



**KOREA AMERICA
FINANCE ASSOCIATION**

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

Vol. XVII

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No.1

President's Message

Dear KAF Members, Friends, and Supporters:

I hope everyone has a productive winter season. It has been unusually cold winter and I am happy to see that the spring is finally here.

Last year, Professor Ghon Rhee at the University of Hawaii received the KAF Financial News Eminent Scholar Award, and Professor Jung Chul Park at Auburn University received Shinhan Bank Young Scholar Award. Professors Ghon Rhee and Jung Chul Park graciously donated the full amount of their award money to KAF. I am very grateful for their generosity.

I'd like to thank Professor Young Soo Kim (outgoing president) for his outstanding service and leadership for KAF. In particular, Professor Kim has been working hard to obtain new funds for KAF, and thanks to his efforts Samsung America has donated \$10,000 to KAF to promote KAF's research activities. I also would like to express my deep appreciation to Professor Soku Byoun, Secretary-General. He has been instrumental in running all KAF businesses.

I welcome KAF's new Executive Office members: President-Elect Professor Chan Wung Kim, Secretary General Professor Soku Byoun (returning), Treasurer Professor Ha-Chin Yi, Vice President (KAF Korea) Professor Hyun Han Shin, and Secretary General KAF Korea Professor Joonghyuk Kim (returning).

As in previous years, KAF successfully offered two KAF-FMA sessions at the FMA meetings in Chicago last October. The sessions titled "Institutional Investors in the Korean Equity Market" and "Issues in International Finance" were very well attended. I appreciate generous support from Institute of Finance and Banking, Seoul National University to provide breakfast to the attendees of the KAF-FMA sessions.

During last year's Annual Business Meeting in Chicago, KAF presented several awards to recognize KAF members' outstanding scholarly achievements. These awards include the Financial News (FN)-KAF Eminent Scholar Award, Shinhan Bank (SHB)-KAF Young Scholar Award, SHB-KAF Best Paper Awards, FN-KAF Top Journal Paper Awards, and FN-KAF Doctoral Student Dissertation Awards. In addition, KAF provided SHB-KAF doctoral student research support to seven doctoral students. On behalf of KAF, I congratulate all award recipients and greatly appreciate Financial News and Shinhan Bank for their generous financial

support for KAFA awards.

KAFA now solicits papers for the two conferences with our Korean partners—the KAFA-Allied Korean Financial Association conference and the KAFA-KIF joint symposium. You will find details on the joint conferences in this Newsletter. KAFA will provide travel support to the presenters in these conferences.

KAFA plans to hold an international conference on August 15, 2014 at the East-West Center of the University of Hawaii. The objective of the conference is to provide the forum for KAFA members to interact with prominent academics, practitioners, and policy makers. The theme of the conference is “corporate organizational structure and value creation”. The deadline for paper submission is extended to April 15, 2014 and KAFA members are encouraged to submit papers related to the theme of the conference. Generous support from several institutions makes the launch of the conference possible. I am very grateful to Financial News, Schulich School of Business at York University, KB Bank, Korea Capital Market Institute, Korea Institute of Finance, Korea University, Yonsei University, and Seoul National University.

KAFA has witnessed an impressive growth over the past twenty years with your strong support and active participation in various KAFA activities. As we now enter into a new era for the next twenty years, I am very positive that KAFA will continue to play an important role in promoting and accomplishing our individual professional goals “together”. I hope you all continue to join in this endeavor.

With Warm Regards,
Kee-Hong Bae
2014 KAFA President
York University

I. Recent KAFA Activities

1. Two KAFA-FMA special sessions at the 2013 FMA annual meeting in Chicago, IL

We greatly appreciate the generous support by the Institute of Finance and Banking, Seoul National University in providing breakfast to those attendees in two special sessions at 2013 FMA meetings.

➤ Institutional Investors in the Korean Equity Market - Friday, October 18, 8:30 am - 10:00 am

Moderator: Youngsoo Kim, University of Regina

Panelists

- Bum J Kim, Soongsil University, “Institutional investors in Korea: Current status and issues”
- Jongkyu Park, Korea Institute of Finance, “Comparison of domestic versus foreign

- institutions' investments in the Korean bond market”
- Hong Sun Song, Korea Institute of Finance “Informed trading by institutional investors before earnings shock”
 - Kyojik "Roy" Song, Sungkyunkwan University, “Individual investors and trading imbalances in the Korean stock”

➤ **Issues in International finance Friday, October 18 10:15 - 11:45 am**

Moderator: Bongchan Kho, Seoul National University

Panelists

- Douglas Cumming, York University
- David Tat-Chee Ng, Cornell University
- Lilian Ng, University of Wisconsin

2. Joint Seminar with Korea Capital Market Institute (KCMI) in Seoul, Korea on December 6, 2014

- Bong Soo Lee, Florida State University, “Who Mimics Whom in the Mutual Fund Market?: Evidence from the Korean Mutual Fund Market”
- Jin-Mo Kim, Rutgers University, “Hedge Fund Piggyback Investing”
- Y. Peter Chung, University of California at Riverside, “Predicting Mutual Fund Performance: The Win-Loss Record as an Ability Signal”
- Hugh Hoikwang Kim, Sungkyunkwan University, “Contagious Runs in Money Market Funds and the Impact of a Government Guarantee”

3. The Seventh International Conference on Asia-Pacific Financial Markets (CAFPM 2014) held by Korean Securities Association (KSA) in Seoul, Korea on Saturday, December 8, 2014

In addition to many independent participants of KAFA members, the following members presented their papers selected by the KAFA review committee:

- Bae, Sung C., Bowling Green State University, “Informational Frictions, Syndicate Structure, and Loan Pricing: New Evidence from International Syndicated Lending.”
- Jung Chul Park, Auburn University, “Agency Costs and Equity Mispricing.”

II. Call for Papers for Year 2014

1. KAFA International Conference on Corporate organizational structure and value creation and Symposium on The Role of Financial markets In Creative Economy

KAFA is holding international conference and symposium on **August 15, 2014** at the East-West Center of the University of Hawaii.

The objective of the conference is to provide the forum for KAFA members to interact with prominent academics, practitioners, and policy makers. The theme of the conference is “corporate organizational structure and value creation”. KAFA members are encouraged to submit papers related to the theme of the conference.

Those wishing to present a paper at the Conference should submit their papers by **April 15, 2014** to the program chair, Professor Kee-Hong Bae (khbae@rogers.com). An external review committee will review the papers and decisions regarding acceptance will be made by **April 30, 2014**.

The KAFA will provide rooms plus partial travel supports (up to \$1500) for presenting authors. Please contact Professor Byoun for further information (soku_byoun@baylor.edu).

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

The annual joint conference with the KIF and the KAFA will be held as a one-day conference. The date is June 3, 2013. While the main theme for this year’s conference is on the Effects of Financial Globalization: the Aftermath of Global Financial Crisis, papers dealing with general issues in financial/capital markets and related issues are also welcome.

- ✓ Conference date: June 2, 2014
- ✓ Submission deadline: March 31, 2014
- ✓ Notification of the accepted papers: April 20, 2014
- ✓ Submit papers to: Professor Chan-Wung Kim, President-Elect, ChanWung_Kim@uml.edu
- ✓ We expect 2 papers to be accepted for the presentation. KIF will provide research supports for the selected papers for presentation.
- ✓ *Note: When you submit your paper, please indicate the conference of your choice (e.g., KAFA joint conference with KIF).*

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

As in previous years, we expect to be part of the 2014 joint conference with Korean counterparts (KFAs) on May 30-May 31, 2014 at Kookmin Bank HRD Institute in Chonan. In anticipation of this conference, the KAFA would like to announce a call for papers.

- ✓ Topics: Any finance area
- ✓ Submission deadline: March 31, 2014
- ✓ Notification of the accepted papers: April 20, 2014 (expect to be 6 papers)
- ✓ Submit papers to: Professor Chan-Wung Kim, President-Elect, ChanWung_Kim@uml.edu
- ✓ KAFA and KFAs will provide research supports for all selected papers for presentation.
- ✓ KAFA members presenting papers will be assigned to discuss other papers.
- ✓ We strongly encourage all KAFA members (especially junior faculty and those who have not presented papers at the joint conference in the past) to submit papers.
- ✓ *Note: When you submit your paper, please indicate the conference of your choice (e.g., KAFA joint conference with KFAs).*

III. KAFA Awards

The 2014 Eminent Scholar Award and the 2014 Young Scholar Award will be nominated and selected by the KAFA Award Nomination Committee. Also, we will continue on the Financial News and Shinhan Bank Best Paper Awards. The detailed information for each award and necessary documentations are as follows.

1. The Financial News-KAFA Eminent Scholar Award

Selection Criteria

The FN-KAFA Eminent Scholar Award is given to a KAFA member who has achieved outstanding scholarly accomplishment and research contribution in leading journals in finance and related fields.

Nomination Procedure

Nominations of award candidates are made by the “KAFA Award Nomination Committee” (Nomination Committee hereafter) that consists of three KAFA members (i.e., president, president-elect, and immediate former president). Nomination Committee can nominate up to three candidates from KAFA life-time members. The nominated candidates are required to submit their review materials such as curriculum vitae and relevant publications to the Nomination Committee before a specified date announced in the KAFA Newsletter.

Selection Procedure

The “KAFA Award Nomination Committee” will forward the names of nominated candidates and their supporting materials to the “KAFA Award Selection Committee” (Selection Committee hereafter) for the selection of the final award recipient. Selection Committee that consists of three KAFA members (including former KAFA presidents and past FN-KAFA Eminent Scholar Awardees)* will review nominees’ research credentials and select a single award recipient on the basis of the nominee’s scholarly accomplishment and research contribution to the field. Selection Committee may request nominees to provide additional information. The recipient of this honor is required to receive the award in person at the KAFA annual meeting and expected to organize a KAFA’s FMA panel sessions together with KAFA president-elect in the following year.

Monetary Award

There will be a prize of **\$5,000** along with an award plaque.

* Two former KAFA presidents and no more than two past awardees will serve as members of the Committee.

2. The SHB-KAFA Young Scholar Award

Selection Criteria

The SHB-KAFA Young Scholar Award is given to a KAFA member who has demonstrated exemplary scholarly performance through publications in leading journals in finance and related fields. Those KAFA members who earned his or her Ph.D. degree within seven years prior to the award date would be considered for the award.

Nomination Procedure

Nominations of award candidates are made by the “KAFA Award Nomination Committee” (Nomination Committee hereafter) that consists of three KAFA members (i.e., president, president-elect, and immediate former president). Nomination Committee can nominate up to three candidates from KAFA life-time members. The nominated candidates are required to submit their review materials such as curriculum vitae and relevant publications to the Nomination Committee before a specified date announced in the KAFA Newsletter.

Selection Procedure

The “KAFA Award Nomination Committee” will forward the names of nominated candidates and their supporting materials to the “KAFA Award Selection Committee” (Selection Committee hereafter) for the selection of the final award recipient. Selection Committee that consists of three KAFA members (including former KAFA presidents and past FN-KAFA Eminent Scholar Awardees)* will review nominees’ research credentials and select a single award recipient on the basis of the nominee’s scholarly achievements and research contribution to the literature based on their published and forthcoming papers in internationally recognized journals prior to the award date. Selection Committee may request nominees to provide additional information. The recipient of this honor is required to receive the award in person at the KAFA annual meeting.

Monetary Award

There will be a prize of **\$2,500** along with an award plaque.

* Two former KAFA presidents and no more than two past awardees will serve as members of the Committee.

3. Call for the 5th 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 2013 through August 2014, please provide us with the following information for the consideration of this award. The author of the selected paper will be awarded a cash grant of \$2,500 along with a plaque by the representative of Financial News at the annual KAFA banquet during the 2013 FMA Meetings.

4. Call for the 5th Financial News & KAFA Doctoral Student Dissertation Award

If you are currently doctoral student (ABD status), please submit your dissertation for the

consideration of this award. One or two dissertations will be selected for the awards. Each author will be awarded a cash grant of \$1,500 along with a plaque by the representative of Financial News at the annual KAFA banquet during the 2013 FMA Meetings.

5. Call for the 5th Shinhan Bank & KAFA Best Paper Award

The KAFA and Shinhan Bank jointly announce that they will select the best research paper/proposal in the all areas of finance written by KAFA members. The author(s) of selected paper/proposal will be awarded a cash grant of \$2,500 along with a plaque by the representative of Shinhan Bank at the annual KAFA banquet during the 2014 FMA Meetings.

6. Shinhan Bank and KAFA Scholarship for Ph.D. students

Ph.D. students, who present a paper at the annual 2014 FMA meeting, will be awarded a scholarship of \$500 for research support. Please submit your information including name, affiliation, and accepted paper to the secretary general by August 15, 2014. (soku_byoun@baylor.edu)

**** Required information for the Awards:**

- ✓ 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 15, 2014
- ✓ Submit materials to: Professor Kee-Hong Bae, President (khbae@rogers.com)
- ✓ All award winners should attend the annual meeting to receive monetary awards.

IV. Member News

1. Publication

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 2013 are listed here.

- Kee-Hong Bae, Jun-koo Kang, Jin Wang, “Does increased competition affect credit ratings? A reexamination of the effect of Fitch’s market share on credit ratings in the corporate bond market,” *Journal of Financial and Quantitative Analysis*, forthcoming.
- Bae, Sung C., Byung-Uk Chong, and Yura Kim, “Informational Frictions, Syndicate Structure, and Loan Pricing: New Evidence from International Syndicated Lending.” *Asia-Pacific Journal of Financial Studies* 43 (2014). Forthcoming.
- Bae, Sung C., Kiyong Chang, Hoje Jo, “Long-Run Stock Return and Operating Performance of Underwriter Warrants: Evidence from Seasoned Equity Offerings.” *International Review of Finance* 13 (December 2013), Issue 4, 473-501.
- Bae, Sung C., Kiyong Chang, and Doseung Kim, “Determinants of Target Selection and Acquirer Returns: Evidence from Cross-Border Acquisitions.” *International Review of Economics and Finance* 27 (2013), 552-565.
- Bae, Sung C., Taek Ho Kwon, “Asymmetric Foreign Exchange Exposure, Option Trade, and Foreign Currency Denominated Debt: Evidence from Korea.” *Asia-Pacific Journal of Financial*

Studies 42 (2013), 314-339.

- Byoun, Soku, Jon A. Fulkerson, Seung Hun Han, and Yoon S. Shin, 2014, Are Unsolicited Ratings Biased? Evidence from Long-Run Stock Performance, *Journal of Banking and Finance* 42, 326-338.
- Byoun, Soku and Zhaoxia Xu, Forthcoming, Contracts, Governance, and Country Risk in Project Finance: Theory and Evidence, *Journal of Corporate Finance*.
- Byoun, Soku, Forthcoming, "Information Content of Unsolicited Credit Ratings and Rating Agency's Incentive: A Theory," *International Review of Economics and Finance*.
- Chang, Kiyong, Eun Kang, and Ying Li. "Local long-term institutions, growth and cash holdings," published in *Applied Economics Letters*, Volume 35, pp. 387-390, 2014.
- Kang, Moonsoo and Bong Soo Lee, "Order Flows and Stock Returns: compensation for market makers with inventory concerns" *Financial Review*, forthcoming
- Kee H. Chung and Chairat Chuwongant. "Uncertainty, Market Structure, and Liquidity." *Journal of Financial Economics*, forthcoming.
- Kee H. Chung and Hao Zhang. "A Simple Approximation of Intraday Spreads with Daily Data." *Journal of Financial Markets* 17 (January 2014), 94-120.
- Kee H. Chung, John Elder, and Jang-Chul Kim. "Liquidity and Information Flow around Monetary Policy Announcements." *Journal of Money, Credit, and Banking* 45 (August 2013), 781-820.
- Hwang, Byoung-Hyoun, 2014, "Wisdom of Crowds: The Value of Stock Opinions Transmitted Through Social Media" (with Hailiang Chen, Prabuddha De, Yu Hu), *Review of Financial Studies*, forthcoming.
- Jongsub Lee, Kwang J. Lee, and Nandu J. Nagarajan. Birds of a Feather: Value Implications of Political Alignment between Top Management and Directors, Forthcoming, *Journal of Financial Economics*
- E. Han Kim and Paige Ouimet, "Broad-Based Employee Stock Ownership: Motives and Outcomes," forthcoming in *Journal of Finance*.
- E. Han Kim and Amiyatosh Purnanandam, "Seasoned Equity Offerings and Investments" forthcoming in *Review of Finance*.
- E. Han Kim and Yao Lu, "Corporate Governance Reforms around the World and Cross-border Acquisitions," *Journal of Corporate Finance*, Vol. 22, 2013, pp. 236 – 253.
- Nam, Kiseok and Moonsoo Kang, "Informed Trade and idiosyncratic Return Variation" *Review of Quantitative Finance and Accounting*, forthcoming

2. New Position/ Promotion/ Awards

➤ Professorship, Award & Recognition:

- **Prof. Soku Byoun has received The 2013 Asia-Pacific Journal of Financial Studies Best Paper Award, "Why Do Some Firms Go Debt-free?" [Asia-Pacific Journal of Financial Studies](#) 42, 1-38, coauthored with Zhaoxia Xu.**
- **Prof. Jongsub Lee has received Wharton Research Data Services (WRDS) Best Empirical Paper Award at the 2013 Southern Finance Association (SFA) Annual Meetings "The Exodus from Sovereign Risk: Sovereign Ceiling Violations in Credit Default Swap Markets," Unpublished Working Paper, University of Florida, Gainesville, U.S.A. (coauthored with Andy Naranjo, and Stace Sirmans)**

- **Professor Jun-koo Kang has received Nanyang Award for Research Excellence** Nanyang Award for Research Excellence is Nanyang Technological University' highest recognition to individuals who have made outstanding contributions in scientific knowledge.

V. Other Announcement

1. KAFA website (www.k-afa.org) will be updated including KAFA news, membership, and members' activities. Please be patient with the update as we are in transition. Also, please give your suggestions or comments to the Secretary General (kafa1991@gmail.com).
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.
 - Please pay your annual membership dues, or preferably, be a life- time member by paying one time due of just \$300, mailed to: Ha-Chin Yi, Texas State University hy11@txstate.edu

KAFA Officers and Executive Board 2014

- | | |
|--------------------------------|--|
| ▪ President | Kee-Hong Bae, York University |
| ▪ President-Elect | ChanWung Kim, University of Massachusetts Lowell |
| ▪ Vice President | Hyun Han Shin, Yonsei University |
| ▪ Secretary General | Soku Byoun, Baylor University |
| ▪ Secretary General KAFA Korea | Joonghyuk Kim, Korea University |
| ▪ Treasurer | Ha-Chin Yi, Texas State University |
| ▪ Executive Board | Sahn Wook Huh (2015), SUNY Buffalo
Jin-Mo Kim (2015), Rutgers University
Kenneth Kim (2015), SUNY Buffalo
H. Young Baek (2017), Nova Southeastern University
Jung Chul Park (2017), Auburn University
Hyuna Park (2017), Minnesota State University-Mankato |
| ▪ Advisory Board | All previous presidents |

THE KOREA-AMERICA FINANCE ASSOCIATION (KAFA)

Renewal/Application for 2014-2015 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. Ha-Chin Yi, McCoy College of Business Administration, Texas State University, San Marcos, TX 78748, or fax
it to (512) 245-3089, phone: (512) 245-3251 or e-mail to "kafa.treasurer@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 2013 - 2014 on _____:

- () \$30; Regular and Guest Member () \$20; Associate Member
- () \$300; Lifetime Member