

KOREA-AMERICA FINANCE ASSOCIATION

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

Vol. X

September 2006

No.2

President's Message

Dear KAFA members:

Greetings!

I trust KAFA members had a pleasant and productive summer.

In this Newsletter, we report recent KAFA activities, KAFA newly elected officers, 2006 FMA-KAFA sessions, 2006 KAFA annual business meetings in Salt Lake City, and a couple of call for papers.

I would like to take this opportunity to encourage KAFA members to attend two KAFA organized sessions (Sessions # 148, 8:30 – 10:00 a.m., and # 176, 10:15 – 11:45 a.m.) on Friday, October 13, 2006. Coffee and donuts will be provided for the sessions.

See you at the 2006 FMAI Meetings in Salt Lake City.

Best regards,

Bong Soo Lee

I. Recent KAFA Activities

A. The Joint Conference with the KIF

On Wednesday, May 24, the KIF sponsored a joint conference with the KAFA and the KAEA in Seoul. The following two KAFA members presented papers:

Chung, Sam Y., "Hedge Funds' Unsystematic Risk and Performance: Institutional Investors' View."

Park, Yun W., "How smart is Smart Money? Private Equity in the Partial Acquisitions Market."

B. The Joint Conference with Korea Finance Associations (KFAs)

On Thursday, May 25, eight KAFA members presented papers at the 2006 Joint Finance Conference in Dogo, Korea:

Huh, Sahn-Wook, "Order Flow Patterns around Seasoned Equity Offerings and their Implications for Stock Price Movements."

Kim, Suk H., "Corporate Governance and the Informativeness of Earnings: A Note Using East Asian Firms."

Song, Moon H., "Large Outside Blockholders as monitors: Evidence from Partial Acquisition."

Kim, Moon K., "Inflation and Bond-Stock Characteristics of Korean Security Patterns."

Pyun, Chong Soo, "Short-Horizon Contrarian and Momentum Strategies in Asian Markets: An Integrated Analysis."

Pyu, Unyong, "Minimax Asset Price Bounds in Incomplete Markets."

Bae, Sung C., "Corporate diversification, Relatedness, Group affiliation, and Firm Value: Evidence from Korean Firms."

Kim, Yong H., "The Magnet Effect of Price Limits: Evidence from Transactions Data."

II. KAFA NEWS

A. KAFA New Officers

New President-Elect:

Professor Seungmook Choi, University of Nevada, Las Vegas

New Board Members:

Professor Kee H. Chung, SUNY-Buffalo

Professor Jun-Koo Kang, Michigan State University

B. Two KAFA-FMA Session

The KAFA has the following two panel discussions as special sessions in the 2006 FMA Meetings in Salt Lake City.

Session #148: Panel Discussion

Title: Corporate Governance, Foreign Investment, and Korean Firm Performance

Date and Time: Friday, October 13, 2006 8:30 – 10:00 a.m., Room Milano

Moderator: Moon H. Song, San Diego State University

Panelists: Heungsik Choe, President, Korea Institute of Finance

Hyung-Tae Kim, Vice President, Korea Security Research Institute

Sukho Sonu, Hongik University & President –Elect, Korea Finance Association

Woochan Kim, KDI School of Public Policy and Management

Contents: current issues and problems in Korean corporate governance system and its influences on firm performance. This panel will also discuss the relation between role of foreign investors and improvement in Korean corporate governance structure.

Session #176: Panel Discussion

Title: Current Issues in East Asian Financial Market

Date and Time: Friday, October 13, 2006 10:15 – 11:45 a.m., Room Milano

Moderator: Bong Soo Lee, Florida State University

Panelists: Takeshi Yamada, National University of Singapore

Oliver Rui, Chinese University of Hong Kong

David Ding, Nanyang Business School

Cho Young Kwon, Executive Managing Director, Financial News Daily-Korea

Contents: current issues in financial markets in East Asia -- China, Hong Kong, Japan, Singapore, and South Korea -- addressing the issues of foreign currency, chaebol and keiretsu as well as government roles in financial markets in these countries.

C. KAFA Board and Annual Business meeting/dinner

1. 2006 KAFA Executive Board Meeting:

3:30 p.m. Friday, October 13, 2006

Room: Grenoble, Grand America Hotel, Salt Lake City, Utah

2. 2006 KAFA Annual Business Meeting

7:00 p.m. Friday, October 13, 2006

Little America Hotel & Towers, Room Arizona
500 South Main Street, Salt Lake City, Utah 84101
Tel: 801-596-5800

D. Special membership dinner and lunch (The exact time and venue for the following meetings will be E-mailed to all KAFA members by September 30.)

1. Luncheon, Thursday, October 12, 12:00 PM
Sponsor: *KDI School of Public Policy and Management*
Venue: Grand America Hotel
2. Dinner, Thursday, October 12, 7:30 PM
Sponsor: *Korea Securities Research Institute (KSRI)*
Venue: EJO Korean restaurant, 3300 South & 700 East street.
Tel) 801-474-0047
3. Breakfast, Friday, October 13, 7:30 AM
Sponsor: *Sung Kyun Kwan University – School of Business*
Venue: Grand America Hotel
4. Dinner, Friday, October 13, 7:30 PM
Sponsor: *KAIST Graduate School of Finance*
Venue: Little America Hotel & Towers, Room Arizona
Tel: 801-596-5800
5. Luncheon, Saturday, October 14, 12:00 PM
Sponsor: *The Financial News Daily – Korea*
Venue: Grand America Hotel

III. Call for Papers

A. Call for papers for the 2006 KSRI-KAFA seminar

There will be a KSRI-KAFA joint symposium on Thursday, December 14, 2006.

General topics of Finance (all area) will be considered.

Submission due date: October 22, 2006.

Please submit the paper to: Professor Seungmook Choi, New President Elect
seungmook.choi@unlv.edu

B. Call for the KAFA Best paper Award 2006

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 2005 through August 2006, please provide us with the following information for the consideration of this award. The author of the selected paper will be awarded \$1,000 along with a plaque at the annual KAFA banquet.

Title of the Paper

Author(s) (names, affiliations, phones, e-mails)

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 Due Date: September 24, 2006
Please submit the paper to: Professor Moon H. Song, President-Elect
song1@mail.sdsu.edu

C. Call for The KAFA Doctoral Student Dissertation Award 2006

If you are currently Doctoral student (ABD status) and plan to defend your dissertation before September 2007, please submit your dissertation for the consideration of this award. The author of the selected paper will be awarded \$1,000 along with a plaque at the annual KAFA banquet.

Submission Due Date: September 24, 2006
Please submit the paper to: Professor Kee H. Chung, SUNY-Buffalo
keechung@buffalo.edu

D. Call for Academic Papers on Korea

The Korea Economic Institute of America (KEI) is pleased to announce the initiation of “KEI Special Reports” -- a monthly academic paper and follow-on discussion of topical issues related to the Korean Peninsula. Authors of papers selected by KEI for the KEI Special Report series will receive an honorarium of \$2000. If you need further information, please contact to Mr. Scott Rembrandt, KEI Director of Academic Affairs at SR@keia.org

IV. Publications

Following is a list of recent publications by KAFA members. Only those provided to the KAFA office by the authors are listed here.

Choi, Jongmoo Jay, Sae Woon Park, and Sean Sehyun Yoo, “The value of outside directors: Evidence from corporate governance reform in Korea,” *Journal of Financial and Quantitative Analysis*, forthcoming.

Choi, Jongmoo Jay and Bang Nam Jeon, “Financial factors in foreign direct investment: A dynamic analysis of international data,” *Research in International Business and Finance*, forthcoming.

Choi, Jongmoo Jay and Reid Click, eds., Value creation in multinational enterprise, (volume 7 of *International Finance Review*), Elsevier, forthcoming 2006.

Huh, Sahn-Wook, T. Chordia and A. Subrahmanyam, “The Cross-Section of Expected Trading Activity”, forthcoming, *Review of Financial Studies*.

Huh, Sahn-Wook and A. Subrahmanyam, “Order Flows Patterns around Seasoned Equity Offerings and their Implications for Stock Price Movements”, forthcoming, *International Review of Finance*.

Jo, Hoje and Yongtae Kim, “Disclosure Frequency and Earnings Management”, 2006, forthcoming at *Journal of Financial Economics*.

Jo, Hoje, Yongtae Kim and Myung Park, “Underwriter Choice and Earnings Management: Evidence from seasoned equity offerings”, 2006, forthcoming, *Review of Accounting Studies*.

Jo, Hoje and Sung C. Bae, “Underwriter Warrants in Seasoned Equity Offerings: Is It Growth Signaling, 2006, forthcoming, *Journal of International Finance & Economics*.

Kang, Jun-koo, Jin-Mo Kim, Wei-Lin Liu, and Sangho Yi, “Post-Takeover Restructuring Activities and the Sources of Gains in Foreign Takeovers: Evidence from the U.S. Targets”, *Journal of Business*, forthcoming.

Kang, Jun-koo, Jae-Seung Baek and Inmoo Lee, “Tunneling and Business Groups: Evidence from Private Securities Offerings by Korean Chaebols”, *Journal of Finance*, forthcoming.

Kang, Jun-koo and Wei-Lin Liu, “Is Universal Banking Justified? Evidence from Bank Underwriting of Corporate Bonds in Japan”, *Journal of Financial Economics*, forthcoming.

Kim, Haksoo, “Managerial Hedge (Effort) Incentive, Ownership and Firm Performance: Evidence from Founder-CEOs and Non Founder-CEOs”, *Journal of Corporate Ownership and Control*, forthcoming, vol. 5-1

Kim, E. Han, A. Morse and L. Zingales, “What Has Mattered to Economics since 1970?” *Journal of Economic Perspectives*, forthcoming, Fall, 2006.

Kim, Suk Hi, Coauthor, *Global Corporate Finance* 6th edition, Blackwell Publishing, 2006. Edited the Spring and Fall 2006 issues of *North Korean Review*.

Kim, Woojin, and Narasimhan Jegadeesh, “Value of Analyst Recommendation: International Evidence”, 2006, *Journal of Financial Markets*, Volume 9 Issue 3, p274-309.

Kim, Yong H. and Y. Yang, “The Effect of Price Limits: Initial Public Offerings vs. Seasoned Equities”, *International Review of Finance*, forthcoming.

Kim, Yong H. and X. Zhou, “The Relationship between the Assets Liquidity and Trading Liquidity: An Empirical Investigation”, *Global Business and Finance Review*, forthcoming.

Kim, Youngsoo and Bong-Soo Lee, “Limited Participation and the Closed-end Fund Discount,” *Journal of Banking and Finance* (Forthcoming)

Lee, Bong-Soo and John Jiang, “Stock Returns, Dividend yield, and Book-to-Market Ratio,” *Journal of Banking and Finance* (Forthcoming).

Lee, Bong-Soo and John Jiang, “The Dynamic Relation between Returns and Idiosyncratic Volatility,” *Financial Management* (forthcoming)

Lee, Bong-Soo and Alex Chuang, “An Empirical Evaluation of the Overconfidence Hypothesis,” *Journal of Banking and Finance* (forthcoming), 2006.

Lee, Bong-Soo and Oliver Rui, “Time-Series Behavior of Share Repurchases and Dividends.” *Journal of Financial and Quantitative Analysis* (forthcoming), 2006.

Lee, Bong-Soo , “An Empirical Evaluation of Behavioral Models Based on Decompositions of Stock Prices,” *Journal of Business* 79:1, 393-428, 2006.

Park, Hyuna and Liang, Bing, “Risk Measures for Hedge Funds: A Cross-Sectional Approach”, *European Financial Management*, forthcoming

Park, Jung Chul, J. Barry Lin, and Christos Pantzalis, “Corporate Use of Derivatives and Excess Value of Diversification”, *Journal of Banking and Finance*, forthcoming.

Pyun, Chong Soo, Osamah M. Al-Khazali and Evangelos P. Koumanakos, “Calendar anomaly in the Greek stock market: Stochastic dominance analysis”, *International Review of Financial Analysis*, Forthcoming.

Pyun, Chong Soo, Hafiz A. A. B. Hoque and Jae H. Kim, “A comparison of variance ratio tests of random walk: A case of Asian emerging stock markets”, *International Review of Economics and Finance*, Forthcoming.

Pyun, Chong Soo, Osamah M. Al-Khazali and David Ding, “New variance ratio test of random walk in emerging markets: A revisit”, *Financial Review*, Forthcoming.

Pyun, Chong Soo, Thomas H. McInish, David K. Ding and Udomsak Wongchoti, “Short-horizon contrarian and momentum strategies in Asian markets: An integrated analysis”, *International Review of Financial Analysis*, Forthcoming.

Song, Moon H. and Robert C. Hanson, "Corporate Governance and Asset Sales: The Effect of Internal and External Control Mechanism", *The Financial Review*, August 2006, vol 41 No. 3

V. Member News

New Position/ Promotion/ Awards

S. J. Chang

Dr. Chang became an Associate Dean of College of Business, Illinois State University, Normal, IL.

Sahn-Wook Huh

SSHRC Standard Research Grant, Social Sciences and Humanities Research Council of Canada, 2006-2009

Jun-koo Kang

Dr. Kang became a co-editor, Pacific-Basin Finance journal since June 2006.

Woochan Kim

Visiting Associate Professor
Red McCombs School of Business
University of Texas at Austin

Yong H. Kim, Young Sang Kim and K. Gleason’s paper, entitled, "Corporate Governance and Diversification", was the winner of Bovespa - Bolsa de Valores Sao

Paulo - Best Paper in Capital Markets Award at the April 2006 GFC held in Rio de Janeiro, Brazil. Professor Yong H. Kim also became a grandfather of Lena Jin Kim on August 12, 20.

Bong Soo Lee

Dr. Lee has moved to the KAIST (Korea Advanced Institute of Science and Technology) Graduate School of Finance (KGSF) as a Professor and Dean.

VI. Other Announcement

1. 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.
2. Please bring your most recent business cards at the FMA meeting. This time, we would like to update our membership directory that is currently quite outdated. We need a volunteer possibly from an executive board member to perform that task.
3. Please pay your annual membership dues, or preferably, be a life- time member by paying a one time due of just \$300.

<p style="text-align: center;">All KAFA members are strongly encouraged to attend two KAFA-FMA sessions on Friday (8:30-10:00 & 10:15-11:45 am) and the business meeting on Friday, Oct. 13.</p>
--

