

KOREA-AMERICA FINANCE ASSOCIATION

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

Vol. XIV

September 2010

No.2

President's Message

Dear Kafa Members, Friends, and Supporters,

I am pleased to announce that Professor Sung C. Bae at Bowling Green State University has been selected as president-elect. Congratulations! Professor Sung C. Bae will serve Kafa with Professor Jun-Koo Kang, our next president. I also welcome our newly elected board members Dr. Soku Byoun (Baylor University), Dr. Dong-Kyoon Kim (Montclair State University), and Dr. Tai Yi (SUNY Fredonia). We thank Professor Hoje Jo at Santa Clara University for handling the nomination and election process.

Professor Jun-Koo Kang has organized two exciting Kafa-FMA sessions (see below for details) on Friday at the 2010 FMA conference in New York City. The annual Kafa business meeting will be held at 7:00 pm on Friday at the conference hotel. We strongly recommend all Kafa members to attend these sessions and business meeting. The Kafa business meeting will be immediately followed by the Kafa annual meeting dinner. We thank the Korea Institute of Finance (KIF) and the Korea Capital Market Institute (KCMI) for sponsoring the Kafa annual meeting dinner.

We continue to recognize Kafa members' outstanding scholarly accomplishments through various awards. We thank Professor E. Han Kim at the University of Michigan and Professor Jongmoo Jay Choi at Temple University for serving on the Kafa award selection committee. We greatly appreciate Financial News (FN) and Shinhan Bank for their generous financial support for our best paper and dissertation awards.

Best wishes,

Kee H. Chung
2010 President of Kafa
SUNY at Buffalo

I. Recent KAFA Activities

1.1. The Joint Conference with Allied Korea Finance Associations (KFAs)

On Friday and Saturday, May 28, 29, KAFA members presented papers at the 2010 Joint Korea Finance Conference in Dogo, Korea:

- **Bae, Sung C**, Chang Kiyong, Kim Doseong, “Determinants of target selection and acquirer returns: Evidence from cross-border acquisitions.”
- Chen, Guojun, Kang Jun-Koo, **Kim Jin-Mo**, “Private equity blockholders.”
- **Pyo, Unyong**, Yongjae Shin, Thompson Howard E, “Resolving the underinvestment and asymmetric information problems with target debt ratios.”
- Kim, Jae H, **Pyun Chong Soo**, Al-Khazali Osamah M, “New nonparametric tests for the efficiency in foreign exchange markets.”
- Chang, Kiyong, **Kim Yong-Cheol**, Shim Hyeongsop, “Weak firms follow strong firms in hot IPO markets.”
- Fu, Renhul, **Kim Yong H.**, Qiu Buhui, “Endogenous information disclosure and corporate governance.”

1.2. The Joint Conference with the Korea Institute of Finance (KIF)

The annual joint conference was held on May 27th 2010 at the Korea Federation of Banks building in Seoul under the title of “Changes in the Financial Market after the Crisis.” Three KAEA and two KAFA members presented papers. The following two KAFA members presented papers:

Session 1: Financial Crisis and Corporate Financing (Chair: Kho, Bong-Chan, Vice President of KAFA)

- **Bae, Sung C** (Bowling Green State Univ), “Asymmetric foreign exchange exposure and foreign currency denominated debt: International evidence.”
- **Byoun, Soku** (Baylor Univ. & SKK Univ), “Internal finance, predation and financial crisis.”

II. KAFA NEWS

2.1. KAFA New Officers

New President-Elect:

Professor, Sung C. Bae (Bowling Green State University)

New Board Members:

Prof. Soku Byoun (Baylor Univ.)

Prof. Dong-Kyoon Kim (Montclair State Univ.)

Prof. Tai Yi (SUNY Fredonia)

2.2. Two KAFA-FMA special sessions at the 2010 FMA annual meeting in New York, NY

We appreciate great attendance in 2009 FMA meeting in Reno, NV. We are expecting more attendance and participation at two special sessions in 2010 FMA meeting. We appreciate Professor Jun-Koo Kang to organize two special sessions in 2010 FMA meeting in New York, NY. **ALL KAFA members are strongly encouraged to attend two KAFA-FMA sessions and annual business meeting on Friday.**

➤ Session 133

Current Problems in Korean Corporate Governance Systems and their Reform *Friday, October 22 8:00 - 9:30 am*

Moderator: Jun-Koo Kang, Professor Nanyang Technological University

Panelists

Sung Hoon Cho, Vice President, Korea Capital Market Institute
Woochan Kim, Associate Professor, KDI School of Public Policy and Management
Byungyoon Lee, Research Fellow, Korea Institute of Finance

➤ Session 162

Behavioral Finance Issues in Asia *Friday, October 22 9:45 - 11:15 am*

Moderator: Kee H. Chung, Professor, SUNY at Buffalo

Panelists

Ming Jian, Assistant Professor, Nanyang Technological University
Kenneth Kim, Associate Professor, SUNY at Buffalo
Wei Wang, Assistant Professor, Queen's University

III. KAFA Board and Annual Business meeting/dinner

3.1. 2010 KAFA Executive Board Meeting

When: 3:00 P.M. Friday (Oct 22, 2010)

Where: Sky Lobby, 16th Floor, NY

Please plan to attend the KAFA executive board meeting for all of the following board members including new board members in this year.

➤ **KAFA Executive Board**

- President Kee Ho Chung, SUNY at Buffalo
 - President-Elect Jun-Koo Kang, Nanyang Tech University
 - 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
 - Treasurer Jang-Chul Kim, Northern Kentucky University
 - Executive Board
 - Yoon K. Choi (2010), University of Central Florida
 - Kiyong Chang (2010), University of South Florida, Sarasota-Manatee
 - Chan Woong Kim (2010), Winona State University
 - Sahn Wook Huh (2012), SUNY Buffalo
 - Jin-Mo Kim (2012), Rutgers University
 - Ha-Chin Yi (2012), Texas State University
 - Soku Byoun (2013), Baylor University
 - Dong-Kyoon Kim (2013), Montclair State University
 - Tai Yi (2013), SUNY Fredonia
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3.2. 2010 KAFA Annual Business Meeting at Marriott Marquis Hotel, New York, NY

When: 7:00 P.M. Friday (Oct 22, 2010)

Where: 4th floor Marriott Marquis Hotel, New York, NY

Sponsor: Korea Capital Market Institute (KCMI) and Korea Institute of Finance (KIF)



3.3. 2010 KAFA Special Membership Dinner

We will have annual membership dinner after the annual business meeting on **Friday**. However, we cannot hold Thursday membership dinner in this year due to unexpectedly high costs in NY. We hope to have a better special membership dinner in Denver, 2011. Thanks.

IV. 2010 Financial News and Shinhan Bank Awards Recipients

We are pleased to announce the recipients of the annual award for articles submitted to KAFA during 2009~2010. Congratulations to all award winners and finalists.

[A note from the award selection committee: “a preference was given to papers by authors who did not receive KAFA paper awards previously”]

(1) Winner of the 4th Financial News & KAFA Top-Journal Paper Award: Woojin Kim

Narasimhan Jegadeesh and Woojin Kim, “Do analysts herd? An analysis of recommendations and market reactions,” *Review of Financial Studies* (2010) 23(2): 901-937.

(2) Winner of the 4th Financial News & KAFA Doctoral Student Dissertation Awards: Frederick Dongchul Oh and James Park

Frederick Dongchuhl Oh (Washington U in St. Louis), “Contagion of Liquidity Crisis between Two Firms.”

James Park (U Penn Wharton), “Why Distressed Firms Perform Poorly.”

(3) Winner of the 4th Financial News & KAFA Asian Financial Market Paper Award: Kenneth A. Kim

Kenneth A. Kim, P. Kitsabunnarat-Chatjuthamard, and Takeshi Nishikawa, “The effects of bank relations on stock repurchases: Evidence from Japan,” *Journal of Financial Intermediation*, In Press.

(4) Winner of the 4th Shinhan Bank & KAFA Best Financial Engineering Paper Award: Yang-Ho Park

Yang-Ho Park, “Specification Analysis of Non-Affine Option Pricing Models with Two Volatility Factors.”

(5) Winner of the 4th Shinhan Bank & KAFA Best Bank Management/Investment Bank Award: Wook Sohn

Wook Sohn, “Market response to bank relationships: Evidence from Korean bank reform,” *Journal of Banking and Finance* (2010) 34 (9), 2042-2055.

V. Call for Papers/Awards for Year 2011

5.1. KAFA 20th Anniversary International Conference, Seoul, Korea, June 2011

To be announced

5.2. The Fifth Annual Conference on Asia-Pacific Financial Markets (CAFM) of the Korean Securities Association (KSA) Seoul, Korea, December 4, 2010.

To further strengthen the cooperative relation between the two associations and to solicit high quality papers for the Asia-Pacific Journal of Financial Studies (AJFS), the Korean Securities Association (KSA) has decided to invite 3 or 4 papers from KAFA members for inclusion in the program of the Conference on Asia-Pacific Financial Markets (CAFM) and *provide a partial travel support to paper presenters*. The conference will be held in Seoul on December 4, 2010. The authors of selected papers are obligated to submit their papers to AJFS for review and possible publication.

Please submit your paper to Professor Kee H. Chung (keechung@buffalo.edu) via email by **September 15**. The submitted papers will be reviewed for selection by the KAFA review committee.

5.3. Best Paper Awards

To be announced

VI. Member News

6.1. 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 year 2010 are listed here.

- Bae, Sung C., Mingsheng Li, Jing Shi, 2010, "Heterogeneous Investor's Reaction to Exchange Rate Movement: New Evidence from a Unique Emerging Market." *Emerging Market Finance and Trade*, forthcoming.
- Hwang Byoung-Hyoun, "Country-Specific Sentiment and Security Prices", 2010, *Journal of Financial Economics*, forthcoming.
- Jin Q Jeon and James A. Ligon, 2010, "The Role of Co-managers in Reducing Expected Flotation Costs." *Journal of Banking and Finance*, forthcoming.
- Jin Q Jeon, Cheolwoo Lee, and Clay Moffett, 2010, "Effects of Foreign Ownership on Payout Policy: Evidence from Korea." *Journal of Financial Markets*, forthcoming.
- Jin Q Jeon and Clay Moffett, 2010, "Herding by Foreign Investors and Emerging Market Equity Returns: Evidence from Korea." *International Review of Economics and Finance*, forthcoming.
- Hoje Jo, Maretno A. Harjoto "Corporate Governance and CSR Nexus," 2010, *Journal of Business Ethics*, forthcoming.

- Hoje Jo, Sanjiv Das and Yongtae Kim, “Polishing Diamonds in the Rough: The Sources of Syndicated Venture Performance,” 2010, *Journal of Financial Intermediation*, forthcoming.
- Hoje Jo, Brian Chiongbian, Eric Fremd, Kamal Kholiya, and Rajesh Seth, all 2010 MBA students at SCU, “Is Chinese Yuan Undervalued? A Multi-Currency Basket Approach,” 2010, *Journal of International Business and Economics*, forthcoming.
- Jun-Koo Kang, Kee-Hong Bae and Jin Wang, 2010, “Employee Treatment and Firm Leverage: A Test of the Stakeholder Theory of Capital Structure,” *Journal of Financial Economics*, forthcoming.
- Pornsit Jiraporn, Jang-Chul Kim, Young Sang Kim, 2010, “Dividend Payouts and Corporate Governance Quality: An Empirical Investigation,” *Financial Review*, forthcoming.
- Narasimhan Jegadeesh and Woojin Kim, “Do analysts herd? An analysis of recommendations and market reactions,” *Review of Financial Studies* (2010) 23(2): 901-937.
- J. Barry Lin, Christos Pantzalis, and Jung Chul Park, 2010, “Corporate Hedging Policy and Equity Mispricing,” *Financial Review*, forthcoming.
- Anthony J. Jurkus, Jung Chul Park, and Lorraine S. Woodard, 2010, “Women in Top Management and Agency Costs,” *Journal of Business Research*, forthcoming.
- Murad Antia, Christos Pantzalis, and Jung Chul Park, 2010, “CEO Decision Horizon and Firm Performance: An Empirical Investigation,” *Journal of Corporate Finance*, Volume 16, Issue 3, 288-301.
- Jeungbo Shim, “Mergers & Acquisitions, Diversification and Performance in the U.S. Property-Liability Insurance Industry,” *Journal of Financial Services Research*, 2010, forthcoming.
- Jeungbo Shim, “Capital-based Regulation, Portfolio Risk and Capital Determination: Empirical Evidence from the U.S. Property-Liability Insurers,” *Journal of Banking and Finance* 34, 2010, 2450-2461.

6.2. New Position/ Promotion/ Awards

➤ New Position:

- Dr. Sung C. Bae has been appointed as Chair of the Department of Finance, College of Business Administration, Bowling Green State University, starting Fall 2010.
- Dr. Jungsuk Han has just started working as an assistant professor of Finance at Stockholm School of Economics from July 2010 and new email address is jungsuk.han@hhs.se.
- Dr. Jin Q Jeon is currently working as an assistant professor at the Dongguk university and the new email address is jjeon@dongguk.edu.
- Dr. Jaehoon Kim is teaching as an assistant professor of finance at Claflin University and new email address is: jkim@claflin.edu
- Dr. Jongsub Lee is currently at University of Florida as an assistant professor of finance and new contact email address is jongsub.lee@warrington.ufl.edu
- Dr. Unyong (Howard) Pyo has been elected as Chair in Department of Finance, Operations, and Information Systems (FOIS) at Brock University.

- Professorship, Award & Recognition:

- Promotion:
 - Professor Hoje Jo is promoted to Full Professor at Santa Clara University.
 - Professor Eun "John" Kang is promoted to Full Professor at California State University San Marcos.
 - Professor Dong-Kyoon Kim is promoted to Associate professor and tenured at Montclair State University.
 - Professor Jaemin Kim is promoted to Associate professor and tenured at San Diego State University and currently is at the Korea Capital Market Institute as a research fellow.
 - Professor Young Sang Kim is promoted to Associate professor and tenured at Northern Kentucky University.

- Donation:
 - Professor Soku Byoun donates ₩ 900,000 for supporting KAFA activities.

VII. Other Announcement

7.1. Now our KAFA website (www.k-afa.org) is updated including KAFA news, membership, and members' activities. If you need KAFA members list in excel, please contact Secretary General (kafa1991@gmail.com). 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.

7.2. KAFA Executives visited Korea during the summer for fund raising activities. Thanks for your efforts, Professors, Kee Chung, Jun-Koo Kang, and Young Sang Kim.

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

THE KOREA-AMERICA FINANCE ASSOCIATION (KAFA)

Renewal/Application for 2010-2011 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. Jang-Chul 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 2010 - 2011 on _____ :
 \$30; Regular and Guest Member \$20; Associate Member
 \$300; Lifetime Member