

The 2012 SFS Finance Cavalcade

Hosted by the University of Virginia
May 21 - May 25, 2012

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The Society for Financial Studies

The Review of Asset Pricing Studies
Executive Editor Wayne Ferson

The Review of Corporate Finance Studies
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Monday, May 21, 2012

11:00AM Registration Opens

Lobby, Darden School of Business

12:30-2:00PM Welcome Lunch

Abbott Center Dining Room

Bond and Currency Risk

Session Chair: Christian Lundblad (University of North Carolina at Chapel Hill)

Classroom 180

2:00-3:00PM *Bond Variance Risk Premia*

Philippe Mueller (London School of Economics), Andrea Vedolin (London School of Economics), Yu-Min Yen (London School of Economics)

Discussant: Anh Le (University of North Carolina at Chapel Hill)

3:15-4:15PM *The Share of Systematic Variation in Bilateral Exchange Rates*

Adrien Verdelhan (Massachusetts Institute of Technology)

Discussant: Chotibhak Pab Jotikasthira (University of North Carolina at Chapel Hill)

Theoretical Asset Pricing

Session Chair: Kewei Hou (The Ohio State University)

Classroom 190

2:00-3:00PM *International Asset Pricing with Recursive Preferences*

Ric Colacito (University of North Carolina at Chapel Hill), Max Croce (University of North Carolina at Chapel Hill)

Discussant: Nikolai Roussanov (University of Pennsylvania)

3:15-4:15PM *Covariances, Characteristics, and General Equilibrium: A Critique*

Xiaoji Lin (The Ohio State University), Lu Zhang (The Ohio State University)

Discussant: Hengjie Ai (Duke University)

6:00-8:00PM Reception and Dinner Sponsored by Darden Center for Asset Management

Reception 6:00-6:30PM The South Lounge; Dinner 6:30-8:00PM: Abbott Center Dining Room, Keynote Speaker Ivo Welch (University of California, Los Angeles)

Tuesday, May 22, 2012

7:30-8:30AM Breakfast

Abbott Center Dining Room

Mutual Funds-Hedge Funds

Session Chair: Nick Bollen (Vanderbilt University)

Classroom 180

8:30-9:30AM *Institutional Investors and Mutual Fund Governance: Evidence from Retail–Institutional Fund Twins*

Richard Evans (University of Virginia), Rüdiger Fahlenbrach (Ecole Polytechnique Fédérale de Lausanne)

Discussant: Cristian Tiu (SUNY Buffalo)

9:45-10:45AM *Can Hedge Funds Time Market Liquidity?*

Charles Cao (Penn State University), Yong Chen (Virginia Tech), Bing Liang (University of Massachusetts Amherst), Andrew W. Lo (Massachusetts Institute of Technology)

Discussant: Jeffrey Busse (Emory University)

11:00AM -12:00PM *The Mutual Fund Industry Worldwide: Explicit and Closet Indexing, Fees, and Performance*

Martijn Cremers (Yale University), Miguel Ferreira (Nova School of Business and Economics), Pedro Matos (University of Virginia), Laura Starks (University of Texas at Austin)

Discussant: Jeffrey Wurgler (New York University)

Equilibrium Asset Pricing

Session Chair: Kerry Back (Rice University)

Classroom 190

8:30-9:30AM *An Equilibrium Asset Pricing Model with Labor Market Search*

Lars Alexander Kuehn (Carnegie Mellon University), Nicolas Petrosky-Nadeau (Carnegie Mellon University), Lu Zhang (The Ohio State University)

Discussant: Robert Dittmar (University of Michigan)

9:45-10:45AM *Toward a Quantitative General Equilibrium Asset Pricing Model with Intangible Capital*

Hengjie Ai (Duke University), Mariano Massimiliano Croce (University of North Carolina at Chapel Hill), Kai Li (Duke University)

Discussant: Michael Gallmeyer (University of Virginia)

11:00AM -12:00PM *Feedback Effects and the Limits to Arbitrage*

Alex Edmans (University of Pennsylvania), Itay Goldstein (University of Pennsylvania), Wei Jiang (Columbia University)

Discussant: Christine Parlour (University of California Berkeley)

12:00-1:15 PM Lunch

Abbott Center Dining Room

Expected Returns, Financial Markets, and Intermediaries

Session Chair: David Ng (Cornell University)

Classroom 180

2:00-3:00PM *Financial Intermediaries and the Cross Section of Asset Returns*

Tyler Muir (Northwestern University), Tobias Adrian (NY Fed), Erkkko Etula (Harvard University)

Discussant: Yan Li (Temple University)

3:15-4:15PM *Financial Market Dislocations*
Paolo Pasquariello (University of Michigan)
Discussant: Xing Zhou (Rutgers University)

Stock Market Information Revelation's Impact on Corporate Governance

Session Chair: Matthew Spiegel (Yale University)

Classroom 190

2:00-3:00PM *Activist Arbitrage, Lifeboats, and Closed-End Funds*
Stephen Lenkey (Carnegie Mellon University)
Discussant: Vikram K. Nanda (Georgia Institute of Technology)

3:15-4:15PM *Executive Board Composition and Bank Risk Taking*
Allen N. Berger (University of South Carolina), Thomas Kick (Deutsche Bundesbank), Klaus Schaeck (Bangor University)
Discussant: Ing-Haw Cheng (University of Michigan)

Wednesday, May 23, 2012

7:30-8:30AM **Breakfast**

Abbott Center Dining Room

Credit Risk

Session Chair: Chester Spatt (Carnegie Mellon)

Classroom 180

8:30-9:30AM *Credit Ratings and Credit Risk*
Jens Hilscher (Brandeis University), Mungo Wilson (University of Oxford)
Discussant: Jean Helwege (University of South Carolina)

9:45-10:45AM *The World Price of Credit Risk*
Gergana Jostova (George Washington University), Doron Avramov (Hebrew University of Jerusalem), Tarun Chordia (Emory University), Alexander Philipov (George Mason University)
Discussant: Timothy Simin (Penn State)

11:00AM -12:00PM *Campaign Contributions and Government Financial Management:
Evidence from State Bond Pricing*
Craig Brown (National University of Singapore)
Discussant: Burton Hollifield (Carnegie Mellon University)

Market Microstructure

Session Chair: Marc Lipson (University of Virginia)

Classroom 190

8:30-9:30AM *Do Dark Pools Harm Price Discovery?*
Haixiang Zhu (Stanford University)
Discussant: Ingrid Werner (The Ohio State University)

9:45-10:45AM *Equilibrium High Frequency Trading*

Bruno Biais (Toulouse School of Economics), Thierry Foucault (HEC), Sophie Moinas (Toulouse School of Economics)

Discussant: Anya Obizhaeva (University of Maryland)

11:00AM -12:00PM *What's Not There: The Odd-Lot Bias in TAQ Data*

Maureen O'Hara (Cornell University), Chen Yao (University of Illinois), Mao Ye (University of Illinois) Discussant: Jonathan Brogaard (University of Washington)

12:00-1:15 PM Lunch

Abbott Center Dining Room

Media Coverage and Activism

Session Chair: Alex Butler (Rice University)

Classroom 180

2:00-3:00PM *Winners in the Spotlight: Media Coverage of Fund Holdings as a Driver of Flows*

David Howard Solomon (University of Southern California), Eugene Francis Soltes (Harvard), Denis Sosyura (University of Michigan)

Discussant: Patrick Kelly (New Economic School, Moscow)

3:15-4:15PM *The Real Effects of Hedge Fund Activism: Productivity, Risk, and Product Market Competition*

Alon Brav (Duke University), Wei Jiang (Columbia University), Hyunseob Kim (Duke University)

Discussant: Sandy Klasa (The University of Arizona)

Corporate Decisions

Session Chair: Geoffrey Tate (UCLA)

Classroom 190

2:00-3:00PM *Competitive Pressure and Corporate Policies*

Philip Valta (HEC), Laurent Fresard (University of Maryland)

Discussant: Albert Sheen (Harvard Business School)

3:15-4:15PM *Dividends as Reference Points: A Behavioral Signaling Model*

Malcolm Baker (Harvard University), Jeffrey Wurgler (New York University)

Discussant: Christa Bouwman (Case Western Reserve University)

6:00-8:00PM Dinner Sponsored by the Society for Financial Studies

Reception 6:00-6:30PM The South Lounge; Dinner 6:30-8:00PM: Abbott Center Dining Room, Keynote Speaker Ravi Jagannathan (Kellogg School of Management, Northwestern University)

Thursday, May 24, 2012

7:30-8:30AM Breakfast

Abbott Center Dining Room

Incentives

Session Chair: Bill Wilhelm (University of Virginia)

Classroom 180

8:30-9:30AM *Credit Ratings across Asset Classes: A = A?*

Jess Cornaggia (Indiana University), Kimberly J. Cornaggia (American University), John E. Hund (Rice University)

Discussant: Bo Becker (Harvard University)

9:45-10:45AM *CEO Compensation and Corporate Risk-Taking: Evidence from a Natural Experiment*

Todd A. Gormley (University of Pennsylvania), David A. Matsa (Northwestern University), Todd Milbourn (Washington University in St. Louis)

Discussant: Rajesh Aggarwal (University of Minnesota)

11:00AM -12:00PM *Acquisitions as Lotteries: Do Managerial Gambling Attitudes Influence Takeover Decisions?*

Oliver Spalt (Tilburg University), Christoph Schneider (Mannheim University)

Discussant: Gerard Hoberg (University of Maryland)

Banking

Session Chair: Andres Almazan (The University of Texas)

Classroom 190

8:30-9:30AM *Long-term Debt and Hidden Borrowing*

Vicente Cuñat (London School of Economics), Heski Bar-Isaac (New York University)

Discussant: Malcolm Wardlaw (University of Texas at Dallas)

9:45-10:45AM *Information Acquisition in Rumor-Based Bank Runs*

Asaf Manela (Washington University in St. Louis), Zhiguo He (University of Chicago)

Discussant: Fernando Anjos (University of Texas at Austin)

11:00AM -12:00PM *Lender Moral Hazard and Reputation in Originate-to-Distribute Markets*

Andrew Winton (University of Minnesota), Vijay Yerramilli (University of Houston)

Discussant: Richmond Mathews (University of Maryland)

12:00-1:15 PM Lunch

Abbott Center Dining Room

Banks and Risk

Session Chair: Rohan Williamson (Georgetown University)

Classroom 180

2:00-3:00PM *From Competition to Cartel: Bank Mergers in the U.K. 1885 to 1925*

Fabio Braggion (Tilburg University), Narly Dwarkasing (Tilburg University), Lyndon Moore

(University of Melbourne)
Discussant: Jason Sturgess (Georgetown University)

3:15-4:15PM *Liquidity Backstop, Corporate Borrowings, and Real Effects*
Pengjie Gao (University of Notre Dame), Hayong Yun (University of Notre Dame)
Discussant: Michael Faulkender (University of Maryland)

Firm Structure and Risk

Session Chair: Thomas Chemmanur (Boston College and Massachusetts Institute of Technology)
Classroom 190

2:00-3:00PM *Borrower Misrepresentation and Loan Performance*
Mark Garmaise (University of California, Los Angeles)
Discussant: Zhaohui Chen (University of Virginia)

3:15-4:15PM *The Bright Side of Corporate Diversification: Evidence from Internal Labor Markets*
Geoffrey Tate (University of California, Los Angeles), Liu Yang (University of California, Los Angeles)
Discussant: Debarshi Nandy (Brandeis University)

4:45-7:15PM "Meet the Editors" Reception Sponsored by the Society for Financial Studies at Monticello

Bus departs at 4:45pm from the Darden Gatehouse. Reception is only available to attendees who received a Monticello confirmation email with ticket.

Friday, May 25, 2012

7:30-8:30AM **Breakfast**
Abbott Center Dining Room

Market Frictions and Capital Structure

Session Chair: James Weston (Rice University)
Classroom 180

8:30-9:30AM *Taxes and Capital Structure*
Mara Faccio (Purdue University), Jin Xu (Purdue University)
Discussant: Andrew MacKinlay (University of Pennsylvania)

9:45-10:45AM *Redefining Financial Constraints: A Text-Based Analysis*
Christopher Ball (meta Heuristica), Gerard Hoberg (University of Maryland), Vojislav Maksimovic (University of Maryland)
Discussant: Timothy Loughran (University of Notre Dame)

Financial Contracting and Social Networks

Session Chair: Paolo Fulghieri (University of North Carolina at Chapel Hill)
Classroom 190

8:30-9:30AM *Contracting with Synergies*

John Yiran Zhu (University of Pennsylvania), Alex Edmans (University of Pennsylvania), Itay Goldstein (University of Pennsylvania)

Discussant: Merih Sevilir (Indiana University)

9:45-10:45AM *Out of Sight, Out of Mind: The Value of Political Connections in Social Networks*

Bang Dang Nguyen (University of Cambridge), Quoc-Anh Do (Singapore Management University), Yen-Teik Lee (Singapore Management University), Kieu-Trang Nguyen (Indiana University at Bloomington)

Discussant: David Smith (University of Virginia)

11:30AM-12:30PM **Concluding Lunch**

Abbott Center Dining Room