THE 21st ANNUAL CONFERENCE ON
FINANCIAL ECONOMICS AND ACCOUNTING
Joint with
THE 2010 MARYLAND FINANCE SYMPOSIUM

November 12 and 13, 2010

University of Maryland
Robert H. Smith School of Business
College Park, MD

KEYNOTE SPEAKER - Conference
Myron Scholes (Stanford)
Nobel Laureate

KEYNOTE SPEAKER - Luncheon
Michael Greenberger (Maryland)

PROGRAM CHAIRS
Finance: Lemma Senbet, Gurdip Bakshi
Accounting: Rebecca Hann, Stephen Brown
Program

Friday, November 12, 2010

| Registration, Van Munching (Atrium) | 11:30 am – 1:30 pm |
| Lunch, Atrium | 12:00 pm – 1:30 pm |

Concurrent Sessions I, Friday, November 12  1:30 - 3:00 pm

Finance: Executive Compensation and Incentives  
(Featured by Center for Financial Policy)

Chair:  Kose John, New York University

Dynamic Incentive Accounts  
Alex Edmans, University of Pennsylvania  
Xavier Gabaix, New York University  
Tomasz Sadzik, New York University  
Yuliy Sannikov, Princeton University  

Discussant:  Rajesh Aggarwal, University of Minnesota

Contractual Versus Actual Severance Pay Following CEO Departure  
Eitan Goldman, Indiana University  
Peggy Huang, Indiana University  

Discussant:  Ashwini Agrawal, New York University

The Effect of CEO Compensation on Relation-Specific Investments by Customers and Suppliers  
Jayant Kale, Georgia State University  
Ryan Williams, Georgia State University  
Simi Kedia, Rutgers University  

Discussant:  Dalida Kadyrzhanova, University of Maryland
Finance: Macro-finance
Chair: Robert McDonald, Northwestern University

Do Unconventional Interventions Unfreeze the Credit Market?
Some International Evidence
Hui Tong, International Monetary Fund
Shang-Jin Wei, Columbia University and NBER

Discussant: Sumit Agarwal, Federal Reserve Bank of Chicago

Mortgage Complexity and House Price Dynamics
Gene Amromin, Federal Reserve Bank of Chicago
Jennifer Huang, University of Texas at Austin
Clemens Sialm, University of Texas at Austin and NBER
Edward Zhong, Federal Reserve Bank of Chicago

Discussant: Pete Kyle, University of Maryland

Why are Credit Ratings Useful?
Jess N. Cornaggia, Indiana University
Kimberly J. Cornaggia, American University

Discussant: Steve Heston, University of Maryland

Accounting: Current Issues: IFRS, the Financial Crisis, and Fair Value
Accounting
Chair: Jim Wahlen, Indiana University

Loan Loss Reserves, Regulatory Capital, and Bank Failures: Evidence from the 2008-2009 Economic Crisis
Jeffrey Ng, Massachusetts Institute of Technology
Sugata Roychowdhury, Boston College

Discussant: Dushyantkumar Vyas, University of Minnesota

Do Fair Values Predict Future Financial Performance?
Mark Evans, Indiana University
Leslie Hodder, Indiana University
Patrick Hopkins, Indiana University

Discussant: Urooj Khan, Columbia University
Credit Risk and IFRS: The Case of Credit Default Swaps
Gauri Bhat, Washington University
Jeffrey L. Callen, University of Toronto
Dan Segal, Arison School of Business, Interdisciplinary Center Herzliya, Israel

Discussant: Nicole Jenkins, Vanderbilt University

Concurrent Sessions II, Friday, November 12 3:30 - 5:00 pm

Finance: Corporate Finance I
Chair: Michael Weisbach, Ohio State University and NBER

Optimal Corporate Governance in the Presence of an Activist Investor
Jonathan B. Cohn, University of Texas-Austin
Uday Rajan, University of Michigan

Discussant: Alex Edmans, University of Pennsylvania

Firm Locations and Takeover Likelihood
Ye Cai, Santa Clara University
Xuan Tian, Indiana University

Discussant: Robert Hauswald, American University

Corporate Diversification and the Cost of Capital
Rebecca N. Hann, University of Maryland
Maria Ogneva, Stanford University
Oguzhan Ozbas, University of Southern California

Discussant: Simi Kedia, Rutgers University

Is the Corporate Governance of LBOs Effective?
Francesca Cornelli, London Business School
Oguzhan Karakas, Boston College

Discussant: Liu Yang, University of California, Los Angeles

Finance: Asset Pricing I
Chair: Wayne Ferson, University of Southern California

Anomalies and Financial Distress
Doron Avramov, University of Maryland
Tarun Chordia, Emory University
Gergana Jostova, George Washington University
Alexander Philipov, George Mason University

Discussant: Ivan Shaliastovich, University of Pennsylvania
The Short of It: Investor Sentiment and Anomalies
Robert Stambaugh, University of Pennsylvania and NBER
Jianfeng Yu, University of Minnesota
Yu Yuan, University of Pennsylvania

Discussant: Paul Irvine, University of Georgia

Growth to Value: Option Exercise and the Cross-section of Equity Returns
Hengjie Ai, Duke University
Dana Kiku, University of Pennsylvania

Discussant: Wei Yang, University of Rochester

Accounting: Market Inefficiency
Chair: Mohan Venkatachalam, Duke University

Do firm-to-segment reconcilable earnings differences affect stock prices?
Dana Hollie, Louisiana State University
Shaokun Carol Yu, Northern Illinois University

Discussant: Bill Mayew, Duke University

Customer-Base Concentration: Implications for Firm Performance and Capital Markets
Panos N. Patatoukas, University of California, Berkeley

Discussant: Bill Mayew, Duke University

Analyst recommendations and higher order beliefs: Explaining bubbles and price drift
Karthik Balakrishnan, University of Pennsylvania
Catherine Schrand, University of Pennsylvania
Rahul Vashishtha, University of Pennsylvania

Discussant: Bill Mayew, Duke University

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Keynote Speaker (Conference)
Myron Scholes, Stanford University, Nobel Laureate

Welcoming Remarks
Anand Anandalingam, Dean, Smith School of Business
Saturday, November 13, 2010

Continental Breakfast, Van Munching (Atrium)  7:30 am – 8:30 am

Concurrent Sessions III, Saturday     8:30 - 10:00 am

Finance: Corporate Governance
(Featured by Center for Financial Policy)

Chair: William Longbrake, Executive-in-Residence, Center for Financial Policy
Organizer: Andrew Metrick, Yale University

Skin in the game in the Originate-to-Distribute Model: Evidence from the Online Social Lending Market
Thomas Hildebrand, ESMT European School of Management and Technology
Manju Puri, Duke University
Jorg Rocholl, ESMT European School of Management and Technology

Discussant: Enrichetta Ravina, Columbia University

Fiduciary Duties and Equity--Debtholder Conflicts
Bo Becker, Harvard University
Per Stromberg, Stockholm School of Economics and University of Chicago

Discussant: Thomas Chemmanur, Boston College

To each According to his Ability? A Cross-sectional Analysis of the Market for CEO Talent
Antonio Falato, Federal Reserve Board
Dan Li, Federal Reserve Board
Todd Milbourn, Washington University, St. Louis

Discussant: Reena Aggarwal, Georgetown University
**Finance: Asset Pricing II**  
Chair: Jennifer Conrad, University of North Carolina

Credit Ratings and the Evolution of the Mortgage-Backed Securities Market  
Jack He, University of Georgia  
Jun Qian, Boston College  
Philip Strahan, Boston College  

*Discussant:* Gerard Hoberg, University of Maryland

Can Hedge Funds Time Market Liquidity?  
Charles Cao, Pennsylvania State University  
Yong Chen, Virginia Tech  
Bing Liang, University of Massachusetts  
Andrew Lo, Massachusetts Institute of Technology

*Discussant:* George Aragon, Arizona State University

It’s All in the Timing: Simple Active Portfolio Strategies that Outperform Naïve Diversification  
Chris Kirby, Clemson University  
Barbara Ostdiek, Rice University

*Discussant:* Turan Bali, Baruch College

The "Out-of-sample" Performance of Long-Run Risk Models  
Wayne Ferson, University of Southern California  
Suresh Nallareddy, University of Southern California  
Biqin Xie, University of Southern California

*Discussant:* Jianfeng Yu, University of Minnesota

**Accounting: Disclosure**  
Chair: Michael Kimbrough, University of Maryland

Do firms issuing short-term earnings guidance exhibit worse earnings quality?  
Andrew C. Call, University of Georgia  
Shuping Chen, University of Texas at Austin  
Bin Miao, National University of Singapore  
Yen H. Tong, Nanyang Technological University

*Discussant:* John Jiang, Michigan State University
A Unified Framework of Management Earnings Forecasts: Voluntary, Disclose or Abstain, and Opportunistic Incentives
Edward Li, University of Rochester
Charles Wasley, University of Rochester
Jerold Zimmerman, University of Rochester

Discussant: Francois Brochet, Harvard Business School

Individual Investors and Financial Disclosure
Alastair Lawrence, University of Toronto

Discussant: Nick Seybert, University of Maryland

Concurrent Sessions IV, Saturday, November 13 10:30 am - 12:00 pm

Finance: Corporate Finance II
Chair: Vojislav Maksimovic, University of Maryland

World Markets for Mergers and Acquisitions
Isil Erel, Ohio State University
Rose C. Liao, Rutgers University
Michael S. Weisbach, Ohio State University and NBER

Discussant: Tanakorn Makaew, University of South Carolina

Trade Credit, Relationship-specific Investment, and Product-Market Power
Nishant Dass, Georgia Institute of Technology
Jayant Kale, Georgia State University
Vikram Nanda, University of Michigan

Discussant: Utpal Bhattacharya, Indiana University

Who benefits from the leverage in LBOs?
Tim Jenkinson, Oxford University and CEPR
Ruediger Stucke, Oxford University and CEPR

Discussant: Tracy Wang, University of Minnesota
Finance: Derivatives
Chair: Charles Cao, Pennsylvania State University

Option Anomalies and the Pricing Kernel
Peter Christoffersen, McGill University
Steven Heston, University of Maryland
Kris Jacobs, University of Houston, McGill University, and Tilburg University

Discussant: George Panayotov, Georgetown University

In Search of Aggregate Jump and Volatility Risk in the Cross-Section of Stock Returns
Martijn Cremers, Yale School of Management
Michael Halling, University of Utah
David Weinbaum, Syracuse University

Discussant: Hao Zhou, The Federal Reserve Board

Trading Puts and CDS on Stocks with Short Sale Ban
Sophie Xiaoyan Ni, Hong Kong University of Science and Technology
Jun Pan, Massachusetts Institute of Technology

Discussant: Ken Zhong, Rutgers University

The Chinese Warrants Bubble
Wei Xiong, Princeton University
Jialin Yu, Columbia University

Discussant: Sophie Shive, Notre Dame University

Accounting: Accounting Information & Debt Markets
Chair: K. R. Subramanyam, University of Southern California

The Role of Bank Reputation in “Certifying” Future Performance Implications of Borrowers’ Accounting Numbers
Robert M. Bushman, University of North Carolina at Chapel Hill
Regina Wittenberg-Moerman, University of Chicago

Discussant: Jiying Zhang, University of Southern California

The Role of Accounting-based Financial Covenants in Preventing Substantive Defaults of Public Debt
Zahn Bozanic, Penn State University

Discussant: Valeri Nikolaev, University of Chicago
Alternative Information Sources and Information Asymmetry Reduction: Evidence from Small Business Debt
Gavin Cassar, University of Pennsylvania
Christopher D. Ittner, University of Pennsylvania
Ken S. Cavalluzzo, Wisconsin Capital Management

Discussant: Shyam Sunder, University of Arizona

Lunch 12:00 PM – 1:30 PM

Keynote Speaker (Luncheon)
Michael Greenberger, University of Maryland (Baltimore)

Concurrent Sessions V, Saturday, November 13 1:30 - 3:00 pm

**Finance: Asset Pricing III**
Chair: Robert Stambaugh, University of Pennsylvania

Does Correlated Analyst Coverage Explain Excess Comovement?
Ryan D. Israelsen, Indiana University

Discussant: Marcin Kacperczyk, New York University

Geographic Innovation Spillovers and Technology Risk Premia
Po-Hsuan Hsu, University of Connecticut

Discussant: Dana Kiku, University of Pennsylvania

Larger Stocks Earn Higher Returns!
Fangjian Fu, Singapore Management University
Wei Yang, University of Rochester

Discussant: Anisha Ghosh, Carnegie Mellon
**Accounting: Earnings Quality**  
Chair: Catherine Schrand, University of Pennsylvania

**Managerial Ability and Earnings Quality**  
Peter Demerjian, Emory University  
Melissa Lewis, University of Utah  
Baruch Lev, New York University  
Sarah McVay, University of Utah

*Discussant:* Per Olsson, Duke University

**Reporting Bias and Economic Shocks**  
Joseph Gerakos, University of Chicago  
Andrei Kovrijnykh, University of Chicago

*Discussant:* Chris Armstrong, University of Pennsylvania

**Accrual quality, bond liquidity, and cost of debt**  
Claudia Zhen Qi, University of Southern California  
K. R. Subramanyam, University of Southern California  
Jieying Zhang, University of Southern California

*Discussant:* Regina Wittenberg-Moerman, University of Chicago

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**Concurrent Sessions VI, Saturday, November 13  
3:30 - 5:00 pm**

**Finance: Financial Institutions**  
Chair: Anjan Thakor, Washington University, St. Louis

**The Economics of Unsolicited Credit Ratings**  
Paolo Fulghieri, University of North Carolina  
Gunter Strobl, University of North Carolina

*Discussant:* Jie Yang, Georgetown University

**Bank Capital, Borrower Power, and Loan Rates**  
Joao Santos, NY FED  
Andrew Winton, University of Minnesota

*Discussant:* Radha Gopalan, Washington University, St. Louis
Do Peer Firms Affect Corporate Financial Policy
Mark Leary, Cornell University
Michael Roberts, University of Pennsylvania

Discussant: Fei Xie, George Mason University

Accounting: Corporate Governance and Internal Control
Chair: Shiva Rajgopal, Emory University

Do Shareholders Listen? M&A Advisor Opinions and Shareholder Voting
David Becher, Drexel University
Jay Cai, Drexel University
Wenjing Ouyang, Drexel University

Discussant: Mary Ellen Carter, Boston College

Top Executive Background and Firm M&A: The Case of Former Investment Bankers
Francois Brochet, Harvard Business School
Kyle Welch, Harvard Business School

Discussant: Sudarshan Jayaraman, Washington University, St. Louis

The Economics Effects of SOX Section 404 Compliance: A Corporate Insider Perspective
Scott W. Bauguess, U.S. Securities and Exchange Commission (SEC)
Yoon-Ho Alex Lee, U.S. Securities and Exchange Commission (SEC)
Gennaro Bernile, University of Miami School of Business and Economic Fellow at the SEC

Discussant: Weili Ge, University of Washington
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