



**KOREA AMERICA
FINANCE ASSOCIATION**

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

Vol. XVII

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No.1

President's Message

Dear Kafa Members, Friends, and Supporters:

I hope everyone has had a productive winter season. I am happy to see that spring is finally here. Last year, Professor J. Jay Choi of Temple University received the Kafa Financial News Eminent Scholar Award, and Professor Jae Won Choi of University of Illinois at Urbana-Champaign received the Shinhan Bank Young Scholar Award. Professor J. Jay Choi graciously donated the full amount of his award money to Kafa. On behalf of Kafa, I am very grateful for his generosity.

I would like to thank Professors Chan-Wung Kim (outgoing president) and Jin-Mo Kim (returning) for their outstanding service and leadership for Kafa. Professor Chan-Wung Kim worked hard to obtain new funding to organize a doctoral student workshop in August last year. The workshop was very successful and well received among doctoral candidates preparing for the job market. I welcome Kafa's new Executive Office members: President-Elect Professor Soku Byoun of Baylor University; Secretary General Professor Jin-Mo Kim (returning); Treasurer Professor Ha-Chin Yi (returning); Vice President (Kafa Korea) Professor Hyun Han Shin (returning); and Secretary General (Kafa Korea) Professor Woojin Kim (returning).

As in previous years, Kafa successfully offered two Kafa-FMA sessions at the FMA meetings in Orlando last October. The sessions, entitled "Issues in Capital Markets and Risk Management in Korea," and "Corporate Governance in Asia," were informative and well attended. During last year's Annual Business Meeting in Orlando, Kafa presented several awards to recognize Kafa members' outstanding scholarly achievements. These awards include the Financial News (FN)-Kafa Eminent Scholar Award, Shinhan Bank (SHB)-Kafa Young Scholar Award, SHB-Kafa Best Paper Award, FN-Kafa Top Journal Paper Award, and FN-Kafa Doctoral Student Dissertation Award. In addition, Kafa provided SHB-Kafa doctoral student research support to five doctoral students. On behalf of Kafa, I congratulate all award recipients and greatly appreciate Financial News and Shinhan Bank for their generous financial

support for KAFA awards. I would also like to thank Korea Institute of Finance (KIF) for sponsoring the KAFA annual meeting dinner.

To celebrate the 25th anniversary of KAFA, we are organizing a joint conference with Korea Capital Market Institute (KCMI) and SKK GSB at Sungkyunkwan University, which will be held on June 3, 2016 in Seoul. The conference is intended to provide a forum for KAFA members to interact with prominent academics, practitioners, and policy makers. The conference theme in the morning panel session is tentatively titled “Issues in Investment Banking.” We have also invited several outside scholars to present papers alongside selected KAFA members. Generous financial support from many institutions made the launch of the conference possible. I am grateful to KCMI, KDB Daewoo securities, and Korea Investment & Securities. In addition, I would like to thank Dr. Inseok Shin (President of KCMI), Dr. Inhyung Lee (Vice-President of KCMI), and Professor Jae Ha Lee (Dean of SKK GSB) for sponsoring the joint conference. I am also deeply indebted to Professor Beomsik Jang (Executive Vice-President of Soongsil University) for his help with fundraising.

Finally, KAFA solicited papers for the two conferences with our Korean partners, the KAFA-Allied Korean Finance Association conference and the KAFA-KIF joint symposium. You will find details on the joint conferences in this newsletter. Partial travel support will be provided to the presenters of selected papers at these conferences.

KAFA has grown over the past twenty-five years through your strong support and active participation in various KAFA activities. As we now enter a new era following the association’s silver anniversary, I am very confident that KAFA will continue to play an important role in promoting and accomplishing our individual professional goals. I hope you all continue to join in this endeavor.

I look forward to seeing you all in the upcoming conferences in Seoul and in Las Vegas.

With Warm Regards,

Saeyoung Chang
2016 KAFA President
University of Nevada, Las Vegas

I. KAFA 25th Anniversary Conference

We are pleased to announce the following papers for presentation at the KAFA 25th Anniversary Conference (joint with Korea Capital Market Institute (KCMI) and SKK GSB, Sungkyunkwan University).

- **When: June 3, 2016 (Friday)**
- **Where: SKK GSB at Sungkyunkwan University, Seoul**
- **Keynote speaker:**
Dr. Inseok Shin, President of KCMI
- **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”

II. Recent KAFA Activities

1. Two KAFA-FMA special sessions at the 2015 FMA annual meeting in Orlando, FL

We appreciate Professor Saeyong Chang and Hyunhan Shin to organize two special sessions in 2015 FMA meetings

- **Issues in Capital Markets and Risk Management in Korea** - Friday, October 16, 8:00 - 10:00 am, Session 141

Moderator: Chan-Wung Kim, University of Massachusetts-Lowell

Panelists

- Inhyung Lee**, Vice President, Korea Capital Market Institute
- Dong Wook Lee**, Professor, Korea University
- Joon Ho Hwang**, Professor, Korea University



- **Corporate governance in Asia** - Friday, October 16 10:15 - 11:45 am, Session 167

Moderator: Saeyoung Chang, University of Nevada, Las Vegas

Panelists

- Sandra M. Dow**, Professor, Middlebury Institute of International Studies
- John Puthenpurackal**, Professor, University of Nevada, Las Vegas
- Woochan Kim**, Professor, Korea University
- Woojin Kim**, Professor, Seoul National University

2. Joint Seminar with Korea Capital Market Institute (KCMI) in Seoul, Korea on December 8, 2015

- Kee Ho Chung, State University of New York at Buffalo, "Corporate governance and the informational efficiency of prices."
- Soku Byoun, Baylor University, "Does corporate board diversity affect corporate payout policy?"
- Jongsub Lee, University of Florida, "Family feud: Succession tournaments and risk-taking in Korean Chaebols"
- Woojin Kim, Seoul National University, "Free lunches for insiders under investor inertia and limited arbitrage."

3. The 10th International Conference on Asia-Pacific Financial Markets (CAFM 2015) held by Korean Securities Association (KSA) in Seoul, Korea on Saturday, December 5, 2015

In addition to many independent participants of KAFA members, the following members

presented their papers selected by the KAFA review committee:

- Soku Byoun, "Does Corporate Board Diversity Affect Corporate Payout Policy?"
- Young Sang Kim, "The Effect of Corporate Governance on Corporate Social Responsibility."
- Sung C. Bae, "Foreign Currency Debt Financing, Firm Value, and Risk: Evidence from Korea Surrounding the Global Financial Crisis."

III. Call for Papers for Year 2016

1. Joint Conference with Allied Korea Finance Associations (KFAs)

As in previous years, we expect to be part of the 2016 joint conference with Korean counterparts (KFAs). In anticipation of this conference, the KAFA would like to announce a call for papers.

- Topics: Any finance area
- Conference date: May 27-28, 2016 (tentative)
- Submission deadline: March 26, 2016
- Notification of the accepted papers: April 15, 2016 (expect to be 5-6 papers)
- Submit papers to Professor Soku Byoun, President-Elect, Soku_Byoun@baylor.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).

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

The annual joint conference with the KIF and the KAFA will be held as a one-day conference. The date is May 30, 2016. While the main theme for this year's conference is on "Global Divergences and Financial Markets", papers dealing with general issues in financial/capital markets and related issues are also welcome.

- Conference date: May 30, 2016
- Submission deadline: March 26, 2016
- Notification of the accepted papers: April 15, 2016
- Submit papers to: Professor Soku Byoun, President-Elect, Soku_Byoun@baylor.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).

- Conference date: June 1, 2015 (tentative)
- Submission deadline: March 31, 2015
- Notification of the accepted papers: April 25, 2015 (2 papers)
- Submit papers to: Professor Saeyong Chang, President-Elect, saeyoung.chang@unlv.edu
- 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).*

IV. Kafa Awards

The 2016 Eminent Scholar Award and the 2016 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 7th 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 2015 through August 2016, 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 2016 FMA Meetings.

4. Call for the 7th 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 2016 FMA Meetings.

5. Call for the 7th 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 2016 FMA Meetings.

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

Ph.D. students, who present a paper at the annual 2016 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, 2015. (kimjm@business.rutgers.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, 2016
- ✓ Submit materials to: Saeyong Chang, President, saeyoung.chang@unlv.edu
- ✓ All award winners should attend the annual meeting to receive monetary awards.

V. 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 2015-2016 are listed here.

- Byoun, Soku, Kiyong Chang, and Young Sang Kim, forthcoming, Does corporate board diversity affect corporate payout policy? [*Asia-Pacific Journal of Financial Studies*](#)

- Byoun, Soku, and Zhaoxia Xu, forthcoming, Capital Allocation and Product Market Competition during a Financial Crisis, *Financial Management*
- Kee H. Chung and Sahn-Wook Huh. “[The Noninformation Cost of Trading and Its Relative Importance in Asset Pricing](#).” *Review of Asset Pricing Studies*, Forthcoming.
- Choonsik Lee and Kee H. Chung. “[Antitakeover Statutes and Internal Corporate Governance](#).” *Corporate Governance: An International Review*, Forthcoming.
- Kee H. Chung and Albert Lee. “[High-Frequency Trading: Review of the Literature and Regulatory Initiatives around the World](#).” *Asia-Pacific Journal of Financial Studies*, Forthcoming.
- Choonsik Lee, Kee H. Chung, and Sean Yang. “[Corporate Governance and the Informational Efficiency of Prices](#).” *Financial Management* 45 (Spring 2016), 239-260.
- Kee H. Chung, Jang-Chul Kim, Young Sang Kim, and Hao Zhang. “[Information Asymmetry and Corporate Cash Holdings](#).” *Journal of Business Finance and Accounting* 44 (November/December 2015), 1341-1377.
- Kee H. Chung and Sean Yang. “[Reverse Stock Splits, Institutional Holdings, and Share Value](#).” *Financial Management* 44 (Spring 2015), 177-216
- Kang, Sang Baum, and Pascal Létourneau. "Investors' reaction to the government credibility problem: A real option analysis of emission permit policy risk." *Energy Economics* 54 (2016): 96-107.
- Woojin Kim, Hansoo Choi, Hyung-Goo Kang, Changmin Lee, and Jongsik Park, “Too Big to Jail? Company Status and Judicial Bias in an Emerging Market” March 2016, *Corporate Governance: An International Review*, Vol. 24 No.2, 85-104.
- Woojin Kim, Soo Jin Kim, and Dong Ryung Yang, “Infant Firms in Emerging Market: An Analysis of Stand-Alones vs. Subsidiaries”, December 2015, *Emerging Markets Review*, Vol 25, p. 30-52.
- S. Ghon Rhee, Yangyang Chen, Madhu Veeraraghavan, and Leon Zolotoy "Stock Liquidity and Managerial Short-Termism." 2015, *Journal of Banking and Finance* 60. 44-59.
- S. Ghon Rhee, Yangyang Chen, Cameron Truong, and Madhu Veeraraghavan “National Culture and Cash Holdings in International Markets.” 2015, *Journal of Banking and Finance* 50, 1-18.
- S. Ghon Rhee, Yangyang Chen, Edward J. Podolski, and Madhu Veeraraghavan “Local Gambling Preferences and Corporate Innovative Success.” 2014, *Journal of Financial and Quantitative Analysis* 49(1), 77-106.
- Professor Suk Hi Kim (kimsuk@udmercy.edu) at the University of Detroit Mercy: On November 25, 2015, 도서출판 한솜 (hhansom.co.kr) published Professor Suk Hi Kim’s biography in Korean, “Where there is a will, there is a way (뜻이 있는 곳에 길이 있다: ISBN-978-89-5748-281-0). This book contains a considerable amount of information about both the Korea America Finance Association and the Korea America Economic

Association. KAFA members who are interested in writing their biography in Korean are encouraged to contact him at kimsuk@udmercy.edu.

2. Awards

- DuckKi Cho (Ph.D. Candidate, Arizona State University) has won the best paper award in behavioral finance at the MFA 2016 for the following paper: "Ephemeral Experiences, Long Lived Impact : Disasters and Portfolio Choice."

VI. 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 (kimjm@business.rutgers.edu).
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 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 Univesity
<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), Auburn University
	Hyuna Park (2017), Brooklyn College - CUNY
	Sam Y. Chung (2019), Long Island University
	Young Sang Kim (2019), Northern Kentucky University
	Won Yong Kim (2019), Dickinson College
Advisory Board	All previous presidents

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 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 2016 - 2017 on _____:

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