany

"Household Wealth and Portfolio Choice when Tail Events are Salient"
Murray Carlson - University of British Columbia, Canada
Ali Lazrak - University of British Columbia, Canada

Discussant: Paola Soccorso - CONSOB, Italy

"Financial Advice Seeking, Financial Knowledge and Overconfidence. Evidence from the Italian Market"
Monica Gentile - CONSOB, Italy
Nadia Linciano - CONSOB, Italy
Paola Soccorso - CONSOB, Italy

Discussant: Filia Kaourma - University of Cyprus, Cyprus

"The Effects of Public Information and Sentiment on the Behaviour of Uninformed Investors in Foreign Exchange Markets"
Filia Kaourma - University of Cyprus, Cyprus

Discussant: Ali Lazrak - University of British Columbia, Canada

SESSION 2 **Room 2**

CORPORATE GOVERNANCE
Session Chair: Kyriaki Kosmidou - Aristotle University of Thessaloniki, Greece

"The Effect of Director Limited Liability Provisions on Firm Value"
Iness Aguir - American University of Sharjah, United Arab Emirates

Discussant: Sonia Falconieri - Cass Business School, UK

"Are Female Executives More Informative? An Analysis of Tone and Market Reaction"
Chiara De Amicis - Cass Business School, UK
Sonia Falconieri - Cass Business School, UK
Riccardo Palumbo - Universita' Di Pescara, Italy
Mesut Tastan - London School of Economics, UK

Discussant: Asif Huq - Dalarna University, Sweden

"Does voluntary audit increase small firm growth? Evidence from a natural experiment"
Asif Huq - Dalarna University, Sweden
Sven-Olov Daunfeldt - Dalarna University, Sweden
Fredrik Hartwig - Dalarna University, Sweden
Niklas Rudholm - Dalarna University, Sweden

Discussant: Ted Azarmi - Heilbronn University, Germany

"Does Gender Diversity Create Value? The Effect of Gender Diversity in the Boardroom on Shareholder Value"
Ted Azarmi - Heilbronn University, Germany
Ines Biehlman - Innsbruck University School of Management, Austria

Discussant: Iness Aguir - American University of Sharjah, United Arab Emirates

Friday 4:00 - 6:00 p.m.

SESSION 3 **Room 3**

CORPORATE FINANCE I
Session Chair: Panayiotis Andreou - Cyprus University of Technology, Cyprus

"A Simple Intuitive NPV-IRR Consistent Ranking"
Moshe Ben- Horin - Ono Academic College (OAC), Israel
Yoram Kroll - Ono Academic College (OAC), Israel

Discussant: Milena Petrova - Syracuse University, USA

"Corporate Board Gender Diversity and Stock Returns"
Chinmoy Ghosh - University of Connecticut, USA
Milena Petrova - Syracuse University, USA
Le Sun - State Street Global Advisors, USA
Yihong Xiao - University of Connecticut, USA

Discussant: Olga Kandinskaia - CIIM, Cyprus

"Recticel's Capital Increase: Implementation, Timing, Valuation, and Dividends Dilemma"
Nancy Huyghebaert - Katholieke Universiteit Leuven, Belgium
Olga Kandinskaia - CIIM, Cyprus

Discussant: Jun (Tony) Ruan - Xiamen University, China

"The Competitive Effects of Rivals' Earnings News on IPOs"
Jun (Tony) Ruan - Xiamen University, China
Hong Qian - Oakland University, USA

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

SESSION 4 **Room 4**

ACCOUNTING ISSUES I
Session Chair: Neophytos Lambertides - Cyprus University of Technology, Cyprus

"Analysing the Relationship Between Implied Cost of Capital Metrics and Realised Stock Returns"
Colin Clubb - King's College London, UK
Michalis Makrominas - Frederick University, Cyprus

Discussant: Maria Dimitriou - University of Macedonia, Greece

"A Review and Synthesis of Research on Analysts' Valuation Process Beyond Approaches and Models"
Maria Dimitriou - University of Macedonia, Greece

Discussant: Anna Merika - Deree College, Greece

"Aspects of Competitiveness and Taxation Policy: The Case of Hellenic Shipping"
Anna Merika - Deree College, Greece
Anna Triantafyllou - Deree College, Greece
George Zombanakis - Deree College, Greece

Discussant: Charoulla Charalambous - University of Cyprus, Cyprus

"The Effect of Golden Parachutes on Information Asymmetry"
Charoulla Charalambous - University of Cyprus, Cyprus
Andreas Charitou - University of Cyprus, Cyprus
Irene Karamanou - University of Cyprus, Cyprus

Discussant: Michalis Makrominas - Frederick University, Cyprus

Friday 4:00 - 6:00 p.m.

Refreshments 6:00 - 6:15 p.m.

Tassos Papadopoulos Building

INTRODUCTORY REMARKS

6:15 - 6:30 p.m.   Tassos Papadopoulos Building - Amphitheatre 1

KEYNOTE SPEECH

6:30 - 7:15 p.m.   Tassos Papadopoulos Building - Amphitheatre 1

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

EURO AREA ECONOMIC CRISIS: CYPRUS VERSUS GREECE

ROUNDTABLE DISCUSSION

7:15 - 8:45 p.m.   Tassos Papadopoulos Building - Amphitheatre 1

PANELLISTS

Gikas Hardouvelis
University of Piraeus, Greece and Ex- Minister of Finance of the Hellenic Republic, Greece

Makis Keravnos
Ex- Minister of Labour & Social Insurance, Ex- Minister of Finance and Ex- CEO Hellenic Bank, Cyprus

Nicholas Hadjiyiannis
Chairman of Cooperative Central Bank, Cyprus

George Kyriacou
Director of Economic Analysis and Research - Central Bank of Cyprus, Cyprus

MODERATOR

Panayiotis Theodossiou
Cyprus University of Technology, Cyprus

EUROZONE BANKING CRISIS: GREECE AND CYPRUS

RECEPTION

8:45 - 10:00 p.m.   Tassos Papadopoulos Building

Saturday 10:00 a.m. - 12:00 p.m.

SESSION 5 **Room 1**

FINANCIAL ECONOMETRICS I
Session Chair: Itzhak Venezia - Tel Aviv Yaffo Academic College, Israel

"Financial Stress Relationships Among Euro AreaCountries: An R-vine Copula Approach"
Andreas Tsopanakis - University of Salford, UK
Meilan Yan - University of Hull, UK
Dalu Zhang - University of Salford, UK

Discussant: Didier Maillard - CNAM, France

"Modelling Tail Risk in a Continuous Space"
Didier Maillard - CNAM, France

Discussant: Christos Savva - Cyprus University of Technology, Cyprus

"Neglecting Structural Breaks when Estimating and Valuing Dynamic Correlations for Asset Allocation"
Andreea G. Halunga - University of Bath, UK
Christos Savva - Cyprus University of Technology, Cyprus

Discussant: Nektarios Michail - Cyprus University of Technology, Cyprus

"The Risk and Return Conundrum Explained: International Evidence"
Christos Savva - Cyprus University of Technology, Cyprus
Panayiotis Theodossiou - Cyprus University of Technology, Cyprus

Discussant: Andreas Tsopanakis - University of Salford, UK

SESSION 6 **Room 2**

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

"Interest Rate Risk of Life Insurers - Evidence from Accounting Data"
Axel Moehlmann - Deutsche Bundesbank, Germany

Discussant: Paul Whelan - Copenhagen Business School, Denmark

"Expected Term Structures"
Andrea Buraschi - Imperial College London, UK
Ilaria Piatti - Saïd Business School, UK
Paul Whelan - Copenhagen Business School, Denmark

Discussant: Luis Vicente - Universidad de Zaragoza, Spain

"Euro Government Bond Funds Before and After the Euro Debt Crisis: Evidence from Security-Level Holdings"
Cristina Ortiz - Universidad de Zaragoza, Spain
Gloria Ramírez - Universidad de Antioquia, Colombia
Luis Vicente - Universidad de Zaragoza, Spain

Discussant: Gyuri Venter - Copenhagen Business School, Denmark

Saturday 10:00 a.m. - 12:00 p.m.

"Central Bank Communication and the Yield Curve"
Metteo Leombroni - Stanford University, USA
Andrea Vedolin - London School of Economics, UK
Gyuri Venter - Copenhagen Business School, Denmark
Paul Whelan - Copenhagen Business School, Denmark

Discussant: Axel Moehlmann - Deutsche Bundesbank, Germany

SESSION 7 **Room 3**

FINANCIAL CRISIS
Session Chair: Kenneth Högholm - HANKEN School of Economics, Finland

"Nonprofit Organizations and the Global Financial Crisis: An Empirical Analysis of a Trade Credit Redistribution Effect"
Machteld Van Den Bogaerd - KU Leuven, Belgium

Discussant: Ishmael Tingbani - Bournemouth University, UK

"Working Capital Management, Cash Flow and SMEs' Performance"
Ishmael Tingbani - Bournemouth University, UK
Godfred Afrifa - The Business School, Canterbury Christ Church University, UK

Discussant: Xing Wang - Durham University, UK

"Sovereign Credit Default Swap Premiums' Reaction to Macroeconomic Announcements: An Event Study"
Xing Wang - Durham University, UK
Michele Passariello - Durham University, UK

Discussant: Youngna Choi - Montclair State University, USA

"Financial Instability Contagion: Modeling and Data Calibration"
Youngna Choi - Montclair State University, USA

Discussant: Machteld Van Den Bogaerd - KU Leuven, Belgium

SESSION 8 **Room 4**

ACCOUNTING ISSUES II
Session Chair: Andreas Charitou - University of Cyprus, Cyprus

"Assessing Investors' Earnings Expectations: The Contextual Usefulness of Composite Forecasts"
Pieter Elgers - University of Massachusetts-Amherst, USA
May Lo - Western New England University, USA
Wenjuan Xie - University of New Hampshire, USA
Le Xu - University of New Hampshire, USA

Discussant: Andreas Tsalas - University of Tripolis, Greece

"The Accrual Anomaly in the Greek Stock Market: It is a Case of Accounting Distortions or Growth?"
Georgios Papanastasopoulos - University of Piraeus, Greece
Dimitrios Thomakos - Unversity of Peloponnese, Greece
Andreas Tsalas - University of Tripolis, Greece

Discussant: Nikolaos Floropoulos - University of Cyprus, Cyprus

Saturday 10:00 a.m. - 12:00 p.m.

"The Effect of Institutional Ownership on Analyst Stock Recommendations: An Empirical Investigation"

Andreas Charitou - University of Cyprus, Cyprus
Nikolaos Floropoulos - University of Cyprus, Cyprus
Irene Karamanou - University of Cyprus, Cyprus

Discussant: George Loizides - University of Cyprus, Cyprus

"Non-GAAP Earnings Disclosures on the Face of the Income Statement: An Empirical Investigation for the UK"

Andreas Charitou - University of Cyprus, Cyprus
Nikolaos Floropoulos - University of Cyprus, Cyprus
Irene Karamanou - University of Cyprus, Cyprus
George Loizides - University of Cyprus, Cyprus

Discussant: Wenjuan Xie - University of New Hampshire, USA

LUNCHEON

12:00 - 1:30 p.m. Tassos Papadopoulos Building - Amphitheatre 2

KEYNOTE SPEECH

1:30 - 2:15 p.m. Tassos Papadopoulos Building - Amphitheatre 1

Professor Shyam Sunder
Yale School of Management, USA

RISKY CURVES: CONCEPTS OF, AND ATTITUDES TOWARDS RISK IN ECONOMICS AND FINANCE

Saturday 2:15 - 4:15 p.m.

SESSION 9 **Room 1**

CORPORATE FINANCE II
Session Chair: Nadia Massoud - Melbourne University, Australia

"Do Acquirer Boards Influence M&A Value Creation? Evidence from European Takeovers"
Corneel Defrancq - KU Leuven, Belgium
Nancy Huyghebaert - KU Leuven, Belgium
Mathieu Luypaert - Vlerick Business School, Belgium

Discussant: Mark Mietzner - Zeppelin Univeresität, Germany

"Family Business Acquirers as the New Private Equity Investors in Continental Europe"
Philipp Schüler - Brunswick Group GmbH, Germany
Mark Mietzner - Zeppelin Univeresität, Germany
Dirk Schiereck - Technische Universitaet Darmstadt, Germany

Discussant: Kenneth Högholm - HANKEN School of Economics, Finland

"Open Market Repurchase Programs - Evidence from Finland"
Kenneth Högholm - HANKEN School of Economics, Finland
Victor Högholm - HANKEN School of Economics, Finland

Discussant: Seniha Besim - Eastern Mediterranian University, Cyprus

"Dividend Policy in Family Controlled Companies: The Effects of Pyramids and Dual Share Control Enhancement Mechanisms"
Seniha Besim - Eastern Mediterranian University, Cyprus
Cahit Adaoglu - Eastern Mediterranean University, Cyprus

Discussant: Nancy Huyghebaert - KU Leuven, Belgium

SESSION 10 **Room 2**

FUNDS I
Session Chair: Luis Vicente - Universidad de Zaragoza, Spain

"Risk-Shifting Behaviour of U.S. Socially Responsible Fund Managers"
John Vaz - Monash University, Australia

Discussant: Juha Joenväärä - University of Oulu, Finland

"Name Gravitas and Hedge Fund Flows"
Juha Joenväärä - University of Oulu, Finland
Cristian Tiu - University of Buffalo, USA

Discussant: Ekaterina Goryagina - UCD Smurfit School of Business, Ireland

"Regret Insurance: A Canonical Approach to Pension Fund Management?"
David Edelman - University College Dublin, Ireland
Ekaterina Goryagina - UCD Smurfit School of Business, Ireland

Discussant: Panayiotis Papakyriakou - University of Southampton, UK

"Do Changes in Corporate Pensions' Financial Strength Affect the Underlying Actuarial Valuation Assumptions?"
Panayiotis Papakyriakou - University of Southampton, UK

Discussant: John Vaz - Monash University, Australia

SESSION 11 **Room 3**

BANKING AND MORTGAGES
Session Chair: Christos Savva - Cyprus University of Technology, Cyprus

"The Wealth Effect of Yield Curve Changes on the Banking Firm"
Elyas Elyasiani - Temple University, USA
Iftekhar Hasan - Fordham University, USA
Elena Kalotychou - University of London, UK
Panos Pouliasis - University of London, UK
Sotiris Staikouras - University of London, UK

Discussant: Itzhak Venezia - Tel Aviv Yaffo Academic College, Israel

"Implied Maturity Mismatches and Investor Disagreement"
Mark Iarovyi - Bocconi University, Italy
Sasson Bar-Yosef - The Hebrew University of Jerusalem, Israel
Itzhak Venezia - Tel Aviv Yaffo Academic College, Israel

Discussant: Alexis Antoniades - Georgetown University, Qatar

"Mortgage Market Credit Conditions and U.S. Presidential Elections"
Alexis Antoniades - Georgetown University, Qatar
Charles W. Calomiris - Columbia Business School, USA

Discussant: Vasileios Giannopoulos - University of Patras, Greece

"Characteristics of Non-Performing Small Business Loans and Comparative Analysis of Credit Scoring Models: Evidence from the Crisis Greek Economy"
Vasileios Giannopoulos - University of Patras, Greece
Eleftherios Aggelopoulos - University of Patras, Greece
Antonios Georgopoulos - University of Patras, Greece

Discussant: Sotiris Staikouras - University of London, UK

SESSION 12 **Room 4**

DERIVATIVES
Session Chair: Roar Adland - Norwegian School of Economics (NHH), Norway

"The Smart Vega Factor-Based Investing: Disentangling Risk Premia from Implied Volatility Smirk"
Anmar Al Wakil - University Paris-Dauphine, PSL Research University / Natixis AM, France

Discussant: Somayyeh Lotfi - University of Cyprus, Cyprus

"Portfolio Diversification in the Sovereign Credit Swap Markets"
Andrea Consiglio - University of Palermo, Italy
Somayyeh Lotfi - University of Cyprus, Cyprus
Stavros Zenios - University of Cyprus, Cyprus

Discussant: Elena Kalotychou - University of London, UK

Saturday 2:15 - 4:15 p.m.

"The Anatomy of Sovereign Risk Contagion"
Elena Kalotychou - University of London, UK
Eliza Wu - University of Sydney, Australia
Magdalena Erdem - Bank for International Settlements, Switzerland
Eli Remolona - Bank for International Settlements, Hong Kong

Discussant: Anmar Al Wakil - University Paris-Dauphine, PSL Research University / Natixis AM, France

Refreshments 4:15 - 4:30 p.m.

Tassos Papadopoulos Building

Saturday 4:30 - 6:00 p.m.

SESSION 13 **Room 1**

BANKING ISSUES
Session Chair: Didier Maillard - CNAM, France

"Determinants of Bank Dividend Smoothness for US and European Banks"
Nicos Koussis - Frederick University, Cyprus
Michalis Makrominas - Frederick University Cyprus, Cyprus

Discussant: Kyriaki Kosmidou - Aristotle University of Thessaloniki, Greece

"Banking Insolvency Risk and Revenue Diversification: Evidence from Europe"
Konstantinos Moutsianas - Aristotle University of Thessaloniki, Greece
Kyriaki Kosmidou - Aristotle University of Thessaloniki, Greece
Dimitrios Kousenidis - Aristotle University of Thessaloniki, Greece

Discussant: Sana Mohsni - Carleton University, Canada

"Does Regulatory Regime Matter for Bank Risk Taking? A Comparative Analysis of US and Canada."
Sana Mohsni - Carleton University, Canada
Isaac Otchere - Carleton University, Canada

Discussant: Nicos Koussis - Frederick University, Cyprus

SESSION 14 **Room 2**

FUNDS II
Session Chair: Nancy Huyghebaert - KU Leuven, Belgium

"Institutional Investors' ETF Usage and Stock Selection Ability"
Juha Joenväärä - University of Oulu, Finland
Hamed Salehi - University of Oulu, Finland

Discussant: Jose Sarto - University of Zaragoza, Spain

"How Active is your Fund Manager in Reality? Comparison of the Level of Activeness in Publicly vs Non-Publicly Reported Holdings"
Laura Andreu - University of Zaragoza, Spain
Carlos Forner - University of Alicante, Spain
Jose Sarto - University of Zaragoza, Spain

Discussant: Theodosis Kallenos - University of Cyprus, Cyprus

"Strategic Delay in Closed-End Fund Portfolio Holdings Disclosure"
Theodosis Kallenos - University of Cyprus, Cyprus

Discussant: Hamed Salehi - University of Oulu, Finland

Saturday 4:30 - 6:00 p.m.

SESSION 15 **Room 3**

TRADING
Session Chair: Christodoulos Louca - Cyprus University of Technology, Cyprus

"Closing the Gap of Analysts' Informativeness: An Empirical Analysis of Short-Run Stock Tips"
Andreas Charitou - University of Cyprus, Cyprus
Irene Karamanou - University of Cyprus, Cyprus
Anastasia Kopita - University of Essex, UK

Discussant: Zacharias Petrou - University of Cyprus, Cyprus

"Target Prices and Recommendations Bias"
Andreas Charitou - University of Cyprus, Cyprus
Irene Karamanou - University of Cyprus, Cyprus
Zacharias Petrou - University of Cyprus, Cyprus

Discussant: Dimitris Tsouknidis - Cyprus University of Technology, Cyprus

"Dynamic Spillover Effects Across Petroleum Spot and Futures Volatilities, Trading Volume and Open Interest"
George Magkonis - University of Bradford, UK
Dimitris Tsouknidis - Cyprus University of Technology, Cyprus

Discussant: Anastasia Kopita - University of Essex, UK

SESSION 16 **Room 4**

FINANCIAL ECONOMETRICS II
Session Chair: Mark Mietzner - Zeppelin Univeresität, Germany

"A Two-Regime Mean Reverting Jump Diffusion Model for the Offshore Supply Market"
Roar Adland - Norwegian School of Economics (NHH), Norway
Magnus Bjørkelund - Norwegian School of Economics, Norway

Discussant: Maximilian Adelmann - University of Zurich, Switzerland

"Percentile Forecasting and Trading Strategies"
Maximilian Adelmann - University of Zurich, Switzerland
Cyril Bachelard - OLZ & Partners, Switzerland

Discussant: Panayiotis Andreou - Cyprus University of Technology, Cyprus

"Firms' Market Orientation, Institutional Ownership and Crash Risk"
Panayiotis Andreou - Cyprus University of Technology, Cyprus
Franco Fiordelisi - University of Rome III, Italy
Terry Harris - Durham University Business School, UK
Dennis Philip - Durham University Business School, UK

Discussant: Roar Adland - Norwegian School of Economics (NHH), Norway

Saturday 4:30 - 6:00 p.m.

KEYNOTE SPEECH

7:45 - 8:30 p.m. Tassos Papadopoulos Building - Amphitheatre 1

Professor George Constantinides
University of Chicago, USA

WHAT INFORMATION DRIVES ASSET PRICES?

GALA DINNER

9:00 - 11:00 p.m. Carob Mill – The Evagoras Lanitis Center

Conference Participants

Adaoglu, Cahit	9
Adelmann, Maximilian	16
Adland, Roar	12, 16
Afrifa, Godfred	7
Aggelopoulos, Eleftherios	11
Aguir, Iness	2
Al Wakil, Anmar	12
Andreou, Panayiotis	3, 16
Andreu, Laura	14
Antoniades, Alexis	11
Azarmi, Ted	2
Bachelard, Cyril	16
Bar-Yosef, Sasson	11
Ben- Horin, Moshe	3
Besim, Seniha	9
Biehlman, Ines	2
Bjørkelund, Magnus	16
Buraschi, Andrea	6
Calomiris, Charles W.	11
Carlson, Murray	1
Charalambous, Charoulla	4
Charitou, Andreas	4, 8, 15
Choi, Youngna	7
Clubb, Colin	4
Consiglio, Andrea	12
Daunfeldt, Sven-Olov	2
De Amicis, Chiara	2
Defrancq, Corneel	9
Dimitriou, Maria	4
Edelman, David	10
Elgers, Pieter	8
Elyasiani, Elyas	11
Erdem, Magdalena	12
Falconieri, Sonia	2
Fiordelisi, Franco	16
Floropoulos, Nikolaos	8
Forner, Carlos	14
Gentile, Monica	1
Georgopoulos, Antonios	11
Ghosh, Chinmoy	3
Giannopoulos, Vasileios	11
Goryagina, Ekaterina	10
Halunga, Andreea G.	5
Harris, Terry	16
Hartwig, Fredrik	2
Hasan, Iftekhar	11
Högholm, Kenneth	7, 9
Högholm, Victor	9
Huq, Asif	2
Huyghebaert, Nancy	3, 9, 14
Iarovyi, Mark	11
Joenväärä, Juha	10, 14
Kallenos, Theodosis	14
Kalotychou, Elena	11, 12
Kandinskaia, Olga	3
Kaourma, Filia	1
Karamanou, Irene	4, 8, 15
Kopita, Anastasia	15
Kosmidou, Kyriaki	2, 13
Kousenidis, Dimitrios	13
Koussis, Nicos	13
Kroll, Yoram	3, 6
Lambertides, Neophytos	4
Lazrak, Ali	1
Leombroni, Metteo	6
Linciano, Nadia	1
Lo, May	8
Loizides, George	8
Lotfi, Somayyeh	12
Louca, Christodoulos	15
Luypaert, Mathieu	9
Magkonis, George	15
Maillard, Didier	5, 13
Makrominas, Michalis	4, 13
Massoud, Nadia	9
Merika, Anna	4
Michail, Nektarios	5
Mietzner, Mark	9, 16
Moehlmann, Axel	6
Mohsni, Sana	13
Moutsianas, Konstantinos	13
Ortiz, Cristina	6
Otchere, Isaac	13
Palumbo, Riccardo	2
Papakyriakou, Panayiotis	10
Papanastasopoulos, Georgios	8
Passariello, Michele	7
Petrou, Zacharias	15
Petrova, Milena	3
Philip, Dennis	16
Piatti, Ilaria	6
Pouliasis, Panos	11
Qian, Hong	3
Ramírez, Gloria	6
Remolona, Eli	12
Ruan, Jun (Tony)	3
Rudholm, Niklas	2
Salehi, Hamed	14
Sarto, Jose	14
Savva, Christos	5, 11
Schiereck, Dirk	1, 9
Schüler, Philipp	9
Soccorso, Paola	1
Staikouras, Sotiris	11
Sun, Le	3
Tastan, Mesut	2
Theodossiou, Panayiotis	5
Thomakos, Dimitrios	8

NOTES

SPRING 2017 CONFERENCE
MULTINATIONAL FINANCE SOCIETY

http://www.mfsociety.org

Sponsored by

COOPERATIVE CENTRAL BANK

Supported by

University of Cyprus

CYPRUS TOURISM ORGANISATION

CENTRAL BANK OF CYPRUS
EUROSYSTEM

Passion FOR SUCCESS
CYPRUS CONVENTION BUREAU

EXARSIS
BUSINESS SOLUTIONS LTD

uclan
University of Central Lancashire
CYPRUS

ORGANIZED AT

Cyprus University of Technology
Tassos Papadopoulos Building
Themidos and Ifigenias Corner
Lemesos, CYPRUS

April 7-9, 2017

Friday 4:00 - 6:00 p.m.

SESSION 1 **Room 1**

BEHAVIORAL ISSUES
Session Chair: Dirk Schiereck - Technische Universitaet Darmstadt, Germany

"Household Wealth and Portfolio Choice when Tail Events are Salient"
Murray Carlson - University of British Columbia, Canada
Ali Lazrak - University of British Columbia, Canada

Discussant: Paola Soccorso - CONSOB, Italy

Robust experimental evidence of expected utility violations establishes that individuals overweight utility from low probability gains and losses. These findings motivated development of rank dependent utility (RDU). We characterize optimal RDU portfolios for investors facing dynamic, binomial returns. Our calibration shows optimal terminal wealth has significant downside protection, upside exposure, and a lottery component. Optimal dynamic trades require higher risky share after good returns and, possibly, nonparticipation when returns are poor. RDU portfolios counterfactually exhibit excessive elasticity of risky share to wealth and momentum rebalancing. Our results suggest a puzzling inconsistency between behavior inside and outside the laboratory.

"Financial Advice Seeking, Financial Knowledge and Overconfidence. Evidence from the Italian Market"
Monica Gentile - CONSOB, Italy
Nadia Linciano - CONSOB, Italy
Paola Soccorso - CONSOB, Italy

Discussant: Filia Kaourma - University of Cyprus, Cyprus

This paper investigates the relationship between the propensity to seek for professional advice, financial knowledge and overconfidence, as well as the determinants of financial knowledge and overconfidence for a representative sample of Italian financial decision makers. The demand for financial advice is found to be positively related to financial knowledge and negatively related to overconfidence. These findings show that financial advice acts as a complement rather than as a substitute of financial capability, thus confirming the concerns about regulation of financial advice being not enough to protect less sophisticated investors needing it most. Moreover, behavioural traits such as self-confidence do play a role in financial choices and are related with the level of financial literacy. Therefore investor education programmes may be beneficial not only directly, i.e. by raising financial competence, but also indirectly, i.e. by enhancing people awareness in their financial capability and by hindering overconfident behaviours and behavioural biases. The paper contributes to the regulatory debate on the development of financial advice as a tool of investor protection. It also delivers relevant policy insights for the Italian context, where the vast majority of individuals exhibit both a low degree of literacy and a high propensity towards informal rather than professional advice.

"The Effects of Public Information and Sentiment on the Behaviour of Uninformed Investors in Foreign Exchange Markets"
Filia Kaourma - University of Cyprus, Cyprus

Discussant: Ali Lazrak - University of British Columbia, Canada

In this research project we use a proprietary dataset from European regulated financial services firm, that provides online trading services to retail investors, to investigate the effect of public news and sentiment on the trading behaviour of uninformed retail investors. The dataset contains retail customer minute by minute buy and sell open interest from July 2014 to May 2016, for one of the major currency pairs, the EUR/USD. Our news measures include the traditional scheduled and unscheduled macro news announcements as well as a new intraday measures provided by Thomson Reuters Marketpsych Indices, TRMI, which include emotional indicators such as gloom, fear and joy as well as buzz metrics, which is a measure of news reports' frequency in the news and social media.

CORPORATE GOVERNANCE

Session Chair: Kyriaki Kosmidou - Aristotle University of Thessaloniki, Greece

"The Effect of Director Limited Liability Provisions on Firm Value"

Iness Aguir - American University of Sharjah, United Arab Emirates

Discussant: Sonia Falconieri - Cass Business School, UK

This study examines the relation between director liability and firm value. I focus on three related questions: (1) Is director liability protection associated with firm value? (2) What firm characteristics impact the relationship between director liability protection and firm value? (3) What firm characteristics explain the firm decision whether to add or remove protection provisions? I find that firms with greater director liability protection have significantly lower firm value as measured by Tobin's Q. This is consistent with the notion that protected directors are less incentivized to perform their duties of care and loyalty. Moreover, the relation between director liability and firm value varies with different firm characteristics. Specifically, the negative effect of director liability protection on firm value is greater if the firm has low leverage or undertakes more acquisitions. Further, I find that firms with better governance are more likely to remove director liability protection, which is consistent with the first hypothesis. This study extends the existing literature on corporate performance and firm governance with insights gained from directors and officers' liability protection. It predicts that greater directors' liability exposure is associated with better firm performance. This is the first paper that introduces a comprehensive version of firm protection index that accounts for both the firm and the state level protection provisions.

"Are Female Executives More Informative? An Analysis of Tone and Market Reaction"

Chiara De Amicis - Cass Business School, UK
Sonia Falconieri - Cass Business School, UK
Riccardo Palumbo - Universita' Di Pescara, Italy
Mesut Tastan - London School of Economics, UK

Discussant: Asif Huq - Dalarna University, Sweden

In this study we analyse the language employed by managers during earnings conference calls from a gender perspective and we measure the market reaction to female versus male held conference calls. We find strong evidences of the fact that the tone of female CEOs and CFOs conveys reliable information regarding future firm profitability and that female executives are less likely than male managers to manage their tone to mislead investors. However, our results show that the market's reaction to earnings conference calls is significantly more silent when the manager holding the call is a woman, suggesting that investors' perceptions are considerably biased by gender stereotypes.

"Does voluntary audit increase small firm growth? Evidence from a natural experiment"

Asif Huq - Dalarna University, Sweden
Sven-Olov Daunfeldt - Dalarna University, Sweden
Fredrik Hartwig - Dalarna University, Sweden
Niklas Rudholm - Dalarna University, Sweden

Discussant: Ted Azarmi - Heilbronn University, Germany

Many European countries have abolished mandatory audits for small firms, but we still lack knowledge on whether this affects small firm growth. A Swedish reform in 2010 made audits voluntary for small firms fulfilling certain requirements, while firms that did not meet these requirements still had mandatory audits. We argue that this regulatory change created an almost perfect natural experiment, which can be exploited to evaluate the effects of the reform on employment growth using a difference-in-difference estimator. Our results show that firms who fulfil the requirements for voluntary auditing, as compared to a control group of firms that does not, increased their employment growth rates by on average 35%, corresponding to 1 276 jobs being created in the three years following the reform. The positive treatment effect is found for firms affected by the reform in all Swedish counties and in all types of industries. It thus seems that voluntary audits are reducing the regulatory burden for small firms, making resources available that can be used to

increase the number of employees. The current threshold levels for mandatory audits are still significantly lower in Sweden than in most other European countries, which implies that the policymakers in Sweden could create more jobs in small and medium-sized firms if they increased the size threshold levels for mandatory audits.

"Does Gender Diversity Create Value? The Effect of Gender Diversity in the Boardroom on Shareholder Value"

Ted Azarmi - Heilbronn University, Germany
Ines Biehlman - Innsbruck University School of Management, Austria

Discussant: Iness Aguir - American University of Sharjah, United Arab Emirates

We show that there is no significant link between gender diversity and firm performance as measured by book value or ROE (return on equity) and market value of return to shareholders. However, a sector by sector analysis shows that gender diversity has a significant positive effect on shareholder value in the consumer services, financials, consumer goods, technology and telecommunications. In addition, gender diversity adversely affects ROE of these firms.

SESSION 3 **Room 3**

CORPORATE FINANCE I

Session Chair: Panayiotis Andreou - Cyprus University of Technology, Cyprus

"A Simple Intuitive NPV-IRR Consistent Ranking"

Moshe Ben- Horin - Ono Academic College (OAC), Israel
Yoram Kroll - Ono Academic College (OAC), Israel

Discussant: Milena Petrova - Syracuse University, USA

Numerous recent studies have revisited the issue of the potential conflicting NPV-IRR ranking of competing investment projects. Most have suggested procedures that resolve the conflict after performing an iso-NPV modification of at least one of the cash flows. However, none has provided a general sufficient condition that guarantees the absence of NPV-IRR ranking conflict. We define dominance between cash flow streams and show that if the streams are conventional, dominance of one stream over another ascertains no NPV-IRR ranking conflict. While dominance among original cash flows may be relatively rare, iso NPV cross-risk adjustment and iso-NPV modification of one cash flow stream may easily reveal such dominance even if the original projects are subject to different risks. The resulting implication is a practical, simple and economically intuitive procedure that guarantees consistent NPV-IRR ranking, while minimizing the implicit or explicit distortions of the original competing cash flow streams and their IRRs.

"Corporate Board Gender Diversity and Stock Returns"

Chinmoy Ghosh - University of Connecticut, USA
Milena Petrova - Syracuse University, USA
Le Sun - State Street Global Advisors, USA
Yihong Xiao - University of Connecticut, USA

Discussant: Olga Kandinskaia - CIIM, Cyprus

Corporate gender diversity has become a popular investment strategy, and we explore if such a strategy can earn higher average returns than the market. By forming an annually rebalanced portfolio of firms with female directors on corporate boards, we find the board gender diversity strategy generates higher returns and risk-return rewards. The portfolio underperforms the market during good times, but its outperformance during bad times overcomes the strategy’s weaker up-market participation. In order to understand the source of board gender diversity return, we analyze the characteristics of firms with women on board. Our results show that these firms share some of the characteristics related to common pricing factors, especially the investment and quality factors. These two factors explain the majority of board gender diversity return.

"Recticel's Capital Increase: Implementation, Timing, Valuation, and Dividends Dilemma"
Nancy Huyghebaert - Katholieke Universiteit Leuven, Belgium
Olga Kandinskaia - CIIM, Cyprus

Discussant: Jun (Tony) Ruan - Xiamen University, China

This paper presents a decision case intended for the use in the classroom and for the publication in a peer-reviewed case research academic journal. In early 2015, Recticel, the leading European manufacturer of polyurethane products, was in need of new capital to reduce its debt ratio and to continue its successful growth strategy. By the end of 2014, Recticel's net debt had exceeded 194.5 million euro and its gearing ratio had risen to 101%. The Board of Directors gave authorization to the CFO, Jean-Pierre Mellen, to increase the company's share capital via a 75 million euro preferential rights issue. Mr. Mellen had to prepare the detailed implementation plan for this Seasoned Equity Offering (SEO), which promised to be the largest capital increase in Belgium in 2015. "What story shall we offer to the shareholders to convince them to participate in the capital increase? Is it the right timing for an SEO? If we offer the preferential rights issue at a price of, say, 3.20 euro, how will our investors and the stock market in general respond to the discount compared to our current stock price of 4.25 euro? Shall we pay dividends in the year of the capital increase and, if so, when and to which shareholders? Will we have enough financial resources, including the SEO proceeds, to finance all operations and investments in the coming two years? Which investment banks shall we choose?"

"The Competitive Effects of Rivals' Earnings News on IPOs"
Jun (Tony) Ruan - Xiamen University, China
Hong Qian - Oakland University, USA

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

We examine the effects of rivals' earnings news during the going public process on IPO pricing and completion decisions and investigate the implication of these effects for the quality of completed IPOs. We find that a signal-to-noise ratio measure of rivals' earnings news has a significantly negative effect not only on both price revision and initial return for completed offerings but also on completion probability for all filed offerings. We further show that this signal-to-noise ratio measure positively predicts industry-adjusted post-IPO operating performance of completed offerings. These results suggest that rivals' earnings news has a competitive effect on filed offerings in that a shift in rivals' competitive position is related to the costs of going public and thus the average quality of successful offerings.

SESSION 4 **Room 4**

ACCOUNTING ISSUES I
Session Chair: Neophytos Lambertides - Cyprus University of Technology, Cyprus

"Analysing the Relationship Between Implied Cost of Capital Metrics and Realised Stock Returns"
Colin Clubb - King's College London, UK
Michalis Makrominas - Frederick University, Cyprus

Discussant: Maria Dimitriou - University of Macedonia, Greece

We extend the analytical framework linking realised stock returns and ICC estimates used in Easton and Monahan (2005) and Mohanram and Gode (2013) by incorporating insights from prior studies by Pettengill, Sundaram, and Mathur (1995) and Hughes, Liu, and Liu (2009). We use the theoretical work of Hughes et al (2009) to structure our analysis of the relationship between realised returns and the ICC in order to: (i) take account of the impact of 'market news' on the association between the ICC and realised stock returns; (ii) provide an alternative measure of 'discount rate news'; and (iii) take account of the expected theoretical difference between the implied cost of capital and the expected rate of return. Our empirical results, which also employ an adjustment for analyst earnings forecast error, are generally consistent with the implications of our analytical framework. Specifically, our regression results (a) provide robust support for a coefficient close to one for most ICC estimates after taking account of market news, (b) provide cash flow news and discount rate news coefficient estimates close to one, and (c) provide evidence for the role of a growth/leverage based variable as a control for the expected difference between the ICC and expected stock returns. Overall, our paper provides further support for the relevance of realised returns as a benchmark for establishing the usefulness of ICC measures, consistent with theoretical expectations.

"A Review and Synthesis of Research on Analysts' Valuation Process Beyond Approaches and Models"

Maria Dimitriou - University of Macedonia, Greece

Discussant: Anna Merika - Deree College, Greece

During the past few decades, accounting and finance researchers, both academic and investment industry researchers, have been interested in analysts' valuation approaches and models determining the intrinsic value of an ownership stake, analysts' target price, earnings forecasts, valuation errors and stock recommendation. This survey examines publicly available articles based on an accepted valuation theory that explore this issue to determine researchers' methods of studying of this process. This survey found that few researchers study analysts' valuation process from the sell-side analyst approach. Instead, many use the approach of empirical studies (based on elements of analyst reports and interviews). This research suggests the need to approach the valuation process from the sell-side analyst approach, for example, by investment research report as it shares several information that better serves society and economies to grow.

"Aspects of Competitiveness and Taxation Policy: The Case of Hellenic Shipping"

Anna Merika - Deree College, Greece
Anna Triantafyllou - Deree College, Greece
George Zombanakis - Deree College, Greece

Discussant: Charoulla Charalambous - University of Cyprus, Cyprus

Shipping and related activities account for over 7% of Greek GDP, rendering proceeds from shipping sector activities indispensable for the Greek economy, especially at a time of ongoing crisis. The contribution of this study centers round measurement of the mitigating consequences of wage regulations and an uncertain taxation environment upon net receipts from shipping. Using data for 2002-2015 and employing the General Method of Moments, we find a substantial reduction in net receipts from shipping as a result of waning wage competitiveness, deteriorating further when the tonnage tax rate is increased. Our results point to two major policy conclusions. First, excessive wage increases over and above those provided for in international agreements erode the competitiveness of Greek shippers. Second, the pioneering tonnage-based taxation framework of Greece, which has been in place for more than half-a-century and has contributed to securing Hellenic Shipping a 50% market share in the EU and 16.1% in the world, should be left intact and even be used as a model to help boost the competitiveness of the entire EU fleet.

"The Effect of Golden Parachutes on Information Asymmetry"

Charoulla Charalambous - University of Cyprus, Cyprus
Andreas Charitou - University of Cyprus, Cyprus
Irene Karamanou - University of Cyprus, Cyprus

Discussant: Michalis Makrominas - Frederick University, Cyprus

This study has aim to investigate information asymmetry of companies that give or not golden parachute to the Chief Executive Officer (CEO) the year that hire him. Information asymmetry is approached by stock liquidity, which is measured with bid-ask spread, trading volume and share return volatility. More specifically, using a sample of 256 hirings of CEOs between 2000-2013, it is examined how the fact the CEO has or not golden parachute at his hire year, influences information asymmetry. Since corporate governance is used as a mechanism in order to minimize information asymmetry, this study takes into account the effect of corporate governance on stock liquidity. The empirical results showed that golden parachute decreases information asymmetry. Controlling for corporate governance, CEO age, annual compensation, firm size and growth opportunities we conclude that a golden parachute encourage the CEO to disclose information more easily.

Refreshments 6:00 - 6:15 p.m.

Tassos Papadopoulos Building

INTRODUCTORY REMARKS

6:15 - 6:30 p.m. Tassos Papadopoulos Building - Amphitheatre 1

KEYNOTE SPEECH

6:30 - 7:15 p.m. Tassos Papadopoulos Building - Amphitheatre 1

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

EURO AREA ECONOMIC CRISIS: CYPRUS VERSUS GREECE

The international economic crisis of 2007-2009 was followed by a crisis in the European Monetary Union, which has taken different forms over the years and is still not over. Many observers believe EMU, which is not an Optimum Currency Area, will eventually disintegrate. Others perceive the crisis as temporary and predict a transformation of EMU itself in a way that mimics more closely an Optimum Currency Area. The verdict is uncertain. In order to gain insights into the future evolution of EMU, it is instructive to compare the different experiences of EMU countries which underwent a crisis. Greece, the main culprit of the EMU crisis, is still in stagnation mode and is unable to borrow from the open markets. Yet other EA countries, such as Ireland, Portugal and Cyprus, which were also shut out of the market, eventually managed to shake off their crisis and begin growing. The presentation compares Greece to one of those countries, Cyprus. The comparison focuses on the different initial conditions of the two countries as well as their different policy responses. Thanks to their EMU membership, both countries were put on similar straightjacket in order to correct their imbalances, yet Cyprus managed to do it more quickly and effectively. Their differences provide a glimpse on what needs to be done to keep EMU from collapsing.

ROUNDTABLE DISCUSSION

7:15 - 8:45 p.m. Tassos Papadopoulos Building - Amphitheatre 1

PANELLISTS

Gikas Hardouvelis
University of Piraeus, Greece and Ex- Minister of Finance of the Hellenic Republic, Greece

Makis Keravnos
Ex- Minister of Labour & Social Insurance, Ex- Minister of Finance and Ex- CEO Hellenic Bank, Cyprus

Nicholas Hadjiyiannis
Chairman of Cooperative Central Bank, Cyprus

George Kyriacou
Director of Economic Analysis and Research - Central Bank of Cyprus, Cyprus

MODERATOR

Panayiotis Theodossiou
Cyprus University of Technology, Cyprus

EUROZONE BANKING CRISIS: GREECE AND CYPRUS

RECEPTION

8:45 - 10:00 p.m. Tassos Papadopoulos Building

SESSION 5 **Room 1**

FINANCIAL ECONOMETRICS I
Session Chair: Itzhak Venezia - Tel Aviv Yaffo Academic College, Israel

"Financial Stress Relationships Among Euro AreaCountries: An R-vine Copula Approach"
Andreas Tsopanakis - University of Salford, UK
Meilan Yan - University of Hull, UK
Dalu Zhang - University of Salford, UK

Discussant: Didier Maillard - CNAM, France

Since the European sovereign debt crisis, one of the biggest challenge of keeping Euro area financial stable is the negative co-movement between the vulnerability of public finance, the financial sector, security markets stresses and economic growth, especially in peripheral economies. Understanding the inter relationship between countries financial stress will help to identify a more efficient route towards recovery. This paper utilises a ARMA-GARCH based R-vine copula method to explore the relationship between the Financial Stress Indexs of eleven euro area countries with an aim of understanding how financial stress are interact with each other, especially in extreme events. A simplified inter-connection relationship of all 11 countries will be estimated in order to give implications to policy practice. In this research, we find Larger economies in the Euro area tend to have closer upper tail dependence, while smaller economies tend to have closer lower tail dependence. Finland is generally tail independent with other countries in terms financial stress in extreme situation. R-vine copula outperforms C-vine and D-vine. The estimated R-vine shows Spain, Italy, France and Belgium are the most inter-connected nodes which underlying they might be more eficient target to treat in order to achieve a quicker booming.

"Modelling Tail Risk in a Continuous Space"
Didier Maillard - CNAM, France

Discussant: Christos Savva - Cyprus University of Technology, Cyprus

Non normal distributions are a fact of life. In the financial world, many distributions display tail risk, i.e. (negative) skewness and excess kurtosis. Being able to model such risk is useful in various and important fields: risk measurement, fund management performance evaluation, asset pricing… One way to model tail risk is to introduce discontinuities, such as jumps, to describe the distribution of values or returns. It is however possible, and often convenient, to model tail risk in a continuous space. Both Cornish-Fisher and Gramm-Charlier expansions (which is the simple form of a family of Edgeworth expansions) are means to transforming a Gaussian distribution into a non-Gaussian distribution, the skewness and the kurtosis of which can be controlled if the transformations are properly implemented. This may be useful for modelling distributions for a wide range of issues, especially in risk assessment and asset pricing. The expansions differ in their nature: Cornish-Fisher is a transformation of a random variable, or of quantiles, meanwhile Gramm-Charlier is a transformation of a probability density. Both transformations must be implemented with care, as their domain of validity does not cover the whole range of possible skewnesses and kurtosis. It appears that the domain of validity of Cornish-Fisher is much wider that the domain of validity of Gramm-Charlier. This, and the easy provision of the distribution quantiles, puts Cornish-Fisher above Gramm-Charlier.

"Neglecting Structural Breaks when Estimating and Valuing Dynamic Correlations for Asset Allocation"
Andreea G. Halunga - University of Bath, UK
Christos Savva - Cyprus University of Technology, Cyprus

Discussant: Nektarios Michail - Cyprus University of Technology, Cyprus

This paper assesses the econometric and economic value consequences of neglecting structural breaks in dynamic correlation models and in the context of asset allocation framework. It is shown that changes in the

parameters of the conditional correlation process can lead to biased estimates of persistence. Monte Carlo simulations reveal that short-run persistence is downward biased while long-run persistence is severely upward biased, leading to spurious high persistence of shocks to conditional correlation. An application to stock returns supports these results and concludes that neglecting such structural shifts could lead to misleading decisions on portfolio diversi cation, hedging and risk management.

"The Risk and Return Conundrum Explained: International Evidence"

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

Discussant: Andreas Tsopanakis - University of Salford, UK

The relationship between risk and expected returns has been investigated extensively in the financial economics literature. Theoretical models predict a positive relation between the two. Nevertheless, the empirical findings so far have been inconclusive. Using a generalization of the analytical framework developed by Theodossiou and Savva (2016), the risk-return puzzle is investigated across international stock markets. The investigation reveals that the contradictory findings are the result of ignoring the impact of skewness on the total price of risk. That is, in the absence of skewness the relationship between risk and return is positive as depicted by finance theory. However, negative skewness results in lowering the total price of risk and in some cases reverting its sign from positive to negative.

SESSION 6 **Room 2**

INTEREST RATES

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

"Interest Rate Risk of Life Insurers - Evidence from Accounting Data"

Axel Moehlmann - Deutsche Bundesbank, Germany

Discussant: Paul Whelan - Copenhagen Business School, Denmark

Life insurers are exposed to interest rate risk with typically a higher sensitivity to interest rate changes on the liability side than on the asset side. This paper develops an accounting-based measure of interest rate sensitivity. My approach is backward-looking using the coexistence of historical cost and fair value accounting which allows the observation of valuations for different discount rates. Using insurer-level data, I estimate the magnitude and distribution of interest rate risk for German life insurers. I find that in the past German life insurers carried a high degree of risk, albeit a wide dispersion. This result has important implications for understanding the macroprudential risks of the sector. In cross-sectional regressions I find that size, growth and solvency are negatively correlated to interest rate risk. The heterogeneity suggests that insurers behave differently during times of stress, which has important implications for understanding the macroprudential risks of the sector.

"Expected Term Structures"

Andrea Buraschi - Imperial College London, UK
Ilaria Piatti - Saïd Business School, UK
Paul Whelan - Copenhagen Business School, Denmark

Discussant: Luis Vicente - Universidad de Zaragoza, Spain

This paper studies the properties of bond risk premia in the cross-section of subjective expectations. We exploit an extensive dataset of yield curve forecasts from financial institutions and document a number of novel findings. First, contrary to evidence presented for stock markets but consistent with rational expectations, the relation between subjective expectations and future realizations is positive, and this result holds for the entire cross-section of beliefs. Second, when predicting short term interest rates, primary dealers display superior forecasting ability when compared to non-primary dealers. Third, we reject the null hypothesis that subjective expected bond returns are constant. When predicting long term rates, however, primary dealers have no information advantage. This suggests that a key source of variation in long-term bonds are risk premia and not short-term rate variation. Fourth, we show that consensus beliefs are not a sufficient statistics to describe the cross-section of beliefs. Moreover, the beliefs of the most accurate agents are those most spanned by a contemporaneous cross-section of bond prices. This supports equilibrium models and Friedman's market selection hypothesis. Finally, we use ex-ante spanned subjective beliefs to evaluate several reduced-form structural models. We find support for heterogeneous beliefs models and also uncover a number of statistically significant relationships in favour of alternative rational expectations models once the effect of heterogeneous beliefs is taken into account.

"Euro Government Bond Funds Before and After the Euro Debt Crisis: Evidence from Security-Level Holdings"

Cristina Ortiz - Universidad de Zaragoza, Spain
Gloria Ramírez - Universidad de Antioquia, Colombia
Luis Vicente - Universidad de Zaragoza, Spain

Discussant: Gyuri Venter - Copenhagen Business School, Denmark

This study is the first to evaluate the performance of Euro government bond mutual funds with characteristic-based benchmarks. This analysis is based on the security-level holdings of one of the most afflicted countries in the Euro sovereign debt crisis, Spain. The combined contribution of bond selection and timing casts doubt on the value of active management relative to its costs. The results show an increase in the strong home bias detected in the years preceding the crisis. Finally, transaction costs, hidden trading and investor externalities have a more negative effect on performance after the most critical years of the crisis.

"Central Bank Communication and the Yield Curve"

Metteo Leombroni - Stanford University, USA
Andrea Vedolin - London School of Economics, UK
Gyuri Venter - Copenhagen Business School, Denmark
Paul Whelan - Copenhagen Business School, Denmark

Discussant: Axel Moehlmann - Deutsche Bundesbank, Germany

We extract novel measures of ECB target rate announcement and communications shocks using high frequency data on money market rates and study their impact on yields of Eurozone countries. We document the following results: First, we find little significant effect for shocks during the target rate decision window, but both economically and statistically highly significant effects during the communication window; hence, forward guidance matters. Second, monetary policy shocks during the communication window mainly affect yields at intermediate maturities. Third, we observe large cross-sectional differences across countries, with yields in peripheral countries being less affected than in core countries. Finally, monetary policy shocks significantly reduce the yield spread between peripheral and core countries especially during the most recent debt crisis. We rationalize these findings in a parsimonious international term structure model where interest rates are determined by the interaction between risk-averse arbitrageurs and reaching-for-yield investors.

SESSION 7 **Room 3**

FINANCIAL CRISIS

Session Chair: Kenneth Högholm - HANKEN School of Economics, Finland

"Nonprofit Organizations and the Global Financial Crisis: An Empirical Analysis of a Trade Credit Redistribution Effect"

Machteld Van Den Bogaerd - KU Leuven, Belgium

Discussant: Ishmael Tingbani - Bournemouth University, UK

This paper examines the determinants of trade credit in a nonprofit setting and incorporates the effect of the latest financial crisis on the supply and use of trade credit by examining the credit channel theory and its redistribution effect. A mixed effects panel data analysis on a sample of 1 315 Belgian nonprofit organizations (NPOs) using archival data from 2006 until 2014 was conducted. Results indicate that during and after the financial crisis, NPOs use less trade credit from their suppliers and at the same time extend less trade credit to their customers. These results seem partially in contradiction with the redistribution effect.

However, taking into account the size and the financial vulnerability of the NPOs the results indicate that larger NPOs with high pre-crisis short-term borrowings extend more trade credit to their customers after the crisis and decrease their use of trade credit from suppliers during and after the crisis. Smaller NPOs with high pre-crisis short-term borrowings are possibly more credit constrained than their larger counterparts and as a result, extend less trade credit during the crisis period to their customers. Taking into account the cash position of NPOs, results indicate that smaller NPOs with high pre-crisis operational cash flows extend less credit to their customers during and after the crisis period. However, they tend to decrease their use of trade credit from their suppliers after the financial crisis.

"Working Capital Management, Cash Flow and SMEs' Performance"
Ishmael Tingbani - Bournemouth University, UK
Godfred Afrifa - The Business School, Canterbury Christ Church University, UK

Discussant: Xing Wang - Durham University, UK

The paper presents comprehensive evidence on the relationship between Working Capital Management (WCM) and SMEs' performance by taking into consideration the plausible effect of cash flow.The paper adopts a panel data regression analysis on a sample of 802 British quoted small and medium enterprises listed on the Alternative Investment Market for the period from 2004 to 2013.Findings – The results of the study demonstrate the importance of cash flow on SMEs' WCM and performance. According to our findings, WCM has a significantly negative impact on SME performance. However, with available cash flow, we find a significantly positive relationship. Additionally, our evidence revels that cash flow constrained (non-constrained) SMEs are able to enhance their performance through decreased (increased) investment in WCM. Overall, the results demonstrate the importance of cash flow availability on SMEs' working capital needs. Our findings suggest that in an event of cash flow unavailability (availability) managers should strive to reduce (increase) the investment in working capital in order to improve performance. This current study incorporates the relevance of cash flow in assessing the association between WCM and firm performance.

"Sovereign Credit Default Swap Premiums' Reaction to Macroeconomic Announcements: An Event Study"
Xing Wang - Durham University, UK
Michele Passariello - Durham University, UK

Discussant: Youngna Choi - Montclair State University, USA

This study assesses the effect of news pertaining macroeconomic fundamentals on sovereign credit default swap (CDS) prices within different time intervals. The impact is estimated upon 18 countries which represent three macro areas: the EMEA region, the American continent and Asia Pacific. News announcements refer to better and worse than expected release/forecast differentials concerning 4 indicators: gross domestic product, consumer price index, unemployment rate and consumer sentiment. Whilst the vast majority of the literature agrees to consider that there is a negative correlation between the sign of the release and the post announcement drift direction, in this study, the main findings report that, in the period between 2009 and 2016, both better and worse than expected news lower CDS prices within 3-day and 41-day windows. In addition, whereas consumer price index and consumer sentiment publicising results influent in the determination of abnormal spread changes, this is not the case for gross domestic product and unemployment rate announcements. Furthermore, the responsiveness of the EMEA region is evidenced to be affected by the European sovereign debt crisis. American and Asian countries react moderately and mainly in long time intervals.

"Financial Instability Contagion: Modeling and Data Calibration"
Youngna Choi - Montclair State University, USA

Discussant: Machteld Van Den Bogaerd - KU Leuven, Belgium

This is a continuation of our ongoing research on financial market instability and systemic risk. Previously we used a multi-agent model and theories of dynamical systems to establish an early warning system, the market instability indicator, and the elasticity coefficient that measures the sensitivity of an agent's outgoing cash flow to the change of its wealth. We use the macroeconomic data of the United States and selected

Eurozone countries to test the validity and applicability of the market instability indicator and the elasticity coefficient in real life, and suggest different ways of estimating them. Furthermore we use them to search empirical evidence of financial instability contagion and track the path of bubbles formation and risk transmission in two recent financial crises, the U.S. subprime crisis and the Eurozone sovereign credit crisis. We also provide quantitative reasoning about the limitations of available macroeconomic data in monitoring the level of financial instability, and make suggestions for improving data collection practices.

SESSION 8 **Room 4**

ACCOUNTING ISSUES II
Session Chair: Andreas Charitou - University of Cyprus, Cyprus

"Assessing Investors' Earnings Expectations: The Contextual Usefulness of Composite Forecasts"
Pieter Elgers - University of Massachusetts-Amherst, USA
May Lo - Western New England University, USA
Wenjuan Xie - University of New Hampshire, USA
Le Xu - University of New Hampshire, USA

Discussant: Andreas Tsalas - University of Tripolis, Greece

This study adopts a complementarity framework in constructing composite forecasts and evaluates the usefulness of composite forecasts as a proxy for investors' earnings expectations. Our empirical tests utilize composites of financial analysts', time-series and security-price based forecasts, and strongly support the incremental usefulness of the composite forecasts, over and above that of any of the three forecast sources. Moreover, we show that the usefulness of composite forecasts is contextual. Composite forecasts better represent investors' earnings expectations for smaller firms, for firms with relatively light financial analysts' following, and for firms with weaker prior-year performance, measured as either abnormal returns or earnings changes.

"The Accrual Anomaly in the Greek Stock Market: It is a Case of Accounting Distortions or Growth?"
Georgios Papanastasopoulos - University of Piraeus, Greece
Dimitrios Thomakos - Unversity of Peloponnese, Greece
Andreas Tsalas - University of Tripolis, Greece

Discussant: Nikolaos Floropoulos - University of Cyprus, Cyprus

In this paper we investigate the effects of accounting accruals on future profitability using a decomposition of accruals in two components, growth defined as growth rate in sales and accounting distortions namely accounting related factors. We form our reasoning on total accrual measure, which takes into account long-term accruals that appear to be a factor in the accrual literature. Total accruals are negatively related to future profitability and stock returns, and the earnings and stock price performance provide a meaningful economic summary of this relationship. We also show that growth is responsible for lower earnings persistence, while accounting distortions are not. Both factors contribute to the accrual effect on stock returns. Our results suggests that, both growth and accounting distortions do not behave neither as substitutes nor as complements in motivating the accrual effect on future stock returns in the Greek capital market. Our results are consistent with a rational explanation on the q theory of investment and we cannot probably formulate a mispricing hypothesis for the side of accruals attributable to growth.

"The Effect of Institutional Ownership on Analyst Stock Recommendations: An Empirical Investigation"
Andreas Charitou - University of Cyprus, Cyprus
Nikolaos Floropoulos - University of Cyprus, Cyprus
Irene Karamanou - University of Cyprus, Cyprus

Discussant: George Loizides - University of Cyprus, Cyprus

We provide evidence that analysts manipulate the recommendations of affiliated stocks at the end of the

calendar quarter. While affiliated stocks are more likely to receive an upgrade throughout the year the difference in the probability of an upgrade between affiliated and non-affiliated firms widens during that period. Findings show that the market discounts the affiliation effect instantly in the general case, but fails to do so for the last week of quarter announcements. Market returns of affiliated upgrades that took place during that period are partly reverted during the first month after the announcement, creating a large difference with the abnormal returns of the non-affiliated firms. A portion of that reversion is caused by overreaction and the difference between affiliated and non-affiliated stocks' returns diminishes in the long term.

"Non-GAAP Earnings Disclosures on the Face of the Income Statement: An Empirical Investigation for the UK"

Andreas Charitou - University of Cyprus, Cyprus
Nikolaos Floropoulos - University of Cyprus, Cyprus
Irene Karamanou - University of Cyprus, Cyprus
George Loizides - University of Cyprus, Cyprus

Discussant: Wenjuan Xie - University of New Hampshire, USA

This study exploits the unique feature of the UK information environment allowing UK firms to disclose non-GAAP earnings on the face of the income statement by examining two interrelated questions. First, we search for the determinants of the decision to disclose non-GAAP earnings on the income statement and second, we investigate its effects on market liquidity. Using a dataset of 1,586 hand-collected firm-year observations during the period 2006-2013, we show that better governed firms and firms with inferior performance are more likely to disclose non-GAAP earnings. Our evidence also suggests that the disclosure of pro-forma earnings on the face of the income statement increases market liquidity. Together these results suggest that firms disclose non-GAAP earnings as a means of decreasing information asymmetry, resulting in turn to increased liquidity.

LUNCHEON

12:00 - 1:30 p.m. Tassos Papadopoulos Building - Amphitheatre 2

KEYNOTE SPEECH

1:30 - 2:15 p.m. Tassos Papadopoulos Building - Amphitheatre 1

Professor Shyam Sunder
Yale School of Management, USA

RISKY CURVES: CONCEPTS OF, AND ATTITUDES TOWARDS RISK IN ECONOMICS AND FINANCE

Two major concepts—hazard and dispersion of outcomes—dominate economics and financial literature. Which of these concepts is more appropriate is an empirical matter based on observation of human attitudes towards risk. We examine literature on analysis of laboratory and the field on estimating human attitudes towards risk. Documentation of any stable individual, group, demographic, or population attitudes toward risk has remained elusive, raising difficult questions about how we should proceed to theorize about investments. Fortunately, real options present one possible way of moving forward.

SESSION 9 **Room 1**

CORPORATE FINANCE II
Session Chair: Nadia Massoud - Melbourne University, Australia

"Do Acquirer Boards Influence M&A Value Creation? Evidence from European Takeovers"
Corneel Defrancq - KU Leuven, Belgium
Nancy Huyghebaert - KU Leuven, Belgium
Mathieu Luypaert - Vlerick Business School, Belgium

Discussant: Mark Mietzner - Zeppelin Univeresität, Germany

We examine how the size and composition of acquirer boards relate to shareholder announcement returns for a sample of 3,289 M&As initiated by European listed firms. We find that board size has an U-shaped relation with M&A announcement returns in Continental Europe. Also, acquirer shareholders in Continental Europe realize significantly larger abnormal returns if boards have a larger fraction of independent and busy directors. Next, our findings question the recent call for more diversity in board composition by the public and by regulation-shaping bodies, at least in the context of M&As. While gender and age diversity prove irrelevant, we show that the proportion of foreign directors is significantly negatively associated with value creation in domestic takeovers. In the case of cross-border M&As, we find no positive effect either. Finally, and contrary to expectations, we detect a significant negative impact of director expertise in the target industry on acquirer shareholder value in industry-diversifying takeovers outside Continental Europe.

"Family Business Acquirers as the New Private Equity Investors in Continental Europe"
Philipp Schüler - Brunswick Group GmbH, Germany
Mark Mietzner - Zeppelin Univeresität, Germany
Dirk Schiereck - Technische Universitaet Darmstadt, Germany

Discussant: Kenneth Högholm - HANKEN School of Economics, Finland

This study tests whether family business investors and private equity investors in Continental Europe significantly differ from their investment approach and strategy. Therefore, we analyze 126 acquisitions of listed Continental European firms by family business investors and private equity firms from the years 2002 to 2012. As most of the differences between both investor groups are not statistically significant, the results fit with the existing evidence on shareholder activism of institutional investors like private equity funds and corporate raiders. Consequently, we argue for the increased consideration of family business investors into the research on shareholder activism in Continental Europe.

"Open Market Repurchase Programs - Evidence from Finland"
Kenneth Högholm - HANKEN School of Economics, Finland
Victor Högholm - HANKEN School of Economics, Finland

Discussant: Seniha Besim - Eastern Mediterranian University, Cyprus

Share repurchase programs have during the past few decades become an important way of distributing cash to shareholders since they are viewed by managers as more flexible than dividends. Open market repurchase authorizations effectively also give managers an option to repurchase shares when they view their stock as undervalued. This study exploits a data set of open market repurchases programs initiated by Finnish stock market listed companies. Finland is unique with regard to the disclosure requirements of open market repurchase programs, which enables an examination of the information content in both the initiation announcement as well as in the announcement of actual repurchases. The study covers all 293 share repurchase programs initiated between 1998 and 2013. The results show a significant positive announcement effect of about 2 percent on the initiation day. The CAAR over a five day event window is also about 1.5 percent (statistically significant). Furthermore, an additional statistically positive effect of 1.5 percent is found on the first repurchase day (about 1.1 percent over a five day event window). The positive announcement effect is larger for announcements regarding initiations of the first or the second repurchase program for a company.

"Dividend Policy in Family Controlled Companies: The Effects of Pyramids and Dual Share Control Enhancement Mechanisms"
Seniha Besim - Eastern Mediterranian University, Cyprus
Cahit Adaoglu - Eastern Mediterranean University, Cyprus

Discussant: Nancy Huyghebaert - KU Leuven, Belgium

In this paper, we examine the control–enhancing mechanisms used by family controlled companies traded in Borsa Istanbul (BIST), a Eurasian emerging market with low investor protection. Family control is found to be significantly important as around 80% of publicly traded non-financial firms are ultimately controlled by families in BIST. By precisely quantifying the most widely used control enhancing mechanisms (CEMs); pyramid (control rights divided by voting rights) and dual-class shares (voting rights divided by cash flow rights), we measure their individual effects on dividend policy. We use the divergence between control and cash flow rights (C/O) to measure the possibility of rent extraction by the controlling family. The wedge between control and cashflow rights is the result of pyramid structures and dual class shares. By quantitatively decomposing the C/O ratio into its components of pyramid (C/V) and dual share mechanisms (V/O), we further measure the relative effects of these CEMs on dividend policy. We use a panel dataset of family controlled companies for a period of six years, 2009 – 2014. We find that as the divergence between control and ownership right increases, dividend payments decrease. Analyses of CEMs show that as the number of firms in the pyramid structure increase, the negative effect on dividends becomes greater. In addition, we find that dual- class shares have no effect on dividends.

SESSION 10 **Room 2**

FUNDS I
Session Chair: Luis Vicente - Universidad de Zaragoza, Spain

"Risk-Shifting Behaviour of U.S. Socially Responsible Fund Managers"
John Vaz - Monash University, Australia

Discussant: Juha Joenväärä - University of Oulu, Finland

Many studies analyse the performance of Socially Responsible Investments (SRIs) compared to conventional funds. However, none have analysed and contrasted the relative risk-shifting behaviour by SRI fund managers. This study makes a major attempt to fill this gap by investigating whether fund managers of US equity SRI funds exhibit differential risk shifting behaviour. Strong evidence is found to support the existence of risk-shifting behaviour by conventional fund managers. Specifically, we find that interim period managers who are mid-period winners are more likely to take on more risk subsequent to the mid-period than losers. We find little evidence of risk shifting by SRI fund managers general however, in bear markets or when they are in turmoil. The implication of the finding is that when the market is in a downturn or in turmoil, fund managers take on more risk in attempts to achieve improved returns and to compete for future capital inflows, regardless of whether they are classified as motivated by SRI or non SRI objectives.

"Name Gravitas and Hedge Fund Flows"
Juha Joenväärä - University of Oulu, Finland
Cristian Tiu - University of Buffalo, USA

Discussant: Ekaterina Goryagina - UCD Smurfit School of Business, Ireland

We document excess flows to gravitas, a hedge fund's name semantic characteristic defined as a blend of words related to economics, geopolitics and descriptive of power. Every year, having one more word of gravitas in the name of the average hedge fund attracts $100,000 more in annual flows. We further find that name gravitas is unrelated to performance, is positively related to more risk taking by the hedge fund manager and it predicts higher failure rates. Consistent with the idea that investors eventually learn the hedge fund's true investment abilities, flows to gravitas are lower for older funds, in bear markets and also they decline in the latter half of our sample. Name gravitas is negatively related to the number of databases the hedge fund reports to, suggesting naming a fund with gravitas is an alternative to marketing the fund through traditional channels. Out results are robust to a series of alternative stories and pass a variety of treatments for endogeneity.

"Regret Insurance: A Canonical Approach to Pension Fund Management?"
David Edelman - University College Dublin, Ireland
Ekaterina Goryagina - UCD Smurfit School of Business, Ireland

Discussant: Panayiotis Papakyriakou - University of Southampton, UK

A method of portfolio selection with minimax Regret with respect to the best hindsight constant-mix portfolio is presented. This is achieved via the introduction of a derivative contract for the Hindsight Growth Optimal Portfolio, where both theoretical and numerical approaches for pricing that derivative are exhibited. In order to validate and demonstrate the approach, an empirical study is carried out based on the S&P500 Total Return index and a Bond Index using data over 27 years, resulting in strong evidence of Stochastic Dominance of the Derivative position for sufficiently long time windows over any 'Buy and Hold' position of the constitutent assets (most notably the S&P500 Index). The clear importance of the results to the pension industry is noted and discussed.

"Do Changes in Corporate Pensions' Financial Strength Affect the Underlying Actuarial Valuation Assumptions?"
Panayiotis Papakyriakou - University of Southampton, UK

Discussant: John Vaz - Monash University, Australia

In this paper I employ a new measure for actuarial estimation errors in pension funding assumptions. The Actuarial Estimation Error, developed in Papakyriakou (2016), is defined as the difference between the current and the previous period's pension asset expected returns. Using data spanning 2000 – 2011 and the 2008 global financial crisis as an exogenous shock that moves pension funds across different categories of financial strength I find that when the funding level of DB pension plans falls significantly, enough for the plan to drop to a lower funding category, then Actuarial Estimation Errors of the following year become significantly bigger, an obligation reducing assumption. Findings only hold for the later years of the sample, i.e. after 2006 when Pension Protection Act was voted into law and after 2008 when the global financial crisis arrived. Results are robust to actuarial compensation incentives and the overall financial strength level of pension plans.

SESSION 11 **Room 3**

BANKING AND MORTGAGES
Session Chair: Christos Savva - Cyprus University of Technology, Cyprus

"The Wealth Effect of Yield Curve Changes on the Banking Firm"
Elyas Elyasiani - Temple University, USA
Iftekhar Hasan - Fordham University, USA
Elena Kalotychou - University of London, UK
Panos Pouliasis - University of London, UK
Sotiris Staikouras - University of London, UK

Discussant: Itzhak Venezia - Tel Aviv Yaffo Academic College, Israel

This paper investigates the return generating process of the banking firm, over the last twenty years, across four major financial markets namely the US, UK, Japan and Europe. Decomposing the yield curve to its three constituents i.e. level, slope and curvature factors, the study evaluates the time-varying sensitivity of the bank's equity to these three factors by using a DCC-MGARCH framework. The overarching findings suggest that the empirical proxies for level, slope and curvature are statistically able to explain the variation in equity prices above and beyond the wide market effect. Shocks to the slope (level) factor have a significant negative (positive) impact on the equity returns of the banking portfolio. Size plays an important role regarding the magnitude of all systematic risk factors, while banks tend to have higher sensitivities during the crisis and post-crisis period. The yield curve exposure of the banking firm does not seem to discriminate between market-oriented versus bank-oriented financial systems.

"Implied Maturity Mismatches and Investor Disagreement"
Mark Iarovyi - Bocconi University, Italy
Sasson Bar-Yosef - The Hebrew University of Jerusalem, Israel
Itzhak Venezia - Tel Aviv Yaffo Academic College, Israel

Discussant: Alexis Antoniades - Georgetown University, Qatar

Maturity mismatches (MMs) expose banks to interest rate risk and thus add to the uncertainty and ambiguity of the bank's performance. Given the significance of interest rate risk for banking operations, we study the relationship between MMs and investor disagreement, as proxied by trading volume in the banks' equity. We overcome infrequency and opacity of accounting disclosures, which interfere with direct measurements of MMs, by resorting to implied MMs, computed as stock return sensitivity to interest rate changes. We find that implied MMs are positively associated with trading volume, and that the role of returns in this relationship is minimal or null.

"Mortgage Market Credit Conditions and U.S. Presidential Elections"
Alexis Antoniades - Georgetown University, Qatar
Charles W. Calomiris - Columbia Business School, USA

Discussant: Vasileios Giannopoulos - University of Patras, Greece

Voters punish incumbent Presidential candidates for contractions in the local (county-level) supply of mortgage credit during market-wide contractions of credit, but they do not reward them for expansions in mortgage credit supply in boom times. Our primary focus is the Presidential election of 2008, which followed an unprecedented swing from very generous mortgage underwriting standards to a severe contraction of mortgage credit. Voters responded to the credit crunch by shifting their support away from the Republican Presidential candidate in 2008. That shift was particularly pronounced in states that typically vote Republican, and in swing states. The magnitude of the effect is large. If the supply of mortgage credit had not contracted from 2004 to 2008, McCain would have received half the votes needed in nine crucial swing states to reverse the outcome of the election. The effect on voting in these swing states from local contractions in mortgage credit supply was five times as important as the increase in the unemployment rate; if unemployment had not increased from 2004 to 2008, that improvement in local labor markets would only have given McCain only 9% of the votes needed to win the nine crucial swing states. We extend our analysis to the Presidential elections from 1996 to 2012 and find that voters' reactions are similar for Democratic and Republican incumbent parties, but different during booms and busts of mortgage credit.

"Characteristics of Non-Performing Small Business Loans and Comparative Analysis of Credit Scoring Models: Evidence from the Crisis Greek Economy"
Vasileios Giannopoulos - University of Patras, Greece
Eleftherios Aggelopoulos - University of Patras, Greece
Antonios Georgopoulos - University of Patras, Greece

Discussant: Sotiris Staikouras - University of London, UK

This paper examines the determinants of a non-performing small business loans portfolio during a turbulent period and conducts a comparative analysis of the literature identified credit scoring models. The study is motivated by the bad management and bad luck hypothesis (Berger and DeYoung, 1997) that link poor skills in lending activities and external shocks respectively, to increases in NPL's. We use a unique data of 3.294 small business loans granted on 2005 (expansion period) by one of the four systemic bank operating in the Greek oligopolistic financial system. According to our applied novel methodology, firstly a binomial logit model is utilized in order to detect determinants of bad-performing loans during the early recession period (August 2010 - July 2012) and afterwards when recession deepens, a multinomial logit is applied to test further the impact of these drivers on creation of non-performing loans. The results show that the examined variables maintain their impact on the creation of additional non-performing loans through the deep recession period but with a reduced intensity. We also find that the best prediction ability presents the neural network multilayer perceptron, then follow the decision trees methodology and the binomial logistic regression respectively and finally the neural network radial basis function. Finally, the bank's credit scoring model reveals the relatively worst prediction performance.

SESSION 12 **Room 4**

DERIVATIVES
Session Chair: Roar Adland - Norwegian School of Economics (NHH), Norway

"The Smart Vega Factor-Based Investing: Disentangling Risk Premia from Implied Volatility Smirk"
Anmar Al Wakil - University Paris-Dauphine, PSL Research University / Natixis AM, France

Discussant: Somayyeh Lotfi - University of Cyprus, Cyprus

This paper paves the way for option-based volatility strategies genuinely built on factor-based investing. Since market option prices reflect uncertainty, we exploit the discrepancy between the physical and the risk-neutral distributions, i.e. the fair price of moments. From an economic perspective, the level, slope, and convexity associated to the implied volatility smirk quantify the departure of the returns probability distribution from the lognormal distribution. Subsequently, our so-called "Smart Vega investing" proposes option-based replication strategies mimicking the volatility, skewness, and kurtosis risk premia in the form of divergence swap contracts, tradeable at moderate transaction costs in incomplete option markets. Extending the Zhang-Xiang (2008) quadratic approximation, we derive an explicit representation of the implied volatility smirk function, conveniently expressed as a combination of tradeable time-varying risk premia that reward for bearing higher-order risks. Furthermore, we empirically test these theoretical underpinnings on the SPX and the VIX options, under strongly skewed leptokurtic distributions.

"Portfolio Diversification in the Sovereign Credit Swap Markets"

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

Discussant: Elena Kalotychou - University of London, UK

We develop models for portfolio diversification in the sovereign credit default swaps (CDS) markets and show that, despite literature findings that sovereign CDS spreads are affected by global factors, there is sufficient idiosyncratic risk to be diversified away. However, we identify regime switching in the times series of CDS spreads, and the optimal diversified strategies can be regime dependent. The developed models trade off the CVaR risk measure against expected return, consistently with the statistical properties of spreads. We consider three investment strategies addressing the needs of different CDS market participants: for investors with long positions, speculators that hold uncovered long and short positions, and hedgers with covered long and short exposures. We use the models to illustrate that diversification pays in the CDS market. The models are also tested for active portfolio management in Eurozone core and periphery, and Central, Eastern and South-Eastern Europe (CESEE) countries. Results compare favorably with the broad S&P/ISDA Eurozone Developed Nation Sovereign CDS index. The paper concludes by identifying open questions in developing integrated risk management models for CDS portfolios.

"The Anatomy of Sovereign Risk Contagion"

Elena Kalotychou - University of London, UK
Eliza Wu - University of Sydney, Australia
Magdalena Erdem - Bank for International Settlements, Switzerland
Eli Remolona - Bank for International Settlements, Hong Kong

Discussant: Anmar Al Wakil - University Paris-Dauphine, PSL Research University / Natixis AM, France

We analyze the channels for the cross-border propagation of sovereign risk in the international sovereign debt market. Identifying sovereign credit events as extraordinary jumps in CDS spreads, we distinguish between the immediate effects of such events and their longer term spillover effects. To analyze “fast and furious” contagion, we use daily CDS data to conduct event studies around a total of 89 identified credit events in a global country sample. To analyze “slow-burn” spillover effects, we apply a multifactor risk model, distinguishing between global and regional risk factors. We find that“fast and furious” contagion has been primarily a regional phenomenon, while “slow-burn” spillover effects can often be global in scope, especially the effects of the recent European debt crisis. The global risk factors are driven by investor risk appetites and debt levels, while the regional factors depend on economic fundamentals of countries within a region.

Refreshments 4:15 - 4:30 p.m.

Tassos Papadopoulos Building

SESSION 13 **Room 1**

BANKING ISSUES
Session Chair: Didier Maillard - CNAM, France

"Determinants of Bank Dividend Smoothness for US and European Banks"
Nicos Koussis - Frederick University, Cyprus
Michalis Makrominas - Frederick University Cyprus, Cyprus

Discussant: Kyriaki Kosmidou - Aristotle University of Thessaloniki, Greece

Using a partial adjustment model of bank dividend policy we analyze the determinants of dividend smoothing for European and US banks before and after the crisis of 2007. We show that dividend smoothing is more prevalent for smaller banks and banks that rely more on new equity issuance, in line with asymmetric information theory, and for banks that initially have larger dividends and smaller ownership concentration, in line with agency cost theory. Compared to their US counterparts, European banks have larger dividend smoothing explained by stronger association of dividend smoothing with proxies of asymmetric information and agency problems. During the years following the economic crisis dividend smoothing remains despite some decreases in both continents.

"Banking Insolvency Risk and Revenue Diversification: Evidence from Europe"
Konstantinos Moutsianas - Aristotle University of Thessaloniki, Greece
Kyriaki Kosmidou - Aristotle University of Thessaloniki, Greece
Dimitrios Kousenidis - Aristotle University of Thessaloniki, Greece

Discussant: Sana Mohsni - Carleton University, Canada

The banking insolvency risk of European banking systems has increased significantly during the European sovereign debt crisis. Banking literature provides two opposing arguments regarding the relationship between the revenue diversification and banking insolvency risk. On the one hand, there are arguments which support that the alteration of traditional banks' business models to business mix with focus on revenue diversification constitutes a significant cause for the banking distress. On the other hand, the revenue diversification seems to lead to increase of the banking income and the strengthening of banking stability. The purpose of this paper is to investigate the relationship of banking insolvency risk and revenue diversification of the European banking institutions during the pre-crisis and the post-crisis period. Our research attempts to identify whether revenue diversification leads to banking insolvency risk or contributes to banking stability. In order to examine the aforementioned relationship, we employ GMM panel data methods and we, also, control for: bank size, profitability, market structure and macroeconomic indicators. The policy implications of the results associated with the current debate on the separation of commercial and investment banking in Europe as well as provide financial information to the management of the banking institutions.

"Does Regulatory Regime Matter for Bank Risk Taking? A Comparative Analysis of US and Canada."
Sana Mohsni - Carleton University, Canada
Isaac Otchere - Carleton University, Canada

Discussant: Nicos Koussis - Frederick University, Cyprus

The banking structure in the US is less concentrated, more competitive and less restrictive, whereas that of Canada is more concentrated, less competitive, and more restrictive. In the wake of the worst financial crisis in 2008, most US banks were bailed out while Canadian banks sailed through the crisis relatively unscathed. We examine the risk taking behavior of banks in the US and Canada prior to the recent financial crisis and find that Canadian banks had lower risk than their US counterparts over the study period. Further analysis shows that entry restrictions, which create concentrated banking structure, restrictions relating to capital, liquidity and activities, and strong supervisory power and discipline positively related to the z-score, suggesting that these factors constrain excessive risk taking by Canadian banks. We also decompose the z–score into its components and re-estimate our baseline regression with the view to identifying the source

of the risk. We find that entry restrictions (and higher concentration) generate higher profits and lower variability of asset returns for Canadian bank whiles restrictions on activities reduce profitability and increases variability in asset return; however, the former seems to overwhelm the effect of asset restriction, given the lower risk that we observe for the Canadian banks. The less concentrated but competitive banking structure in the US is associated with higher bank risk taking.

SESSION 14 **Room 2**

FUNDS II
Session Chair: Nancy Huyghebaert - KU Leuven, Belgium

"Institutional Investors' ETF Usage and Stock Selection Ability"
Juha Joenväärä - University of Oulu, Finland
Hamed Salehi - University of Oulu, Finland

Discussant: Jose Sarto - University of Zaragoza, Spain

We investigate the information content of institutional investors' use of exchange-traded funds vis-à-vis stock selection ability. On average, we find that ETF users---as compared with non-users---have lower managerial activeness measures of their equity holdings, invest in larger stocks with broader analyst coverage, hold more diversified portfolios, and have less direct equity investment. When adjusted for common sources of risk, the stock portfolio of non-users outperforms that of ETF users; the performance difference is greater among smaller and more active institutions. Stock selection ability explains performance differences and is manifested by the variation among institutional investors' holdings.

"How Active is your Fund Manager in Reality? Comparison of the Level of Activeness in Publicly vs Non-Publicly Reported Holdings"
Laura Andreu - University of Zaragoza, Spain
Carlos Forner - University of Alicante, Spain
Jose Sarto - University of Zaragoza, Spain

Discussant: Theodosis Kallenos - University of Cyprus, Cyprus

We examine the level of activeness of domestic equity mutual funds in the Spanish mutual fund industry through the Tracking Error and Active Share metrics. We find that both metrics are complementary when predicting future fund performance. Specifically, mutual funds with a high value of Active Share and Tracking Error obtain better results although they are unable to significantly beat the benchmark. Additionally, our unique database of monthly portfolio holdings allows us to investigate whether the level of activeness of mutual funds measured through the Active Share metric is the same regardless of the calendar month or otherwise it differs depending on whether the portfolio holdings are publicly reported. Our main finding is that mutual funds characterized by a high value of Active Share and a low value of Tracking Error experiences a statistically significant increase in the level of the Active Share in those months in which portfolio holdings are publicly reported by management companies. This finding evidences a certain manipulation or incentive of fund managers to exhibit an image of artificial activity.

"Strategic Delay in Closed-End Fund Portfolio Holdings Disclosure"
Theodosis Kallenos - University of Cyprus, Cyprus

Discussant: Hamed Salehi - University of Oulu, Finland

We use a sample of Closed End Funds (CEFs) to examine whether fund managers' timing decision to disclose their portfolio holdings filings depends on certain strategies that aim to protect the fund or the fund manager's position. We also examine whether holdings disclosure affects closed end fund prices and go one step further to check whether the effects are more pronounced when disclosure is timely. In our last analysis we examine how the content of holdings filings affects the CEF prices.

TRADING

Session Chair: Christodoulos Louca - Cyprus University of Technology, Cyprus

"Closing the Gap of Analysts' Informativeness: An Empirical Analysis of Short-Run Stock Tips"

Andreas Charitou - University of Cyprus, Cyprus
Irene Karamanou - University of Cyprus, Cyprus
Anastasia Kopita - University of Essex, UK

Discussant: Zacharias Petrou - University of Cyprus, Cyprus

Recent regulatory changes resulted in a widespread transition to coarser recommendation grids potentially entailing lower informativeness of stock recommendations. At the same time anecdotal evidence suggests that capital market participants' demand on short-run information has significantly increased. Using the unique hand collected sample of 1509 short-run trading ideas, we examine the information content of short-term trading tips and their potential use as a valuable input in the longer-term research output. We document that analysts prefer to provide short-run trading tips for firms with greater performance and potential of revenue generation. Trading tips are informative and incrementally informative, conditional on concurrent stock recommendations. We also find that the predictive power of the short-run news over the long run research horizon is stronger when the direction of the short-run trading tip and the previous recommendation coincide rather than when they differ. We also show that the market reaction to upcoming recommendation changes is greater for firms with short-run trading tips. Our findings provide evidence that an upcoming recommendation upgrade that is accompanied by a short-term rise estimate elicits up to +2.8% higher abnormal returns. Results are consistent with short-run price estimates increasing the overall informativeness of upcoming recommendations' changes.

"Target Prices and Recommendations Bias"

Andreas Charitou - University of Cyprus, Cyprus
Irene Karamanou - University of Cyprus, Cyprus
Zacharias Petrou - University of Cyprus, Cyprus

Discussant: Dimitris Tsouknidis - Cyprus University of Technology, Cyprus

We propose a novel measure to ex ante classify analyst stock recommendations as optimistically biased. Our premise is that, when target prices are closer to current prices but the recommendation is optimistic, the analyst is more likely to provide a biased recommendation. Using a dataset of 71,066 optimistic recommendations; 41,657 "Buy" recommendations; 29,409 "Strong Buy" recommendations, over the period 2003 to 2015, preliminary results show that when the difference between target prices and recommendations is small but the analysts' recommendation is optimistic, it is an indication of potential biased recommendation. In addition, when the difference between analysts' target prices and the actual prices increases the cumulative abnormal returns increase as well.

"Dynamic Spillover Effects Across Petroleum Spot and Futures Volatilities, Trading Volume and Open Interest"

George Magkonis - University of Bradford, UK
Dimitris Tsouknidis - Cyprus University of Technology, Cyprus

Discussant: Anastasia Kopita - University of Essex, UK

This paper examines the existence of dynamic (time-varying) spillover effects across petroleum based commodities and among spot-futures volatilities, trading volume and open interest. In order to investigate dynamic spillovers and distinguish them between total and net, realized volatilities of spot-futures markets are used as inputs to estimate a VAR model following Diebold and Yilmaz (2009, 2012, 2014, 2015). Results reveal the existence of large and time-varying spillovers among the spot-futures volatilities of petroleum-based commodities when examined individually and pairwise. Furthermore, speculative pressures as reflected by futures trading volume and hedging pressures as reflected by open interest are shown to transmit large and persistent spillovers to the spot-futures volatilities of crude oil commodity and heating oilgasoline commodities, respectively.

FINANCIAL ECONOMETRICS II
Session Chair: Mark Mietzner - Zeppelin Univeresität, Germany

"A Two-Regime Mean Reverting Jump Diffusion Model for the Offshore Supply Market"
Roar Adland - Norwegian School of Economics (NHH), Norway
Magnus Bjørkelund - Norwegian School of Economics, Norway

Discussant: Maximilian Adelmann - University of Zurich, Switzerland

Classical maritime economic theory suggests that spot freight rates are set in an equilibrium framework characterized by a high-volatility regime when the fleet is fully utilized and a low-volatility regime in the presence of oversupply. We derive a new and comprehensive stochastic spot freight rate model that incorporates two-regime mean reversion, stochastic jumps and a deterministic seasonal function. Parameters are estimated based on the historical spot rates for Anchor Handling Tug Supply and Platform Support Vessels in the North Sea spot market for offshore vessels. We show that the observed volatility clustering is mainly a result of the level effect in the conditional variance with respect to the spot freight rate, negating the need for more complex stochastic volatility models proposed in the recent literature. Similarly, our two-regime jump diffusion model can capture the extreme volatility induced by short-duration rate spikes without resorting to non-Gaussian increments in the diffusion model.

"Percentile Forecasting and Trading Strategies"
Maximilian Adelmann - University of Zurich, Switzerland
Cyril Bachelard - OLZ & Partners, Switzerland

Discussant: Panayiotis Andreou - Cyprus University of Technology, Cyprus

Recent publications have shown that the sign of returns can---in contrast to the mean of returns---be forecasted. This paper presents a binary logit sign prediction approach. As a novelty in the literature we extend this approach to forecast also the probabilities for returns larger than several percentiles. Our binary logit percentile approach includes four different models that differ in explanatory variables. All four models comprise the conditional volatility as explanatory variable. The second model adds the unconditional skewness, the third one adds the turbulence contribution based on the Mahalanobis distance, and the fourth one adds both the unconditional skewness and the turbulence contribution as explanatory variables. We present several common tests to assess the predictive power of our models and also develop a new test to visualize the results. A numerical application of our binary logit approach to empirical data sets demonstrate a superior forecasting performance of model 3 and model 4 and percentiles smaller than zero. We also develop a trading strategy based on our percentile forecasts that provides superior Sharpe ratios than the respective benchmark strategies.

"Firms' Market Orientation, Institutional Ownership and Crash Risk"
Panayiotis Andreou - Cyprus University of Technology, Cyprus
Franco Fiordelisi - University of Rome III, Italy
Terry Harris - Durham University Business School, UK
Dennis Philip - Durham University Business School, UK

Discussant: Roar Adland - Norwegian School of Economics (NHH), Norway

The competing values framework theorizes that a firm with market orientation caters to capital markets expectations excessively by being aggressive and forceful in the pursuit of competitiveness, while aiming to sustain shareholder value creation. This study develops a measure of market orientation based on textual analysis of management's statements in their 10-K filing and demonstrates that firms with higher market orientation cater to expectations by consistently beating analysts' forecasts. The findings show that transient institutional ownership intensifies a firm's market orientation, while dedicated institutional ownership lessens it. However, firms with higher market orientation are more prone to stock price crashes, a phenomenon driven by those firms with a high proportion of transient and a low proportion of dedicated institutional ownership. The findings have policy implications since they identify firms' market orientation as a channel through which transient institutional investors influence leadership strategies to propel the firm's focus towards maximizing short-term financial performance, albeit at the expense of shareholder value creation.

KEYNOTE SPEECH

7:45 - 8:30 p.m. Tassos Papadopoulos Building - Amphitheatre 1

Professor George Constantinides
University of Chicago, USA

WHAT INFORMATION DRIVES ASSET PRICES?

An overload of worldwide macroeconomic, business, and political news inundates investors. Little is known as to how investors cope and process this vast amount of information and, in particular, which information they pay most attention to in assessing the health of the economy, setting prices, and forecasting returns. We find empirical evidence that regardless of what information investors are considering, their focus manifests itself in price-level and labor-market variables. The market price-dividend ratio is an important indicator of investors' expectations about future dividend growth and discount rates. We find that the market price-dividend ratio is highly correlated with changes in price-level and labor-market variables but not with aggregate consumption growth, unlike what many economists believe. We incorporate this observation in a model where investors learn whether the economy is in recession, recovery, or expansion from changes in the consumer price index and the average hourly earnings of production, prominent price-level and labor-market variables, respectively. The empirical results highlight how much information these macroeconomic variables provide investors. The model explains the level and volatility of consumption and dividend growth, stock market returns, the price-dividend ratio, and the risk free rate and performs well in predicting future returns, while a model with learning from consumption history does not. The findings suggest that changes in the variables that we identify have long-term economic implications.

GALA DINNER

9:00 - 11:00 p.m. Carob Mill – The Evagoras Lanitis Center

MULTINATIONAL FINANCE JOURNAL

Quarterly Publication of the *Multinational Finance Society*, a nonprofit corporation.
http://mfsociety.org e-mail <mfj@mfsociety.org>

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.

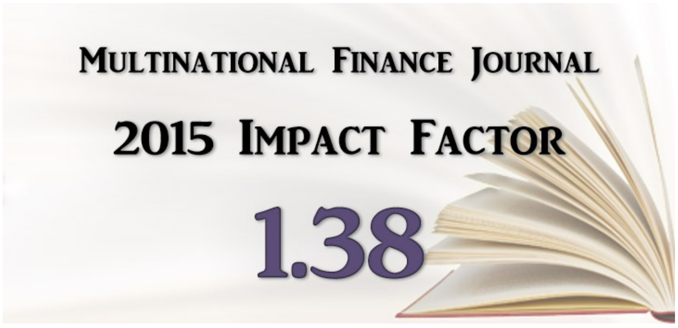
Subscriptions

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 2014 – December 2015



This report briefly summarizes the activity of the Multinational Finance Journal (MFJ) over the period January 2014 – December 2015.

Overall, this period has been a successful one for the journal, especially since its impact factor for 2015 has increased to 1.38 from 0.71 in 2014 and 0.63 in 2013. The journal's impact factor in 2012 it was 0.38.

During this period, MFJ has seen 45 first-time submissions, while 17 papers were already in the editorial process from submissions prior to January 2014. Out of the newly submitted manuscripts, 20 were rejected in the first round and 16 were invited for revision and resubmission. During that period, ten manuscripts were accepted for publication and 16 papers have been published.

Only approximately 13% 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 20% of those manuscripts were rejected.

The organizational quality of the review process has been strong. Specifically, more than 85% of all papers were processed in four months or less, and fewer than 5% of manuscripts were under review for six months or more. This translates to a mean (median) review period of 84 (82) 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 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

Yours truly,

Panayiotis Theodossiou
Editor-in-Chief
Multinational Finance Journal

MULTINATIONAL FINANCE JOURNAL

PUBLISHED ARTICLES

Volume 20, Issues 1 & 2 – March/June 2016 – pp. 1-179

Adjustment Cost Determinants and Target Capital Structure
Costas Lambrinoudakis, *University of Piraeus, Greece*

A Reconsideration of the Meese-Rogoff Puzzle: An Alternative Approach to Model Estimation and Forecast Evaluation
Kelly Burns, *Curtin University, Australia*

Value of Control in Family Firms: Evidence from Mergers and Acquisitions
Nihat Aktas, *WHU Otto Beisheim School of Management, Germany*
Santo Centineo, *WHU Otto Beisheim School of Management, Germany*
Ettore Croci, *Universita' Cattolica del Sacro Cuore, Italy*

Valuation Efficiency of Secondary Markets for Formerly Illiquid Assets: The Case of German KG Ship Funds
André Küster Simic, *Hamburg School of Business Administration, Germany*
Philipp Lauenstein, *Helmut Schmidt University and Hamburg School of Business Administration, Germany*
Stefan Prigge, *Hamburg School of Business Administration, Germany*

Volume 20, Issues 3 & 4 – September/December 2016

Corporate Governance, Board Composition, Director Expertise, and Value: The Case of Quality Excellence
Andreas Charitou, *University of Cyprus, Cyprus*
Ifigenia Georgiou, *Aston Business School, UK & Cyprus International Institute of Management, Cyprus*
Andreas Soteriou, *University of Cyprus, Cyprus*

Employees on Corporate Boards
Tom Berglund, *Hanken School of Economics, Finland*
Martin Holmén, *University of Gothenburg, Sweden*

What is the Relation (if any) Between a Firm's Corporate Governance Arrangements and its Financial Performance?
Roberto Wessels, *University of Groningen, Netherlands*
Tom J. Wansbeek, *University of Groningen, Netherlands*
Lammertjan Dam, *University of Groningen, Netherlands*

Say-on-Pay: Is Anybody Listening?
Stephani A. Mason, *DePaul University, USA*
Ann F. Medinets, *Rutgers Business School, USA*
Dan Palmon, *Rutgers Business School, USA*

24th ANNUAL CONFERENCE OF THE MULTINATIONAL FINANCE SOCIETY

June 25 - 28, 2017
Bucharest, Romania

KEYNOTE SPEAKERS

Jeffrey Lawrence Callen - *University of Toronto, Canada*
Steven Ongena - *University of Zurich & Swiss Finance Institute, Switzerland*

PROGRAM CHAIRS

Radu Lupu - *Bucharest University of Economic Studies, Romania*
Panayiotis Theodossiou - *Cyprus University of Technology, Cyprus*

ORGANIZING INSTITUTIONS

Bucharest University of Economic Studies, School of International business and economics in BUES, Romania
The Institute for Economic Forecasting, the Romanian Academy, Romania

AREAS OF INTEREST

Papers in all areas of finance, accounting and economics dealing with developed and developing countries are welcome. Specific topics include, but are not limited to: Asset Pricing; Banking; Behavioral Finance; Buyouts; Capital Structure; CDS; Commodities; Contagion in Financial Markets; Corporate Governance; Corporate Restructuring; Cost of Bankruptcy; Credit Scoring Models; Cross Listing; Derivatives; Emerging Markets; Executive Compensation; Financial Accounting; Financial Analysts; Financial Reporting; FX Arbitrage; Investment Banking; IPOs; M&As; Macro Finance; Market Efficiency; Market Microstructure; Payout Policy; Portfolio Management; Real Options; Regulation; Risk Measurement; Shipping Finance; Specialities in Nordic Financial Markets; Term Structure of Interest Rates; Trading Behavior; Valuation; and Volatility.

WINTER 2018 CONFERENCE OF THE MULTINATIONAL FINANCE SOCIETY

January 12 - 14, 2018
San Juan, Puerto Rico

KEYNOTE SPEAKER

Briance Mascarenhas - *Rutgers University, USA*

PROGRAM CHAIRS

Scott Brown - *University of Puerto Rico, Puerto Rico*
Panayiotis Theodossiou - *Cyprus University of Technology, Cyprus*

ORGANIZING INSTITUTIONS

University of Puerto Rico Graduate School of Business, Puerto Rico

FURTHER INFORMATION

Information regarding the conference, accommodations, feature speakers, travel arrangements, fees and other activities will be published on the MFS website as needed. Information about past conference can be found on the website as well.

Directions to Venues
(Scan the QR Codes below for detailed map directions)