

KOREA-AMERICA FINANCE ASSOCIATION

<http://www.K-AFA.org>

Vol. XIII

February 2009

No.1

President's Message

Dear KAFA Members, Friends, and Supporters of KAFA,

First, I would like to thank former KAFA presidents, including Prof. Choi, Seungmook, Prof. Song, Moon Hyun, and other former KAFA presidents, Vice-President, Park, Kwang Woo (until March, 2009), and Secretary General, Prof. Sam Chung for their dedication and devotion for KAFA. I also would like to thank all KAFA members for your active participations in various KAFA activities.

Next, we welcome our new President-Elect Chung, Kee Ho, Vice-President in Korea, Prof. Koh, Bong Chan, Secretary General, Prof. Kim, Young Sang and Prof. Song, Kyojik (Korea) for their new leadership for 2009.

Last, but not the least, perhaps, more importantly, we sincerely acknowledge the Financial News, Korea Institute of Finance, Korea Securities Research Institute, Shin Han bank, and others for their financial support to KAFA for the past few years.

Although all of us have some difficulties due to global financial crisis, we will overcome these difficulties by following the wonderful tradition of KAFA. Specifically, we will actively continue to encourage new members' participation, to appreciate outstanding research accomplishment through various research awards, to help develop new leadership and dedication, to find and support Korean-American Ph.d. students, and to participate into various research conferences and symposium with various Korean counterparts. Please see various 2009 Call for paper announcements below to plan and contribute to these research activities.

In this 2009, I hope that all KAFA members help enhance their scholarship activities through various interactions with KAFA members as well as Korean-American and Korean scholars. We also encourage all KAFA members to inform us what they accomplished in their research and other academic activities in recent years. By doing so, we celebrate and encourage among ourselves and with other broader financial communities to open better futures for all members, friends, and supporters of KAFA.

With Warmest Regards

Hoje Jo
2009 President of KAFA
Santa Clara University

I. Recent KAFA Activities

1.1. Two special sessions at the FMA meeting in 2008

We really appreciate great and well attendance in two special sessions at the 2008 FMA meeting in Dallas, TX. Once again thanks for session moderator, presenters and discussants.

➤ *Special Session : Corporate Governance in Korea*

Moderator: Seungmook Choi, University of Nevada Las Vegas

Panelist: Jinwoo Park, Editor , Asia-Pacific Journal of Financial Studies Professor of Finance, Hankuk University of Foreign Studies.

Panelist: Jang, Beomsik, President of Korea Security Association Professor of Finance, Soongsil University

Panelist: Sunghoon Cho, Vice President, Korea Securities Research Institute

➤ *Special Session : Emerging Market in Asia*

Moderator: Hoje Jo Santa Clara University

Panelist: Na Dai Assistant Professor of Finance, University of New Mexico

Panelist: Sharath Suri CEO, S4 Capital (Hedge Fund)

Panelist: Sung C. Bae Professor of Finance, Bowling Green State University

1.2. Two special sessions at the coming FMA meeting in 2009

Professor Kee H. Chung is organizing two special sessions in coming 2009 FMA meeting in Reno, NV.

- Current issues in the Korean financial markets, such as, but not limited to, separation between financial and industrial capital (금산분리) and implementation of the Capital Market Consolidation Act (자본시장통합법).
- Current issues in the Asian financial markets.

II. Call for Papers / Awards

2.1. Call for papers for the Joint Conference with the KIF

Main Theme: "Financial crisis and risk management"

- Conference date: May 26, 2009
- Submission deadline: March 31, 2009
- Notification of the accepted papers: April 20, 2009
- Contact information: Professor Kyojik (Roy) Song, Secretary KAFA Korea, roysong@skku.edu
- Submit papers to: Professor Kee H Chung, President Elect, keechung@buffalo.edu

We expect a few papers (2-4 papers) to be accepted for the presentation. KIF will provide financial supports of KRW 2,000,000 for the selected papers for presentation.

2.2. Call for papers for the Joint Conference with Allied Korea Finance Associations (KFAs)

As in previous years, we expect to be part of the 2009 joint conference with Korean counterparts (KFAs) in May 22-23, 2009 at Korea Securities Training Institute (한국증권연수원). In anticipation of this conference, the KAFA would like to announce a call for papers.

- Topics: Any finance area
- Conference date: May 22-23, 2009 (Tentatively)
- Submission deadline: March 31, 2009
- Notification of the accepted papers: April 20, 2009 (expect to 6-8 papers)
- Submit papers to: Professor Kee H Chung, President Elect, keechung@buffalo.edu
- KAFA and KFAs will provide financial supports for all selected papers.

Note: When you submit your paper, please indicate the conference of your choice (e.g., KAFA joint conference with KIF, KSRI or KFAs)

2.3. Call for papers for the Joint Symposium with Korea Securities Research Institute (KSRI)

This year we will have joint symposium with KSRI in May 20, 2009. In anticipation of this conference, the KAFA would like to announce a call for papers.

- Topics: Corporate Finance, Capital Structure, corporate restructuring, and risk management.
- Conference date: May 20, 2009
- Submission deadline: March 31, 2009
- Notification of the accepted papers: April 20, 2009 (4-5 papers)
- Submit papers to: Professor Kee H Chung, President Elect, keechung@buffalo.edu
- KAFA and KSRI will provide financial support for all selected papers.

Note: When you submit your paper, please indicate the conference of your choice (e.g., KAFA joint conference with KIF, KSRI or KFAs)

2.4. Call for the 3rd Financial News & KAFA Top-Journal Paper Award

If you have papers published or accepted for the top three journals; *Journal of Finance*, *Journal of Financial Economics*, or *Review of Financial Studies*, during the period of September 2008 through August 2009, please provide us with the following information for the consideration of this award. The author of the selected paper will be awarded a cash grants along with a plaque by the representative of Financial News at the annual KAFA banquet in the 2009 Reno, NV FMA Meetings.

- Title of the Paper, Author(s) (names, affiliations, phones, e-mails), Name of the Journal Issue Date, Volume, and Page Numbers (if published), Copy of the Acceptance Letter (if accepted but not yet published), and Electronic Copy of the Paper
- Submission Deadline: August 31, 2009
- Submit material to: Professor Hoje Jo, President, hjo@scu.edu

2.5. Call for the 3rd Financial News & KAFA Doctoral Student Dissertation Award

If you are currently Doctoral student (ABD status) and going to defend your dissertation before September 2010, please submit your dissertation for the consideration of this award. Two dissertations will be selected for the awards. Each author will be awarded a cash grants along with a plaque by the representative of Financial News at the annual KAFA banquet in the 2009 Reno, NV FMA Meetings.

- Submission Deadline: August 31, 2009
- Submit material to: Professor Hoje Jo, President, hjo@scu.edu

2.6. Call for the 3rd Financial News & KAFA Asian Financial Market Paper Award

If you have Asian financial market related papers that published or accepted for high quality refereed journals, during the period of September 2008 through August 2009, please provide us with the following information for the consideration of this award. The author of the selected paper will be awarded a cash grants along with a plaque by the representative of Financial News at the annual KAFA banquet in the 2009 Reno FMA Meetings.

- Title of the Paper, Author(s) (names, affiliations, phones, e-mails), Name of the Journal Issue Date, Volume, and Page Numbers (if published), Copy of the Acceptance Letter (if accepted but not yet published), Electronic Copy of the Paper
- Submission Deadline: August 31, 2007
- Submit material to: Professor Hoje Jo, President, hjo@scu.edu

2.7. Call for the 3rd Shinhan Bank & KAFA Best Financial Engineering and Bank Management/Investment Bank Paper Award

In this year we are planning to award two topics of the Shinhan Bank Awards: Financial Engineering and Bank Management/Investment Bank. The Korea America Finance Association (KAFA) and Shinhan Bank jointly announce that they will select the best research paper/proposal (nonpublished) in the areas of the financial engineering, and bank management/investment bank written by KAFA members. The author(s) of selected paper/proposal will be awarded a cash grants of \$2,500 each along with a plaque by the representative of Shinhan Bank at the annual KAFA banquet in the 2009 Reno FMA Meetings.

In addition, Shinhan Bank and KAFA will support the Ph.D students, who present a paper at the annual meeting of FMA 2009. Each Ph.D student will be awarded a cash grants of \$500.

- Topics: The award will focus on a range of theoretical and empirical issues in the areas of risk management, asset management, trading (stocks/ bonds/ commodities/ derivatives), and financial product development with advanced mathematical and numerical techniques.
- Please provide following information: Title of the Paper, Author(s) (names, affiliations, phones, e-mails), Electronic Copy of the Paper/Proposal, Expected date of completion
- Target Journal(s)
- Submission Deadline: August 31, 2009
- Submit material to: Professor Hoje Jo, President, hjo@scu.edu

2.8. Call for Papers Currency, Credit and Crisis: In Search of Financial Stability

A Special Issue of the: INTERNATIONAL FINANCE REVIEW

VOLUME EDITORS: J. Jay Choi, Temple University, Michael Papaioannou, IMF

This edited book is scheduled as volume 10 of International Financial Review, an annual book series. The IFR publishes theme-oriented volumes on various issues in international finance, such as international business finance, international investment and capital markets, global risk management, international corporate governance and institution, currency markets, emerging market finance, international economic integration and related issues. IFR volumes 1-8 have been published by Elsevier Science; but starting with volume 9, Emerald Group Publishing, the U.K., publishes the series (<http://astro.temple.edu/~jjchoi>).

ABOUT THE NEW VOLUME:

The edited volume on *Currency, Credit and Crisis: In Search of Financial Stability* will publish original papers that examine various issues concerning the structure and functioning of currency and credit markets and instruments, as well as their interactions with financial markets in general, in promoting or hindering financial stability on a local and global level. Economic and financial stability is also associated with the uses and misuses of derivative instruments and innovative financial products by public and private sector agents. In addition, the current global financial crisis has manifested the importance of the interlinkages between these instruments and markets, as well as inter-market and international spillovers of financial risks and vulnerabilities.

We encourage submission of manuscripts that investigate how individual currency and financial market instruments, and their interaction, can affect local and/or global economic and financial stability. We also invite papers that examine how regulation of these instruments could prevent financial crises and the spread of contagion. All types of original papers – theoretical, empirical, or policy-oriented – will be considered.

SUBMISSION PROCEDURE: Interested authors are encouraged to contact volume co-editors as early as possible. Complete papers should be submitted, electronically in Microsoft Word, via email to both of the co-editors by April 30, 2009:

CONTACT:

J. Jay Choi , Laura H. Carnell Professor of Finance and International Business,
Fox School of Business, Temple University, E-mail: jjchoi@temple.edu
Michael Papaioannou, Senior Economist, Monetary and Capital Markets Department,
International Monetary Fund, E-mail: mpapaioannou@imf.org

2.9. Call for Papers APJFS and Conference on Asia-Pacific Financial Markets

Two annual events are coming: the first will be the invitation of best papers to be published in the Asia-Pacific Journal of Financial Studies (APJFS) with a cash grants about U\$2,000. The due date for submission will be around the end of June, and about eight papers will be selected and announced by September. The second is the fourth annual Conference on Asia-Pacific Financial Markets (CAFPM) scheduled on December 5, 2009 in Seoul, Korea with a keynote speaker, Prof. Rene Stulz. The due date for submission will be the end of August, and six best papers will be selected with an award of U\$2,500 each at the conference. More detailed announcements will be made soon around March, and I will let you know when any formal announcements become available. Thank you very much.

III. Member News

3.1. Publications

Following is a list of recent publications by KAFA members. Only those provided to the KAFA office by the authors and the paper published or accepted in calendar year of 2008, and 2009 are listed here.

- Gil Bae, Youngsoon Cheon and Jun Koo Kang, "Intra-Group Propping: Evidence from the Stock-Price Effects of Earning Announcement by Korean Business Groups" forthcoming in *Review of Financial Studies* 2008.
- Bae, Sung C., "On the Interactions of Financing and Investment Decisions: Evidence from Chinese Industrial Companies." *Managerial Finance*. Forthcoming.
- Bae, Sung C., Taek Ho Kwon, Jong Won Park, "Derivatives Trading, Volatility Spillover, and Regulation: Evidence from the Korean Securities Markets." *Journal of Futures Markets*. Forthcoming.
- Bae, Sung C., Taek Ho Kwon, Jang W. Lee, "Corporate Diversification, Relatedness, and Firm Value: Evidence from Korean Firms." *Asia-Pacific Journal of Financial Studies* 37 (2008), No. 6, 1025-1064.
- Bae, Sung C., J.C. Bell Park, Xiaohong Wang, "Multinationality, R&D Intensity and Firm Performance: Evidence from U.S. Manufacturing Companies." *Multinational Business Review* 16 (Winter 2008), No. 1, 53-77.
- Bae, Sung C., Taek Ho Kwon, Mingsheng Li, "Foreign Exchange Exposure and Risk Premium in International Investments: Evidence from American Depositary Receipts." *Journal of Multinational Financial Management* 18 (2008), 165-179.
- Byoun, Soku, 2008, How and When Do Firms Adjust Their Capital Structures toward Targets? *Journal of Finance* 63, 3069-3096.
- Byoun, Soku and Hun Y. Park, Arbitrage Opportunities and Efficiency of an Option Market at its Initial Stage: The Case of KOSPI 200 Options in Korea, *Research in Finance*, forthcoming.
- Byoun, Soku, 2008, Smooth Goodness-of-Fit Specification Tests under the Lagrange Multiplier Principle, *Communication in Statistics: Theory and Procedure* 37(3), 443-459.
- Chung, Kee H., Elder, John and Kim, Jang-Chul, "Corporate Governance and Liquidity". *Journal of Financial and Quantitative Analysis (JFQA)*, Forthcoming 2008.
- J.B. (Jong-Bom) Chay and Jungwon Suh, 2009 forthcoming, 'Payout policy and cash-flow uncertainty", *Journal of Financial Economics*
- Choi, Nicole and Sias, Richard W., Institutional Industry Herding (August 08, 2008). *Journal of Financial Economics* forthcoming 2008.
- Jo, Hoje and Yongtae Kim, "Ethics and Disclosure: A Study of the Financial Performance of Firms in the Seasoned Equity Offerings Market", *Journal of Business Ethics* 80 (2008), 855-878.
- Jo, Hoje, Yongtae Kim, and Myung Park, "The Impact of the Surprise Offer Share Adjustments on the Offer-Day Returns: Evidence from Seasoned Equity Offers," *Review of Quantitative Finance and Accounting* 31 (2008), 261-286.
- Jo, Hoje and Dong Man Kim, "Recent Development of Behavioral Finance," *International Journal of Business Research* 8 (2008), 89-101.
- Jo, Hoje, "Why do Private Equity Funds-of-Funds Grow?" *Journal of Academy of Business and Economics* 8 (2008), 8-18.
- Jo, Hoje and Maretno A. Harjoto, "Board Leadership and Firm Performance," *Journal of International Business and Economics* 8 (2008), 143-154.
- Jo, Hoje, Eun Kang and Sekyung Oh. "Differential Roles of Venture Capitalists between the U.S. and Korea", *Journal of International Business and Economics* 8 (2008), 16-28.

- Jo, Hoje, Yoon, Soon Suk and Hyo Jin Kim, “Listing Requirements and Earnings Management”, *Journal of International Finance and Economics* 8 (2008), 57-68.
- Jo, Hoje, and Yong H. Kim, “Financial Leverage and Growth Opportunity in Japan”, *International Journal of Business Research* 8 (2008), 1-14.
- Jo, Hoje, and Maretno A. Harjoto, “Corporate Social Responsibility and Operating Performance”, *Journal of Academy of Business and Economics* 8 (1) (2008), 59-71.
- Jo, Hoje, and Maretno A. Harjoto, “CEO power and Firm Performance: A Test of Life-Cycle Theory,” forthcoming at *Asia-Pacific Journal of Financial Studies* (2009). This paper was also presented at the 2008 Korean Academic Society of Business Administration Annual meeting and obtained the Mae-Kyung Best Paper Award.
- Jo, Hoje, and Carrie Pan, “Why are Firms with Entrenched Managers more likely to pay Dividends?”, forthcoming at *Review of Accounting and Finance* (2009).
- Jo, Hoje, Scott Fung and Shih-Chuan Tsai. “Agency Problems in Stock-Market driven Acquisitions”, forthcoming at *Review of Accounting and Finance* (2009).
- Kang, Byoung Uk; Francis In; Gunky Kim; and Tong S. Kim, "A Longer Look at the Asymmetric Dependence between Hedge Funds and the Equity Market," *Journal of Financial and Quantitative Analysis*, forthcoming
- Bong-Chan Kho, René M. Stulz, and Francis E. Warnock, "Financial globalization, governance, and the evolution of the home bias", *Journal of Accounting Research* 47, No. 2, forthcoming.
- E. Han Kim, “Labor and Corporate Governance: International Evidence from Restructuring Decisions,” *Journal of Finance*, Vol. 64, No. 1, February, 2009, pp. 341-374, with J. Atanassov.
- E. Han Kim, “Are Elite Universities Losing their Competitive Edge?” *Journal of Financial Economics* (Forthcoming), with A. Morse and L. Zingales.
- E. Han Kim, “Corporate Governance and Stakeholders,” a keynote speech delivered at NTU International Conference on Finance, December 11, 2008, in Taipei. The printed version is forthcoming in the *Journal of Applied Corporate Finance*. (NTU stands for National Taiwan University.)
- Ki Beom Binh, Jaemin Kim, Sean Sehyun Yoo, “Is Korea an emerging market?: A study on the classifications of Korea by major equity index providers” Forthcoming February 2009 (vol. 13, no. 4) *Corporate Finance Review*
- Jaemin Kim, Sean Sehyun Yoo, “Market liberalization and foreign equity portfolio selection in Korea” Forthcoming *Journal of Multinational Financial Management*
- Yong H Kim, "The Effect of Price Limits: Initial Public Offerings vs. Seasoned Equity Offerings" forthcoming in *International Review of Finance*, 2009 , with Jimmy Yang.
- Yong H Kim and Young S. Kim, "Financial Contracts for CEOs: Expropriation or Effective Corporate Governance?" *International Finance Review*, 9, 2008, 187-206, with Olivier Maisondieu-Laforge.
- Yong H Kim, "The Effect of Price Limits on Intraday Volatility and Information Asymmetry," *Pacific-Basin Finance Journal*, 16 (5), 2008, 522–538, with Jimmy Yang.
- Yong H Kim, "Relative Performance of Trading Halts and Price Limits: Evidence from the Spanish Stock Exchange", *International Review of Economics and Finance*, 17 (2), 2008, 197-215, with Jose Yague and Jimmy Yang.
- Kim, Young Sang, “Multiple Directorships and Corporate Diversification”. *Journal of Empirical Finance*, 2008, Vol 15, 418-435, with P. Jiraporn and W. Davidson.
- Kim, Young Sang, “The Effect of Managerial Bonus Plans on Corporate Derivatives Usage,” *Journal of Multinational Financial Management*, 2008, Vol 18, 229-243, with J. Nam and J. Thornton Jr.
- Kim, Young Sang, “The Impact of Geographic Diversification on Firm Performance”, *International Review of Financial Analysis, Special Issue*, 2008, Vol 17, 747-766, with I. Mathur.
- Park, Kwangwoo, “Harming Depositors and Helping Borrowers: The Disparate Impact of Bank Consolidation”, *Review of Financial Studies*, 2008.

- Park, Hyuna, "Predicting Hedge Fund Failure: A Comparison of Risk Measures", *Journal of Financial and Quantitative Analysis (JFQA)*, forthcoming, with Bing Liang.
- Pyun, Chong Soo Osamah Al-Khazali and Evangelos P. Koumanakos (2008) "Calendar Anomaly in the Greek Stock Market: Stochastic Dominance Analysis," *International Review of Financial Analysis*, 17, 461-474.
- Pyun, Chong Soo Thomas McInish, David Ding and Udomsak Wongchoti (2008) "Short-horizon Contrarian and Momentum Strategies in Asian Markets: An Integrated Approach," *International Review of Financial Analysis*, 17, 312-329.
- Rhee, S. Ghon "Return Reversals, Idiosyncratic Risk and Expected Returns" (co-authored with Wei Huang, Qianqiu Liu, and Liang Zhang) forthcoming in *Review of Financial Studies*.
- Rhee, S. Ghon "Foreign Institutional Ownership and Stock Market Liquidity: Evidence from Indonesia" (co-authored with Jianxin Wang) forthcoming in *Journal of Banking and Finance*.

3.2. New Position/ Promotion/ Awards

- New Position:
 - Professor S. Ghon Rhee is currently Dean of Business School at Sungkyunkwan University from July 2008.
 - Professor Jang-Chul Kim moved to Northern Kentucky University starting from Fall 2008.
 - Jung Min Kim (OSU Ph.D. candidate) is starting to teach at University of Connecticut as an Assistant Professor of Finance from Fall 2009.
- Professorship:
 - Professor Sung C. Bae at Bowling Green State University was appointed to the Ashel G. Bryan/Huntington Bank Professor for a three-year term starting Fall 2008.
- Promotion:
 - Dr. Ha-Chin Yi is promoted to Associate Professor and tenured at Texas State University-San Marcos.
 - **more**

IV. Other Announcement

4.1. Now our KAFA website (www.k-afa.org) is updated including KAFA news, membership, and members' activities. Especially we now have updated KAFA Member records with life-time member, annual member and others. If you need KAFA members list in excel, please contact Secretary General (kafa1991@gmail.com).

4.2. We need more active participation of currently inactive finance professors and/or Ph.D. students for KAFA involvement. We strongly encourage you to introduce KAFA to your colleagues for their new membership.

4.3. Please pay your annual membership dues, or preferably, be a life- time member by paying one time due of just \$300, mailed to: *Dr. Young S. Kim, Dept of Economics and Finance, Haile/US Bank College of Business, Northern Kentucky University, Highland Hts., KY 41099.*

➤ **KAFA Executive Board**

- President Hoje Jo, Santa Clara University
 - President-Elect Kee Ho Chung, SUNY at Buffalo
 - Vice President Bong-Chan Kho, Seoul National University
 - Secretary General Young Sang Kim, Northern Kentucky University
 - Secretary General KAFA Korea Kyojik (Roy) Song, Sungkyunkwan University
 - Executive Board
 - Yoon K. Choi (2010), University of Central Florida
 - Sung C. Bae (2009), Bowling Green State University
 - Kiyong Chang (2010), Indiana University South Bend
 - Saeyoung Chang (2009), University of Nevada, Las Vegas
 - Jun-Koo Kang (2009), Nanyang Technological University
 - Chan Woong Kim (2010), Winona State University
 - Wi Saeng Kim (2009), Hofstra University
-

THE KOREA-AMERICA FINANCE ASSOCIATION (KAFA)

Renewal/Application for 2009-2010 Membership

Name: _____
Last First

Education:

Undergraduate _____
School Degree Year

Graduate _____
School Degree Year

Graduate _____
School Degree Year

Current Position:

Title: _____

Affiliation: _____

Address: _____
City State Zip

Office Phone:() _____ Fax:() _____

E-mail Address:

Home Address: _____
City State Zip

Home Phone: _____ Other Phone: _____

Fields of Specialization in Finance:

1. _____ 2. _____

Annual Membership Dues:

() \$30; Regular and Guest Member () \$20; Associate Member Ph.D Student

() \$300 Lifetime Member

<Please send the UPPER portion of this form and your check (payable to KAFA) to:
Dr. Young S. Kim, Haile/US Bank College of Business, Northern Kentucky University, Highland Hts., KY 41099,
or fax it to (859) 572- 6627, phone: (859) 572-5160 or e-mail to "kafa1991@gmail.com">

<Keep this LOWER portion for your record.>

RECEIPT OF KAFA MEMBERSHIP DUES

I have paid KAFA annual membership dues for the year of 2009 - 2010 on _____:

() \$30; Regular and Guest Member () \$20; Associate Member

() \$300; Lifetime Member