



President's Message

Dear Kafa Members, Friends, and Supporters:

I am pleased to announce that Professor Yoon Ki Choi at the University of Central Florida has been elected as president-elect, who will join our next president, Professor Soku Byoun at Baylor University, in serving Kafa beginning this November. Also please join me in welcoming our new executive officers: Vice President Professor Joong Hyuk Kim at Korea University and Secretary General Korea Professor Noolee Kim at Hanyang University.

I thank Professors Yong H. Kim at the University of Cincinnati, Chan Wung Kim at University of Massachusetts Lowell (Chair), and Soku Byoun for serving with me on the nomination committee. I should also mention my appreciation for invaluable contributions by our outgoing officers: Vice President Hyun-Han Shin at Yonsei University and Secretary General Korea Professor Woojin Kim at Seoul National University.

Thanks to the continued financial support from Financial News (FN) and Shinhan Bank (SHB), we continue to recognize Kafa members' outstanding scholarly achievements through various awards, including the FN-Kafa Eminent Scholar Award, SHB-Kafa Young Scholar Award, FN-Kafa Top-Journal Paper Award, FN-Kafa Doctoral Student Dissertation Award, and SHB-Kafa Best Paper Award. On behalf of Kafa, I congratulate all award recipients. I would like to thank Professors Jongmoo J. Choi at Temple University, Chan Wung Kim, and Soku Byoun for serving with me on the Kafa Award Selection Committee.

Kafa continues to offer two Korean and Asian sessions at this year's FMA meetings. I appreciate Professors Soku Byoun and Hyun-Han Shin for organizing the two special sessions. Attendance at these sessions by Kafa members is essential for us to continue to keep the special Kafa sessions in future FMA meetings. The details of these sessions can be found in this newsletter. I also encourage all Kafa members to attend the annual business and dinner meetings scheduled for Friday (October 21st). I thank the Korea Institute of Finance (KIF) and Korea Capital Market Institute (KCMI) for sponsoring the Kafa dinner meeting.

In December, selected KAFA members will participate in the annual conference on Asia-Pacific Financial Markets (CAFPM) Conference in Seoul. I appreciate KAFA members' continued interest and support for this collaboration with the Korean Securities Association.

KAFA held a joint international conference in Seoul with KCMI and SKK GSB Sungkyunkwan University in celebration of our 25th anniversary on June 3, 2016. The conference theme in the morning panel session was "Issues in Investment Banking in Korea." Over 40 academics and practitioners participated in the conference. I deeply appreciate the sponsors of the conference, including KCMI, Korea Investment & Securities, Mirae Asset Daewoo Securities, and Financial News for their generous donations. Many KAFA members have been instrumental in organizing the conference including Professors Chan Wung Kim, Soku Byoun, Ha-Chin Yi, Jin-Mo Kim, and Woojin Kim. I very much appreciate their time and efforts. I also thank the KAFA members who attended the conference in various capacities. The conference would not have been successful without their participation.

It has been an honor to serve KAFA as president for the past year. I would like to express my sincere gratitude and appreciation to Professors Soku Byoun, Jin-Mo Kim, and Ha-Chin Yi who have worked tirelessly as a team. Without them, I could not have done my job.

I look forward to seeing you all in Las Vegas.

Best regards,

Saeyoung Chang
2016 KAFA President
University of Nevada, Las Vegas

I. Recent KAFA Activities

1.1. KAFA 25th Anniversary Conference

On June 3, 2016, we held an international conference to celebrate the 25th Anniversary of KAFA at SKK GSB (joint with KCMI and SKK GSB, Sungkyunkwan University). We thank all presenters, discussants, participants, and supporters.

- In the morning session, the keynote speaker, Dong-Hyun Ahn, President of KCMI, presented the paper, “An Empirical Evidence on Funding Liquidity and Market Liquidity.” Also, we had a special symposium: Contestability, Regulation, and Strategy of Securities Industry in Korea chaired by Inhyung Lee, Vice President of KCMI.
- In the afternoon academic session, eight KAFA members and six invited guest speakers presented their papers.

➤ KAFA presenters:

Kee-Hong Bae, “The relative industry valuation hypothesis of cross-listing”

Kee H. Chung, “Strategic informed trading and the market reaction to earnings announcements”

Jongmoo Jay Choi, “Foreign capital and local firms: Channels of foreign influence via ownership, board and management”

Jun-Koo Kang, “Geographic concentration of institutions, corporate governance, and firm value”

Seoyoung Kim, “Rollover risk and capital structure covenants in structured finance vehicles”

Jongsub Lee, “Control beyond ownership: Subcontractors of large business groups”

Hyuna Park, “Intangible assets and the book-to-market effect”

S. Ghon Rhee, “Residual momentum and investor underreaction in Japan”

➤ Outside presenters:

Utpal Bhattacharya (Hong Kong University of Science and Technology), “Nominal stock price anchors: A global phenomenon?”

Don Chance (Louisiana State University), “Corporate currency risk management: Policies, practices, and the great divide”

David Ng (Cornell), “Investor flows and fragility in corporate bond funds”

Ajai Singh (University of Central Florida), “Trading restrictions and supply effects”

Xuan Tian (Indiana University), “Labor unions and payout policy: A regressions discontinuity analysis”

Hong Yan (Shanghai Advanced Institute of Finance), “The value and profitability premiums”

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

On May 27-28, 2016, the following KAFA members presented their papers at the 2016 Joint Korea Finance Conference in Cheon-An, Korea:

- **Young Sang Kim**, Is Foreign Exchange Risk Priced in Bank Loan Spreads?
- **H. Young Baek**, Family Firm Succession: An Examination of the 2007 Survey of Business Owners
- **Sang Mook Lee**, Stock Timing by Analysts
- **Jung Chul Park**, Stock Market Consequences of Political Vibrancy
- **Sung C. Bae**, Related Party Transactions with Foreign Affiliates: New Evidence on Determinants and Firm Value

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

The annual joint conference was held on May 30, 2016 at the Korea Federation of Banks building in Seoul under the title of “Financial Markets and Monetary Policies.” The following KAFA members presented their work:

- **Youngsoo Kim**, Lame Duck Presidency and Stock Returns
- **Sahn-Wook Huh**, Intellectual Property News and Informed Trading: Evidence from Granted Patents and their Economic Value

II. 2016 Financial News and Shinhan Bank Awards Recipients

We are pleased to announce the recipients of the annual awards for 2015-2016. Congratulations to all award winners. All recipients must attend the annual meeting to receive the awards.

2.1. 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.

Winner: Professor Jun-Koo Kang, Nanyang Technological University

2.2. The Shinhan Bank-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.

Winner: Professor Jongsub Lee, University of Florida

2.3. Winner of the 10th Financial News & KAFA Top-Journal Paper Award

Byoung Uk Kang, Hong Kong Polytechnic University, "Prime Broker-Level Comovement in Hedge Fund Returns: Information or Contagion?," Review of Financial Studies, forthcoming, co-authored with Ji-Woong Chung.

2.4. Winner of the 10th Financial News & KAFA Doctoral Student Dissertation Awards:

Yongjun Kim, University of Illinois at Urbana-Champaign, "Wage Differentials, Firm Investment, and Stock Returns."

2.5. Winner of the 10th Shinhan Bank & KAFA Best Paper Award:

Byoung-Hyoun Hwang, Cornell University and **Hugh Hoikwang Kim**, University of South Carolina, "It Pays to Write Well," Journal of Financial Economics, forthcoming.

2.6. Shinhan Bank & KAFA Scholarship for Ph.D. students

Congratulations! The following PhD students who are presenting papers at the FMA conference are selected for the Shinhan Bank scholarship:

DuckKi Cho (Arizona State University)

Yongjun Kim (University of Illinois at Urbana-Champaign)

Dongwook Seo (Korea Advanced Institute of Science and Technology)

Hojong Shin (Michigan State University)

Jinsuk Yang (University of Texas at Arlington)

Dong Ryung Yang (Seoul National University)

Haekwon Lee (University at Buffalo)

III. KAFA NEWS

3.1. KAFA New Officers

- **New President-Elect**

Prof. Yoon Ki Choi, University of Central Florida

3.2. Two KAFA-FMA special sessions at the 2016 FMA annual meeting in Las Vegas

- We appreciate Professors Soku Byoun and Hyun-Han Shin to organize two special sessions in 2016 FMA meetings. **ALL KAFA members are strongly encouraged to attend two KAFA-FMA sessions and annual business and dinner meetings on Friday.**

➤ **Issues in Korean Financial Markets**

Friday, October 21, 8:30 - 10:00 am (Miranda 3), Session 165
Standing Breakfast is served at 8:00 am, followed by the session at 8:30 am.

Moderator: Saeyoung Chang, Professor, University of Nevada, Las Vegas

In this session, panelists will present and discuss the following issues: (1) Technology innovation and stock returns, (2) Applying a Smart Beta Approach in Korea, and (3) Is individual trading priced in stocks?

Panelists:

Bong-Chan Kho, Professor
Seoul National University

Min Kyeong Kwon, Research Fellow
Korea Capital Market Institute

Joung Hwa Choi, Visiting Scholar
Cornell University

➤ **Corporate Financial Decisions in Asia**

Friday, October 21 10:15 - 11:45 am (Miranda 3), Session 198

Moderator: Soku Byoun, Professor, Baylor University

Panelists will present and discuss the following issues: (1) Political risk and capital market financing of corporate investment: Cross-country analysis (2) How does the declining power of business groups affect the firm's financial decision making? (3) Capital structure, unemployment risk, and wages: The case of Korean firms.

Panelists:

Dong Wook Lee, Professor
Korea University

Kazuo Yamada, Professor
University of Nagasaki

Ji-Woong Chung, Professor
Korea University

IV. KAFA Board and Annual Business meeting/dinner

4.1. KAFA Executive Board Meeting

When: 3:00 – 5:00 p.m., Friday, October 21, 2016

Where: Flamingo Room, Rio Suites Hotel

KAFA Officers and Executive Board 2016

<input type="checkbox"/> President	Saeyoung Chang, University of Nevada, Las Vegas
<input type="checkbox"/> President-Elect	Soku Byoun, Baylor University
<input type="checkbox"/> Vice President	Hyun-Han Shin, Yonsei University
<input type="checkbox"/> Secretary General	Jin-Mo Kim, Rutgers University
<input type="checkbox"/> Secretary General KAFA Korea	Woojin Kim, Seoul National University
<input type="checkbox"/> Treasurer	Ha-Chin Yi, Texas State University
<input type="checkbox"/> Executive Board	H. Young Baek (2017), Nova Southeastern University Jung Chul Park (2017), University of South Florida Hyuna Park (2017), Brooklyn College - CUNY Sam Y. Chung (2019), Long Island University Young Sang Kim (2019), Northern Kentucky University Won Yong Kim (2019), Augsburg College
Advisory Board	All previous presidents

4.2. Annual Business Meeting

Where: Miranda 3, Rio Suites Hotel

When: 5:30-6:30 p.m., Friday, October 21, 2016

4.3. KAFA Annual Dinner Meeting:

Where: Goong Korean BBQ Restaurant

7729 S. Rainbow Blvd., Suite #5 Las Vegas, NV 89139

Phone: 702-979-9156

When: 7:30-9:30 p.m., Friday, October 21, 2016

Transportation: Bus (about 15 min. drive from the conference hotel)

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

V. Member News

5.1. 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 2015-2016, and forthcoming are listed here.

- Bo Young Chang, Greg Orosi "Equity Option Implied Probability of Default and Equity Recovery Rate," *Journal of Futures Markets*, forthcoming
- Nicole Choi , Mark Fedenia , Hilla Skiba, and Tatyana Sokolyk “Portfolio Concentration and Performance of Institutional Investors worldwide”, *Journal of Financial Economics*, forthcoming.
- Chung, Kee H., Seongkyu "Gilbert" Park, and Doojin Ryu, 2016, Trade duration, informed trading, and option moneyness, *International Review of Economics and Finance* 44, 395-411
- Kiyong Chang, Hoje Jo, and Ying Li, 2016, “Is there Informational Value in Corporate Giving?”, *Journal of Business Ethics*, forthcoming
- Kiyong Chang, Eun Kang, and Ying Li, 2016, “Effect of Institutional Ownership on Dividends: An Agency-theory-based Analysis”, *Journal of Business Research* 69, 2551-2559
- Seonghee Han, Vikram Nanda, and Sabatino Silveri, 2016, “CEO Power and Firm Performance under Pressure”, *Financial Management*, Vol.45, 369-400.
- Byoung-Hyoun Hwang, Cornell University and Hugh Hoikwang Kim, University of South Carolina, “It Pays to Write Well,” *Journal of Financial Economics*, forthcoming.
- Byoung Uk Kang, Ji-Woong Chung, "Prime Broker-Level Comovement in Hedge Fund Returns: Information or Contagion?, *Review of Financial Studies*, forthcoming
- E. Han Kim and Yao Lu, " Executive Suite Independence: Is It related to Board Independence?" *Management Science*, forthcoming
- Yang-Ho Park, “The Effects of Asymmetric Volatility and Jumps on the Pricing of VIX Derivatives,” *Journal of Econometrics*, vol. 192, pp. 313-328, 2016
- Jung Chul Park, J. Barry Lin, and Christos Pantzalis, “Corporate Derivatives Use Policy and Information Environment,” *Review of Quantitative Finance and Accounting*, forthcoming.
- Jung Chul Park, Tom Aabo, and Christos Pantzalis, 2016, “Political Interference and Stock-Price Consequences of Local Bias,” *Financial Review*, Vol. 51, 151-190.
- Jung Chul Park, Tom Aabo, and Christos Pantzalis, “Multinationality as Real Option Facilitator – Illusion or Reality?” *Journal of Corporate Finance*, Vol. 38, 1-17.
- Sangho Yi and Jonathan Karpoff “The Bonding Hypothesis of Takeover Defenses: Evidence from IPO Firms,” *Journal of Financial Economics* Vol.117 (2015).
- Sangho Yi, Kang, Liu and Zhang “Monitoring Role of customer firms in suppliers and its effect on supplier value: Evidence from block acquisitions of suppliers by customer firms,” *Journal of Financial Intermediation* Vol.24 (2015).
- Sean S. Yoo, Jaemin Kim, Mark Schenkel, “Not All Created Equal: Examining the Impact of Birth Order and Role Identity Among Descendant CEO Sons on Family Firm Performance” *Family Business Review*, forthcoming.

5.2. New Position/ Promotion/ Awards

➤ New Position:

- In August 2016, Prof. **Hugh Hoikwang Kim** moved from SKK GSB, Sungkyunkwan University, to the Darla Moore School of Business, the University of South Carolina

➤ Promotion:

- Professor **Byoung Uk Kang** was promoted to Associate professor and tenured at Hong Kong Polytechnic University.

5.3. In Memoriam: Dr. Chong Soo Pyun

Chong Soo Pyun passed away on July 13, 2016. Dr. Pyun was born in 1933 in Seoul, Korea. An avid student of English, he served as a translator and army captain during the Korean War. After earning his master's degree at the Miami University in Ohio and his doctorate from the University of Georgia, he was a distinguished professor of international finance at the University of Memphis for 46 years. Besides being an accomplished scholar, he also contributed greatly to promoting Korean community in the US both academically and regionally, as well as an advisor to the Korean government. His personal life was equally full. With his devoted wife of 52 years. Dr Pyun is survived by two brothers, one sister, two children, three grandsons, and numerous nieces and nephews.

KAFA sent flowers to the family of Dr. Chong Soo Pyun.

VI. Other Announcements

- KAFA website (www.k-afa.org) is updated including KAFA news, membership, and members' activities. Also, please give your suggestions on managing the website.
- 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 \$300.

THE KOREA-AMERICA FINANCE ASSOCIATION (KAFA)

Renewal/Application for 2016-2017 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 78666, 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 2015 - 2016 on _____:

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

() \$300; Lifetime Member