



Recap of the Joint Symposium of the 13th Annual Conference on Financial Economics and Accounting and the 5th Maryland Finance Symposium, November 15–16, 2002

CHENG-FEW LEE

*Rutgers Business School, Department of Finance and Economics, Janice H. Levin Building,
Rutgers University, 94 Rockefeller Road, Piscataway, NJ 08854-8054, USA*

The 13th Conference on Finance Economics and Accounting was held at the University of Maryland on November 15–16, 2002. The result was both exciting and outstanding. This conference has become one of the most prestigious academic conferences in finance and accounting nationally and internationally. See the attached program for the details of the two-day event.

The following is the fifteen-member executive committee (alphabetically), which coordinated the program:

Executive Committee Members

Walter G. Blacconiere, Indiana University
Lawrence Brown, Georgia State University
Martin Gruber, New York University
D. Erich Hirst, University of Texas at Austin
Bikki Jaggi, Rutgers University
Frank C. Jen, SUNY at Buffalo
Jayant R. Kale, Georgia State University
E. Han Kim, University of Michigan
Oliver Kim, University of Maryland
Cheng-few Lee (conference coordinator), Rutgers University
Joe Ogden, SUNY at Buffalo
Joshua Ronen, New York University
Ehud I. Ronn, University of Texas at Austin
Lemma W. Senbet, University of Maryland
Charles A. Trzcinka, Indiana University

Cheng-few Lee, coordinator, is a permanent member of this committee.

Sponsors

1. Accounting and Information Assurance Department, University of Maryland
2. Finance Department, University of Maryland
3. Robert H. Smith School of Business, University of Maryland
4. *Financial Management*

Thirteenth Annual Conference on Financial Economics and Accounting

**University of Maryland
November 15–16, 2002**

Finance Program:

Lemma W. Senbet
Gurdip Bakshi

Accounting Program:

Oliver Kim
Lawrence A. Gordon

November 15, 2002

12:00 Noon–1:30 p.m. Lunch and Check-in at Inn & Conference Center

2:00 p.m.–3:30 p.m.

Finance

- **Session I: Corporate Finance and Governance (1511 VMH)**

Chairperson: Kose John, New York University

1. *Corporate Governance Convergence by Contract: Evidence from Cross-Border Mergers*

Arturo Bris, Yale University
Christos Cabolis, Yale University

2. *Horses and Rabbits? Optimal Dynamic Capital Structure from Shareholder and Manager Perspectives*

Allen Potesman, University of Illinois
Nengjiu Ju, University of Maryland
Robert Parrino, University of Texas, Austin
Michael Weisbach, University of Illinois

3. *Organizational Form and Product Market Competition: Are Focused Firms Weak Competitors?*

Sheri Tice, Tulane University
Naveen Khanna, Michigan State University

Discussants:

1. Toni Whited, University of Iowa
2. Robert McDonald, Northwestern University
3. Gordon Phillips, University of Maryland

Accounting

● **Session I: Pro-forma Earnings and Other Voluntary Disclosure (1505 VMH)**

Chairperson: Joshua Ronen, New York University

1. *Voluntary Disclosures, Information Asymmetry and Reg FD*

Stephen Brown, Emory University
Stephen Hillegeist, Northwestern University
Kin Lo, University of British Columbia

2. *Earnings Quality and Strategic Disclosure: An Empirical Examination of Pro Forma Earnings*

Carol Marquardt, New York University
Barbara Lougee, University of California, Irvine

3. *Are Investors Misled by “Pro Forma” Earnings?*

William Schwartz Jr., University of Arizona
Bruce Johnson, University of Iowa

Session Discussant:

Bala Dharan, Rice University

3:30 p.m.–3:45 p.m. Break (Grand Atrium, VMH)

3:30 p.m.–5:30 p.m.

Finance

● **Session II: Asset Pricing (1511 VMH)**

Chairperson: Craig MacKinlay, University of Pennsylvania

1. *Testing Portfolio Efficiency with Conditioning Information*

Wayne Ferson, Boston College
Andrew Siegel, University of Washington

2. *Market Myopia, Market Mania, or Market Efficiency? An Examination of Stock and Bond Price Reactions to R&D Increases and Subsequent Performance*

Allan Eberhart, Georgetown University
Akhtar Siddique, Georgetown University
William Maxwell, University of Arizona

3. *Revenue Growth and Stock Returns*

Narasimhan Jegadeesh, University of Illinois

4. *Testing Behavioral Finance Theories Using Trends and Sequences in Financial Performance*

Richard Frankel, MIT
Wesley Chan, MIT
S.P. Kothari, MIT

Discussants:

1. Anthony Lynch, New York University
2. Guojun Wu, University of Michigan
3. Jonathan Lewellen, MIT
4. Tarun Chordia, Emory University

Accounting

• **Session II: Earnings Management (1505 VMH)**

Chairperson: Walter Blacconiere, Indiana University

1. *Managers' Guidance of Analysts: International Evidence*

Lawrence Brown, Georgia State University
Huong Ngo Higgins, Worcester Polytechnic Institute

2. *The Relation Between Incentives to Avoid Debt Covenant Default and Insider Trading*

Messod Beneish, Indiana University
Eric Press, Temple University
Mark Vargus, University of Texas, Dallas

3. *Using Large Changes in Asset Turnover as a Signal of Potential Earnings Management*

Ivo Jansen, Georgetown University
Teri Yohn, Georgetown University

Session Discussant:

David Burgstahler, University of Washington

6:30 p.m.–7:30 p.m. Cocktail Reception

7:30 p.m.–9:00 p.m. Dinner and Keynote Address (Inn & Conference Center–Main Ballroom)

Keynote Speaker: Michael J. Brennan, UCLA

November 16, 2002

8:00 a.m.–8:30 a.m. Continental Breakfast (Grand Atrium, Van Munching Hall)

8:30 a.m.–10:00 a.m.

Finance

• **Session III: *Contract Design and Financial Intermediation (1511 VMH)***

Chairperson: Anjan Thakor, University of Michigan

1. *The Impact of Organizational Form on Information Collection and the Value of the Firm*

Eitan Goldman, University of North Carolina

2. *Optimal Contracts for Teams of Money Managers*

Pegaret Pichler, Boston College

3. *Does the Source of Capital Affect Capital Structure?*

Michael Faulkender, Washington University in St. Louis
Mitchell Petersen, Northwestern University

Discussants:

1. Simi Kedia, Harvard University

2. Amar Gande, Vanderbilt University
3. Hamid Mehran, Federal Reserve Bank of New York

Accounting

● **Session III: *The Role of Formal Models in Interpreting Empirical Evidence (1505 VMH)***

Chairperson: Thomas Hemmer, University of Chicago

1. *Accruals, Returns, and Earnings*

Carolyn Levine, Carnegie Mellon University
Michael Smith, Duke University

2. *The Effects of True and Perceived Ability*

Qi Chen, Duke University
Wei Jiang, Columbia University

3. *On the Not so Obvious Relation between Risk and Incentives in Principal-Agent-Relations*

Thomas Hemmer, University of Chicago

Session Discussant:

Bharat Sarath, CUNY, Baruch College

10:00 a.m.–10:15 a.m. Break (Grand Atrium, VMH)

10:15 a.m.–11:45 a.m.

Finance

● **Session IV: *Market Microstructure (1511 VMH)***

Chairperson: Charles Trzcinka, Indiana University

1. *Evidence on the Speed of Convergence to Market Efficiency*

Avanidhar Subrahmanyam, UCLA
Tarun Chordia, Emory University
Richard Roll, UCLA

2. *Liquidity of Emerging Markets*

David Lesmond, Tulane University

3. *Institutional Trading Costs on Nasdaq: Have They Been Decimated?*

Ingrid Werver, Ohio State University

Discussants:

1. Elizabeth Odders-White, University of Wisconsin, Madison
2. Patrick Sandas, University of Pennsylvania
3. Charles Cao, Pennsylvania State University

Accounting

● **Session IV: Analyst Forecasts of Earnings (1505 VMH)**

Chairperson: Lawrence Brown, Georgia State University

1. *Who is Afraid of Reg FD? The Behavior and Performance of Sell-Side Analysts Following the SEC's Fair Disclosure Rules*

Anup Agrawal, University of Alabama
Sahiba Chadha, University of Alabama

2. *Has Regulation Fair Disclosure Affected Financial Analysts' Ability to Forecast Earnings?*

Partha Mohanram, New York University
Shyam Sunder, New York University

3. *Analysts' Forecasts in "Good-News" and "Bad-News" Environments: Evidence of Differential Timing of Information Arrival*

Praveen Sinha, Cornell University
Pradyot Sen, University of Cincinnati

Session Discussant:

Eric Zitzewitz, Stanford University

12:00–1:30 p.m. Lunch (Grand Atrium, VMH)

Distinguished Speaker: Robert E. Verrecchia, The Wharton School

1:45 p.m.–3:15 p.m.

Finance

● **Session V: International Finance (1511 VMH)**

Chairperson: Vojislav "Max" Maksimovic, University of Maryland

1. *Institutions, Markets and Growth: A Theory of Comparative Corporate Governance*

Kose John, New York University
Simi Kedia, Harvard University

2. *Patterns of Industrial Development Revisited: The Role of Finance*

Rqymond Fisman, Columbia University
Inessa Love, The World Bank

3. *The World Price of Earnings Opacity*

Utpal Bhattacharya, Indiana University

Discussants:

1. Sugato Bhattacharyya, University of Michigan
2. Reena Aggarwal, Georgetown University
3. Raj Aggarwal, Dartmouth College

Accounting

• **Session V: Extending the Analysis of the Earnings Returns Relation (1505 VMH)**

Chairperson: Jeffery Abarbanell, University of North Carolina

1. *Earnings Quality and Price Quality*

Ran Hoitash, Rutgers University
Murgie Krishnan, Rutgers University
Srinivason Sankaraguruswamy, Georgetown University

2. *Rational Exuberance: The Fundamentals of Pricing Firms, from Blue Chip to "Dot-Com"*

Mark Kamstra, Atlanta Federal Reserve Bank

3. *Loss Reversals and Valuation*

Peter Joos, MIT
George Plesko, MIT

Session Discussant:

Sudhakar Balachandran, Columbia University

3:15 p.m.–3:30 p.m. Break (Grand Atrium, VMH)

3:45 p.m.–5:45 p.m.

Finance

- **Session VI: Derivatives and Risk Management (1511 VMH)**

Chairperson: Ehud Ronn, University of Texas, Austin

1. *Overconfidence and Speculative Bubbles*

Wei Xiong, Princeton University

Jose Scheinkman, Princeton University

2. *Idiosyncratic Risk and Creative Destruction in Japan*

Yasushi Hamao, University of Southern California

Jianping Mei, New York University

Yexiao Xu, University of Texas, Dallas

3. *Fed Funds Rate Targeting, Monetary Regimes and the Term Structure of Interbank Rates: Explaining the Predictability Smile*

Vassil Donstantinov, University of Wyoming

4. *Modeling Credit Risk and Partial Information*

Yildiray Yildirim, Syracuse University

Unut Cetin, Cornell University

Robert Jarrow, Cornell University

Philip Protter, Cornell University

Discussants:

1. Michael Gallmayer, Carnegie Mellon University
2. Burton Hollifield, Carnegie Mellon University
3. David Chapman, University of Texas, Austin
4. Greg Duffee, University of California, Berkeley

Accounting

- **Session VI: International Accounting (1505 VMH)**

Chairperson: Larry Gordon, University of Maryland

1. *(Non) Convergence in International Accrual Accounting: The Role of Institutional Factors and Real Operating Effects*

Peter Joos, MIT

Peter Wysocki, MIT

2. *Economic Consequences from Mandatory Adoption of IASB Standards in the European Union*

Joseph Comprix, Arizona State University
Karl Muller, Pennsylvania State University
Mary Stanford-Harris, Texas Christian University

3. *Stock Exchange Disclosure and Market Liquidity: An Analysis of 50 International Exchanges*

Carol Frost, Dartmouth College
Elizabeth Gordon, Rutgers University
Andrew Hayes, Ohio State University

Session Discussant:

Christian Leuz, University of Pennsylvania

6:30–8:00 p.m. Optional Dinner (Inn & Conference Center, Chasen Family Room)