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), Erkko 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?*
Haoxiang 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
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 Garmeise (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