Centre for Applied Financial Studies
4th Behavioural Finance and Capital Markets Conference

24 – 25 July 2014

Rockford Hotel, 164 Hindley Street
Adelaide, South Australia

Presented by the Centre for Applied Financial Studies and the School of Commerce, University of South Australia Business School, and co-supported by CM CRC, CIFR and SIRCA.
# Program – Thursday 24 July

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<td><strong>Betting Against Beta or Demand for Lottery</strong></td>
<td>Stephen J. Brown (New York University)</td>
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<td>Corporate Social Responsibility and CEO Confidence</td>
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<td>Mark Humphery-Jenner (University of New South Wales)</td>
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<td>Vinay Patel (University of Technology, Sydney)</td>
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<td>6:00 - 10:00</td>
<td>DINNER</td>
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# Program – Friday, 25 July

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<td><strong>Session 3: From Capital Structure to Capital Markets</strong></td>
<td><strong>Chair David Allen</strong></td>
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<td><em>The Cost of Capital and Optimal Financing Policy in a Dynamic Setting</em></td>
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<td>Alfred Yawson (Flinders University)</td>
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<td>9:40 - 10:20</td>
<td><em>Liquidity Provision in Limit Order Book Markets</em></td>
<td><strong>Tālis J. Putniņš</strong> (University of Technology, Sydney)</td>
<td><strong>Huu Nhan Duong</strong> (Monash University)</td>
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<td><strong>Terry Walter</strong> (The University of Sydney)</td>
<td><strong>Paskalis Glabadanidis</strong> (The University of Adelaide)</td>
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<td><em>New Findings on What Makes for Effective Boards of Directors</em></td>
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<td>Ronald Masulis (University of New South Wales)</td>
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<td><em>Do More Liquid Markets Have More Informative Prices?</em></td>
<td>Bao Doan (University of New South Wales)</td>
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<td><strong>Session 5: Competition and Stress at Home and in the Market</strong></td>
<td><strong>Lei Xu</strong> (University of South Australia)</td>
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<td><strong>Andrew Grant</strong> (The University of Sydney)</td>
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<td><strong>Petko Kalev</strong> (University of South Australia)</td>
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Abstracts

Keynote Address 1: Thursday 24 July 10:00 – 11:00

Betting Against Beta or Demand for Lottery
Stephen J. Brown, New York University
Turan G. Bali, Stephen J. Brown, Scott Murray and Yi Tang

Frazzini and Pedersen (2014) document that a betting against beta strategy that takes long positions in low-beta stocks and short positions in high-beta stocks generates a large abnormal return of 6.6% per year and they attribute this phenomenon to funding liquidity risk. We demonstrate that price pressure driven by demand for lottery-like stocks, not funding liquidity risk, generates the betting against beta phenomenon. Portfolio and regression analyses show that, after controlling for lottery demand, the betting against beta phenomenon disappears, while other variables, including measures of funding liquidity risk, fail to explain the effect. Furthermore, the betting against beta phenomenon only exists when the price impact of lottery demand falls disproportionately on high-beta stocks. Finally, factor models that include our lottery-demand factor explain the abnormal returns of the betting against beta portfolio as well as the betting against beta factor generated by Frazzini and Pedersen (2014). We conclude that the betting against beta phenomenon is a manifestation of demand for lottery-like stocks.

Panel Discussion: Thursday 24 July 11:30 – 1:00

Innovations in Capital Markets and the Role of Academics in Ensuring Both Market Efficiency and Fairness
Panellists:
Michael Aitken, Stephen J. Brown, James Cummings, David Gallagher, Kingsley Jones

Session 1: Thursday 24 July 2:00 – 3:20

Confident and Overconfident CEOs

Corporate Social Responsibility and CEO Confidence
Barry Oliver, The University of Queensland
Scott McCarthy, Barry Oliver, Sizhe Song

Extensive research examines different dimensions of overconfidence as well as the impacts of CEO confidence on various corporate policies. In this study, we examine the relation between CEO confidence and firm CSR. CEOs who are overconfident underestimate firm risks which lead overconfident CEOs to undertake less hedging. Research shows that CSR has a hedging feature. We find that CEO confidence is negatively related to the level of CSR supporting the hedging hypothesis. This effect is stronger among the institutional aspects of CSR (particularly community and workforce diversity), which target secondary stakeholders rather than the technical aspects of CSR (corporate governance and employee relation). We find that there is no relation between the level of confidence in female CEOs and CSR. Furthermore, female CEO interest in CSR does not appear to be mediated by their level of confidence. Finally, our results are robust to different competing explanations and alternative proxies for CSR and confidence. The findings offer important implications from an agency problem perspective. Overconfident male CEOs overestimate the probability of success and underestimate risk so that they are involved in less CSR, which ironically could mitigate the negative effects of damaging events on firm value. Employing female CEOs may help reduce this effect.
Executive Overconfidence and Compensation Structure

Mark Humphery-Jenner, University of New South Wales
Mark Humphery-Jenner, Ling Lei Lisic, Vikram Nanda, Sabatino (Dino) Silveri

We examine the impact of overconfidence on compensation structure. We test alternative hypotheses, drawing upon and extending existing theories. Our findings support the exploitation hypothesis: firms offer incentive-heavy compensation contracts to overconfident CEOs to exploit their upwardly-biased views of firm prospects. Overconfident CEOs receive more option-intensive compensation and this relation increases with CEO bargaining power. Exogenous shocks (SOX and FAS 123R) provide additional support for the findings. Overconfident non-CEO executives also receive more incentive-based pay, independent of CEO overconfidence, buttressing the notion that firms tailor compensation contracts to individual behavioral traits such as overconfidence.

Session 2: Thursday 24 July
Price Discovery

Price Discovery and Liquidity Characteristics for U.S. Electronic Futures and ETF Markets

Robert Daigler, Florida International University
A. Senol Oztekin, Suchismita Mishra, Pankaj K. Jain, Robert T. Daigler

Using high-frequency datasets we examine price discovery and its determinants for equivalent instruments across futures markets, electronically traded exchange traded funds (ETFs), and spot markets. We compare futures to ETFs for stock indexes, currencies, and metals, using both a normal period and the 2008 financial crisis. Hasbrouck’s information share procedure is employed to determine which instrument dominates price discovery. We then examine the determinants and characteristics of the price discovery process using Hasbrouck’s sequential trading model for the price impact of large trades, and Engle and Lange’s VNET technique for relative depth of each instrument. We find that most price discovery occurs in the more liquid and highly leveraged futures market. However, although liquidity declined in all markets during the financial crisis, the relative contribution of ETFs to both price discovery and VNET depth increased. We also find that the information shares of futures and ETFs depend on the ratio of the quoted percentage spread between futures and ETFs and the aggregate volatility occurring in these markets.

Price Discovery in Stock and Options Markets

Vinay Patel, University of Technology, Sydney
Vinay Patel, Tālis J. Putniņš, David Michayluk

This study sheds new light on the contribution of stock and options markets to price discovery. We use a sample of large US stocks during the past decade and measures of price discovery that overcome a bias that is present in previous empirical work. We find that options markets contribute about one third to price discovery. This estimate is approximately two to five times larger in magnitude than documented in previous studies and suggests that options markets are an important source of informed trading and price discovery, consistent with theoretical predictions. We also find evidence that when a relatively high share of informed trading occurs in the options market (high options market price discovery share), bid-ask spreads in the options market tend to be wide compared to those in the stock market, consistent with relatively high adverse selection risks in the options market. Finally, our results indicate that the leverage offered by options is also a key driver of price discovery in the options market.
The Cost of Capital and Optimal Financing Policy in a Dynamic Setting

Sigitas Karpavičius, Flinders University

This paper revisits the Modigliani-Miller propositions on the optimal financing policy and cost of capital in a dynamic setting. In an environment without taxes and bankruptcy costs, the results are generally consistent with Modigliani and Miller Propositions 1 and 2. However, the first proposition should be presented and interpreted more carefully, as given firm characteristics, there is only one optimal capital structure. Thus, a firm’s capital structure is relevant. A relaxation of assumptions about either taxes or bankruptcy costs leads to conclusions that are generally different from those in Modigliani and Miller (1958). The model predicts that leverage and sales-to-capital ratios decrease but firm size and capital stock increase with the subjective discount factor of the firm’s manager if there are taxes and bankruptcy costs. The empirical analysis supports these predictions.

Liquidity Provision in Limit Order Book Markets

Tālis J. Putniņš, University of Technology, Sydney

We examine what drives informed traders to provide versus consume liquidity in limit order markets. We develop and validate two empirical measures of informed traders’ order choice: (i) how quickly limit order book quotes reflect changes in the fundamental value compared to trade prices; and (ii) the price impact of limit orders compared to market orders. We find that informed traders tend to use limit orders when the market has high uncertainty about the fundamental value (high volatility, wide spreads and low volume). This is because uncertainty reduces the speed at which mispricings are corrected (lower risk of ‘price slippage’), encouraging informed traders to trade more patiently to obtain better execution prices. Furthermore, price discovery is slower when informed traders use limit orders compared to when they use market orders. Consequently, informed traders’ order choice acts as an uncertainty multiplier.

Do Frictions Associated with Market Microstructure Explain the Ex-Dividend Day Anomaly?

Terry Walter, The University of Sydney

We use TAQ data to investigate the microstructure of 73,150 ex-dividend day events during the period August 1993 to December 2008. We calculate calendar and transaction time returns (adjusted and unadjusted) and other microstructure variables for close-to-close and close-to-open prices, employing trade prices, average trade prices, as well as ask, bid and midpoint quotes. Statistically significant positive ex-dividend day returns exist in all empirical partitions. However, the costs for a round trip transaction are larger; accordingly these returns are not economically exploitable. We conclude that significant positive ex-day returns exist because frictions in the market inhibit market participants’ arbitrage activities.
Keynote Address 2: Friday 25 July
11:30 – 12:30

New Findings on What Makes for Effective Boards of Directors
Ronald Masulis, University of New South Wales

Ronald reviews recent evidence on the characteristics of boards of directors that improves their effectiveness as monitors of firm and CEO performance. Many board and director characteristics can impact board effectiveness. These characteristics include board independence and size, composition of key board committees such as nominating, compensation and audit committees, the types of independent director expertise represented, inside director characteristics, the identity of the board chair and the presence of outside blockholder representatives. Several firm characteristics can affect a firm’s ability to recruit qualified directors such as a firm’s headquarters location, a firm’s relative prestige level, and a firm’s current and recent financial condition. Researchers in this area also struggle with a major endogeneity challenge since director nominations are optimally chosen. Finally, in evaluating board effectiveness, a wide array of metrics are employed such as CEO pay and forced turnover sensitivity to performance as well as many firm performance measures.

Session 4: Friday 25 July
1:30 – 3:00

Old Questions – New Empirical Approaches

Empirical Test of the Liquidity-Based Theory of Closed-End Funds
Kok Keng Siaw, University of New South Wales
Jerry Parwada, Kok Keng Siaw

Theory argues that the rationale for the existence of closed-end funds (CEFs) is that they provide investors indirect exposure to their underlying illiquid assets without the high cost associated with trading them directly. Consistent with this reasoning, we show that risk-averse investors invest in CEFs to diversify their portfolios into the illiquid markets in which CEFs specialize. Moreover, investor demand for CEFs is a positive function of the CEF portfolio’s illiquidity level. A direct comparison of CEF holdings with those of CEF investors reveals that the latter underweight stocks invested by CEFs, which are typically small and illiquid. Such impacts of liquidity on investment behavior also vary across investor identities, depending on the level of fiduciary responsibility, investment horizon, and investment style. Beyond the CEF industry, our findings shed new insights on the benefits of the closed-end structure observed in other market segments.

When Does a Stock Boycott Work? Evidence From a Clinical Study of the Sudan Divestment Campaign
Ning Ding, University of New South Wales
Ning Ding, Jerry T. Parwada, Jianfeng Shen

The concept of a stock divestment campaign, a common strategy used by social activists to pressure corporations to abandon undesirable practices, contradicts traditional finance theory that regards a stock’s ownership structure to be irrelevant to its risk and return. In this paper we examine the effectiveness of an international stock boycott by studying a large sample of institutional investor transactions in four emerging market stocks targeted by the Sudan divestment campaign from 2001 to 2012. We find evidence of a negative relationship between the intensity of the campaign and the ownership breadth of the stocks. However, selling by institutional investors is only observed in the U.S., where the campaign operates from. Further, higher campaign intensity is associated with depressed stock prices and thus higher future returns. In sum, our results support the effectiveness of the stock boycott.
Do More Liquid Markets Have More Informative Prices?
Bao Doan, University of New South Wales
Bao Doan, David Michayluk, Tālis J. Putniņš

The relation between liquidity and informational efficiency is unclear because liquidity can improve efficiency by encouraging informed trading and arbitrage, but at the same time such trading imposes adverse selection risks that decrease liquidity. We explore this issue by examining price discovery between cross-listed stocks, and we use instrumental variables to address endogeneity. We find weak support for the notion that, in the short run, informed traders’ choice of market is influenced by the relative liquidity level. In contrast, we find strong evidence that informed trading can widen spreads in the short run and decrease liquidity. Consistent with previous studies, we confirm that a stock’s home market tends to dominate price discovery. Our results suggest that this association occurs primarily due to the home market’s larger share of trading volume, rather than a higher concentration of informed trading. We also show that regulation changes imposed to curb insider trading reduce informed trading in that market and decrease the market’s contribution to price discovery.

Session 5: Friday 25 July
Competition and Stress at Home and in the Market

What Market Structure is Optimal for Illiquid Equities?
Jason Scally, University of South Australia and CM CRC
Elvis Jarnecic, Petko Kalev, Jason Scally

This study investigates the effects of batched intraday call auctions upon illiquid equities - within a duel exchange environment. The Australian Securities Exchange conducted a limited call auction trial, with participating firms not included in the primary S&P/ASX 200 Index. A number of international exchanges have implemented similar schemes. However, the optimality of this structure remains, at best, unclear. We aim to add to sparse and disparate evidence in this area. This question is significant given the bulk of equity market listings can be classified as illiquid. In a dual exchange environment, we find substantial liquidity and cost benefits unreported in previous studies.

For market operators contemplating structural changes in a fragmented market, we propose greater benefits can be realised by implemented a range of measures. These include: increasing the frequency of intraday call auctions, constraining inclusion subject to relative liquidity and tick-size and the provision of rebate incentives for auction orders. Together, these measures create an environment conducive for increased liquidity - with associated benefits for a range of stakeholder and participant groups.
How Beneficial Has Competition Been for the Australian Equity Marketplace?

Sean Foley, The University of Sydney
Michael Aitken, Hao Ming Chen, Sean Foley

This paper analyses the introduction of competition to the Australian equities market. The event of interest is the entry of the Chi-X marketplace and the impact it has on market quality. We define market quality by reference to the universal mandate of securities regulators which require that all market design changes, such as the authorisation of a new marketplace, must improve (or at least, not detract from) market efficiency and market integrity.

We provide evidence that market efficiency, as proxied by transaction costs and price discovery, are improved in the wake of competition. We also argue that the market surveillance changes that accompanied the introduction of competition maintained market integrity, allowing us to conclude that the introduction of competition to the Australian equity market has enhanced market quality. We estimate the welfare affects to be between $36-220m to market participants in the first year alone.

Our results confirm the theoretical findings of Foucault and Menkveld (2008) that reduced explicit fees alone are sufficient to reduce quoted spreads, as these savings are passed on by liquidity providers. We are also able to identify that the majority of spread reductions are caused by queue-jumping strategies due to the lack of time-priority between markets. We are able to show that such activity not only causes increased competition between liquidity suppliers, it also increases the extent to which markets become “locked” or “crossed” – allowing traders to buy and sell at the same price.

Stressors and Financial Market Trading: The Case of Marital Separation

Andrew Grant, The University of Sydney
Andrew Grant, Petko Kalev, Avanidhar Subrahmanyam, P. Joakim Westerholm

The effect of stressors on financial market investment decisions is underexplored. We investigate the association of a common stressful life event, divorce, with the trading behavior of individual investors. In the critical three year period around their divorce, investors realize lower returns compared to a control sample, as well as compared to their own portfolios in other years. After controlling for a number of demographic variables, we document that men and women both underperform immediately around divorce. Two years after, the trading performance of women recovers to pre-divorce levels, while that of men continues to be significantly lower.
Keynote Speakers

Stephen J. Brown
Stephen J. Brown is David S. Loeb Professor of Finance at the Leonard N. Stern School of Business, New York University. He graduated from Melbourne High School and Monash University in Australia and studied at the University of Chicago, earning an MBA in 1974 and a Ph.D in 1976. Following successive appointments as a Member of Technical Staff at Bell Laboratories where he spent time on assignment as District Manager in the AT&T Pension Fund, and Associate Professor at Yale University, he joined the faculty of New York University in 1986. In December 2002 he was appointed to the honorary position of Professorial Fellow with the title of professor at the University of Melbourne, and in 2007 was elected Academic Director, Financial Management Association. He has served as President of the Western Finance Association and Secretary/Treasurer of that organization, has served on the Board of Directors of the American Finance Association, and was a founding editor of the Review of Financial Studies. He is a Managing Editor of The Journal of Financial and Quantitative Analysis and has served on the editorial board of The Journal of Finance and is on the board of the Pacific-Basin Finance Journal and other journals. He has published numerous articles and five books on finance and economics related areas. He is currently a member of the Academic Advisory Board of Russell Investments, is retained as an advisor to MIR Investment Management Ltd in Sydney, and has served as an expert witness for the US Department of Justice and has testified on his research before a Full Committee Hearing of the U.S. Congress House Financial Services Committee in March 2007. In 2010 he served as a member of the Research Evaluation Committee of the Excellence in Research Australia initiative on behalf of the Australian Government.

Ronald Masulis
Ron Masulis is the Scientia Professor of Finance and Macquarie Group Chair of Financial Services at the Australian School of Business, University of New South Wales. Ron received his MBA and PhD from the University of Chicago. He is a recognized authority in the field of empirical corporate finance, and has a particular expertise in the corporate governance area. His published research spans the areas of investment banking, venture capital, international finance, private equity, law and economics and topics in corporate governance such as mergers and acquisitions, boards of directors, executive compensation, ownership structure and business groups. His publication record includes 37 refereed articles in top academic journals of Finance, Economics, Financial Accounting, Law, and Statistics, including 26 articles in the top four finance journals.

Ron is one of the Pacific Basin’s highest ranked financial economists in terms of number of publications and citations across a range of top tier journals including the Journal of Financial Economics, Journal of Finance, Review of Financial Studies, Journal of Law and Economics and Journal of Accounting and Economics. He has won a number of research awards, including five Journal of Financial Economics All Star Paper Awards for his high impact research, which continues to be heavily cited. He was ranked one of the top 100 most prolific authors in finance for the last 50 years, based on publications in 7 leading academic journals in Finance as reported in Heck and Cooley “Most Prolific Authors in the Finance Literature: 1959-2008”.

Ron has served on the Board of Directors/Executive Committee of the American Finance Association, the Western Finance Association and the Financial Management Association. He currently serves as an advisory editor of Financial Management, associate editor of the Journal of Financial and Quantitative Analysis and the Pacific-Basin Finance Journal, and is the vice president for international services at the Financial Management Association. He is a past associate editor of all three top finance journals - the Journal of Financial Economics, Journal of Finance and Review of Financial Studies. He is also currently a research associate at the European Corporate Governance Institute (ECGI) and a senior academic fellow at the Asia Bureau of Finance and Economic Research.
Presenters

Barry Oliver
Barry Oliver is Associate Professor at the UQ Business School. He is an empiricist and has published widely in national and international highly respected academic journals. His qualifications are in finance, economics and psychology. His research interests include the psychology of market participants including how their confidence and market sentiment impact decision making under risk. His recent publications in the Journal of Banking and Finance document the impact of sentiment announcements on salient stocks.

Mark Humphery-Jenner
Mark’s research spans corporate finance, venture capital, and law. He has published and forthcoming papers in finance journals including the Journal of Financial Economics, Journal of Financial and Quantitative analysis, Review of Finance, Journal of Financial Intermediation, and Journal of Corporate Finance. Mark has also published leading management journals, such as Strategic Management Journal and Journal of International Business Studies. He has worked in industry, after working in investment banking, he has consulted for hedge funds. He has also been teaching in various capacities since 2006 and has been an assistant professor in finance since 2012.

Robert Daigler
Robert Daigler is Knight Ridder Research Professor of Finance at Florida International University in Miami, Florida, USA. He is one of the most prolific derivatives researcher in the world over the past 15 years and has been a visiting scholar at the Stanford Business School and The University of Strathclyde. His expertise centers on derivatives markets and microstructure (trading) issues, especially portfolio issues with futures and the VIX (volatility) derivatives. His research has appeared in The Journal of Finance, Journal of Banking and Finance, The Journal of Futures Markets, and others. He has written four books in the futures and options area and is a member of the Board of Editors of The Journal of Futures Markets.

Vinay Patel
Vinay has completed a Bachelor of Business with Honours specialising in Finance and Accounting and has experience in the professional services industry and teaching various finance subjects at an undergraduate level. Currently, he is a PhD Candidate at the University of Technology, Sydney. His thesis examines price discovery in the US and Australian stock and options markets. Vinay’s research interests include: market microstructure and empirical finance. He is seeking an academic position in the Finance field.

Sigita Karpavičius
Dr Sigita Karpavičius is a Lecturer of Finance at Flinders Business School, Flinders University, which he joined in 2011. Dr Karpavičius received his PhD from the University of New South Wales in 2011. Prior to his PhD studies, he did research at the Economics Department of the Bank of Lithuania. Dr Karpavičius’ research interests are in the area of theoretical and empirical corporate finance. They include, but are not limited to, capital structure and security issues, payout policy, executive compensation, and general/partial equilibrium modelling. His research has been published in the Journal of Corporate Finance.

Tālis J. Putniņš
Dr Tālis J. Putniņš is the Chancellor’s Postdoctoral Research Fellow in Finance at the UTS Business School, and Research Associate at the Stockholm School of Economics in Riga. He has been a Visiting Scholar at Columbia University and New York University. His research interests include financial market microstructure, in particular
liquidity, price discovery, and market manipulation, as well as asset pricing. His research has been published in journals such as Journal of Financial and Quantitative Analysis, Journal of Financial Intermediation, the Review of Finance, and the Journal of Empirical Finance. Tālis has worked as a consultant for the Latvian government, Nasdaq OMX, and a number of banks, and has acted as an expert witness in legal cases involving financial securities. He has a PhD from the University of Sydney, and degrees in Engineering and in Finance from the University of Adelaide where he was awarded the University Medal.

**Terry Walter**

Terry Walter holds a fractional appointment as a Professor of Finance in the Discipline of Finance at the University of Sydney. His first academic appointment was in 1973, and since then he has held longstanding appointments at the University of Western Australia, UNSW, UTS, Sirca Limited and the University of Sydney. He was first appointed as a Professor at the University of Sydney in February 1988, and has since then held several senior administrative appointments including Director of Program, Head of School, Chief Research Officer, Head of Division and Dean. He has had several successes with ARC research funding (seven discovery grants, one infrastructure grant, two collaborative grants and one cooperative research centre). Terry has a substantial publication record (including papers published in some of the top finance and accounting journals; Journal of Financial Economics, Journal of Banking and Finance, Journal of Quantitative Finance, Abacus, Journal of Accounting and Public Policy) and has supervised more than 20 PhD students to completion.

**Kok Keng Siaw**

Kenny is a final year PhD student at the University of New South Wales (UNSW) under the supervision of Associate Professor Jerry Parwada. His research focuses on institutional trading behaviour and funds management. His work has been presented at various international conferences including the 7th Conference on Professional Asset Management and the 3rd SIRCA Young Researcher Workshop. During his PhD program, Kenny is also an associate lecturer where he teaches both undergraduate and postgraduate courses in investments and derivative securities. He graduated with a First Class Honours degree specializing in Actuarial Studies from the University of Melbourne. He has completed all three levels of the Chartered Financial Analyst (CFA) program and is working towards to become a fellow of the Institute of Actuaries of Australia (IAAust).

**Ning Ding**

Ning Ding is a Finance PhD student at the University of New South Wales. Previously, she received her MPhil degree in Finance from the University of New South Wales in 2011 and holds a Bachelor of Science degree in Statistics from Fudan University in 2008. Her research interests are in the areas of funds management and financial institutions. The first chapter of her PhD Thesis has been accepted for presentation at the 2013 FMA Annual Meeting and the 2013 FMA Asian Conference, and was the semi-finalist for the 2013 CFA Institute Research Award.

**Bao Doan**

Bao Doan is the current MPhil student from the University of New South Wales (UNSW) and will enter into the PhD program of UNSW in July, 2014. His main research interests include quantitative finance with financial applications of the copula-based approach and stochastic filtering and market microstructure.
Jason Scally
Jason holds a Bachelor degree from the Queensland University of Technology, and Master of Philosophy (Applied Statistics) from the University of Queensland. He is a current PhD student at the University of South Australia – a position sponsored by the Capital Markets CRC and Australian Securities Exchange. His interest areas include: microstructure, time series analysis and portfolio management and evaluation applications.

Sean Foley
Sean Foley is a lecturer at the University of Sydney. His research interest lies in the areas of stock market integrity and regulation. Sean’s work on integrity has focussed on the impact of insider trading and market manipulation on market quality. His work on regulation has focussed on the impact of the introduction and regulation of dark pools and the impact of high frequency trading on market quality. These research areas are both grounded in the market microstructure literature.

Andrew Grant
Andrew is a lecturer in the Discipline of Finance at the University of Sydney Business School. He has held a visiting scholar appointment at the University of Southampton Management School. His research interests are behavioural finance and the trading behaviour of individual investors, as well as the economics of gambling markets, and his research has appeared across a wide spectrum of academic and popular outlets.
Panellists

Michael Aitken
Listed among the top 1000 authors publishing in the finance literature over the last 50 years, Mike Aitken is also a serial entrepreneur who founded the CMCRC, its predecessor organisation SIRCA (www.sirca.org.au) as well as the SMARTS Group, a private Australian company that set the standard in real-time market surveillance, recently sold to NASDAQ-OMX. He has overseen the development of fraud detection technologies not only for securities markets, but also accounting and audit markets, and in health insurance and general insurance. As Chief Scientist, he leads a team of over 30 academic and industry researchers and over 50 PhD students, in a world class PhD program across the disciplines of finance, accounting, engineering, computer science and information systems. Mike was awarded a Ph. D. from the University of New South Wales and a Master of Business Studies from Massey University. In recognition of his contributions, in 2010 he was named E&Y ICT Entrepreneur of the Year and Prime Minister Exporter of the Year.

Stephen J. Brown
Stephen J. Brown is David S. Loeb Professor of Finance at the Leonard N. Stern School of Business, New York University. He graduated from Melbourne High School and Monash University in Australia and studied at the University of Chicago, earning an MBA in 1974 and a Ph.D in 1976. Following successive appointments as a Member of Technical Staff at Bell Laboratories where he spent time on assignment as District Manager in the AT&T Pension Fund, and Associate Professor at Yale University, he joined the faculty of New York University in 1986. In December 2002 he was appointed to the honorary position of Professorial Fellow with the title of professor at the University of Melbourne, and in 2007 was elected Academic Director, Financial Management Association He has served as President of the Western Finance Association and Secretary/Treasurer of that organization, has served on the Board of Directors of the American Finance Association, and was a founding editor of the Review of Financial Studies. He is a Managing Editor of The Journal of Financial and Quantitative Analysis and has served on the editorial board of The Journal of Finance and is on the board of the Pacific-Basin Finance Journal and other journals. He has published numerous articles and five books on finance and economics related areas. He is currently a member of the Academic Advisory Board of Russell Investments, is retained as an advisor to MIR Investment Management Ltd in Sydney, and has served as an expert witness for the US Department of Justice and has testified on his research before a Full Committee Hearing of the U.S. Congress House Financial Services Committee in March 2007. In 2010 he served as a member of the Research Evaluation Committee of the Excellence in Research Australia initiative on behalf of the Australian Government.

David Gallagher
David was appointed Chief Executive Officer of CIFR and Professor in the Australian School of Business at UNSW Australia in April 2013. David previously held senior academic appointments at the Macquarie Graduate School of Management, The University of Texas at Austin, and the University of Technology, Sydney, and served as a visiting scholar with the Investment Company Institute in Washington DC. David’s research interests and expertise are in the fields of investment management and capital markets. His research has led to industry and academic awards, together with competitively awarded research grants. He is well known in industry, and has undertaken research and consulting work for numerous organisations within the financial industry. He is a Research Director at the Capital Markets CRC Limited, an Editor of ‘Accounting and Finance’ and serves on the advisory board of MARQ Services Pty Limited. David was awarded a PhD in Finance from The University of Sydney Business School.
Kingsley Jones
Kingsley was appointed as a CIFR Research Fellow in April 2014. Kingsley is the Founding Partner/CIO for Jevons Global, a global investment firm. He has held a number of senior positions in the financial services industry over the past 17 years, including Portfolio Manager for the Macquarie Global Thematic Fund; Global Head of Quantitative Trading Research and a member of the Australian Value team at AllianceBernstein LP; Head of Quantitative Research at CFSB in Sydney; and Quantitative Analyst at County Investment Management. Kingsley holds a PhD in Theoretical Physics from the University of Bristol, and a BSc (Hons) from The Australian National University, a CFA and is an affiliate member of the MTA. He is a commentator on CNBC and developed the cost-basis theory of market sentiment.

James Cummings
Dr James Cummings is a lecturer in the Department of Applied Finance and Actuarial Studies at Macquarie University. He holds a Bachelor of Arts (Demography) from Macquarie University and a Master of Commerce (Finance with Economics and International Business) and a Doctor of Philosophy (Finance) from the University of Sydney. The title of his doctoral thesis was “Three essays on price formation and liquidity in financial futures markets.” His research has been published in leading scholarly journals including the Journal of Futures Markets, Accounting and Finance and the Australian Journal of Management. Dr Cummings is the author of several market insights research papers for the Australian Securities Exchange. He has presented his research at international conferences including meetings of the Financial Management Association International, Asian Finance Association, Netspar International Pension Workshop and the European Financial Management Association. Dr Cummings specialises in financial markets and institutions.
Discussants

Kartick Gupta
Kartick joined the University of South Australia as a Senior Lecturer in Finance starting July 2013. Previous to this, he was associated with the Department of Finance, Auckland University of Technology, New Zealand from 2009-2013. He takes active interest in financial research and has published his research findings in many refereed journals. Kartick has won several research and teaching awards, including the best paper award at the 9th International Conference on Corporate Governance and the 2nd best paper award at the 2011 Asian FMA, sponsored by the CFA Institute. His main research interests are in the areas of corporate finance, corporate governance, behavioral finance, financial crisis and stock market anomalies. Kartick holds a Ph.D. in Finance from the University of Waikato and M.A. in Finance & Investment from the University of Nottingham. He is also a CFA® charterholder and a Ceritied FRM.

Robert Durand
Robert Durand is Professor of Finance at Curtin University in Western Australia. Robert’s interest in finance was stimulated by his experiences in the Crash of 1987 and his research has helped him come to grips with this traumatic event. Robert’s work focuses on asset pricing models and behavioural finance. He has recently worked on the relationship of personality traits and investment behaviour. He has published over forty articles in scholarly journals including the Journal of Behavioral Finance, the Journal of Empirical Finance, Financial Management, the Pacific-Basin Finance Journal, the Review of Behavioral Finance, Accounting and Finance, and the Australian Journal of Management. “Personality Traits”, co-authored with Lucia Fung, is featured in Investor Behavior – The Psychology of Financial Planning and Investing, edited by J. Kent Baker and Victor Ricciardi (John Wiley, New Jersey, 2014). Robert holds a BA (Hons.) from the University of Sydney, an MBA from the University of Edinburgh and a PhD from Murdoch University.

David Michayluk
David Michayluk is a professor of Finance at the University of Technology, Sydney. He obtained his Ph.D. at Louisiana State University in 1998 for his work on intraday price formation and bid-ask spread components of stocks traded on the New York Stock Exchange and the Paris Bourse. He has built on his work in market microstructure and has been researching in corporate finance, real estate and behavioural finance. David cofounded the International Journal of Managerial Finance and is the current editor.

David Allen
David Allen has recently joined the Centre for Applied Financial Studies at the University of South Australia as an Adjunct Professor of Finance. He is also a Visiting Professor in the School of Mathematics and Statistics at the University of Sydney. His previous positions include the Foundation Professorship of Finance in the Faculty of Business and Law at Edith Cowan University, from 1996 to 2013, plus the Challenge Bank Professorship of Finance at Curtin University of Technology from 1992-1996. He has also held academic positions at the University of Western Australia and the University of Edinburgh. His qualifications include an Honours degree in Economics from St. Andrews University in Scotland, an M.Phil in the History of Economic thought from Leicester University in England and a Ph.D in Finance from the University of Western Australia. He has published several books and
monographs; 30 chapters in books on subject areas covering business economics, finance, and econometrics plus over 90 refereed journal publications. The latter have been undertaken on a wide range of topics including: corporate financial policy decisions, asset pricing, business economics, funds management and performance bench-marking, volatility modelling and hedging, and market microstructure and liquidity. His recent work has been mainly focused on risk modelling.

Alfred Yawson
Dr Alfred Yawson is an Associate Professor in Finance at the University of Adelaide Business School. He joined the University of Adelaide in 2009 from the University of New South Wales (Sydney). In 2013/2014, Alfred spent a period of one year as a Visiting Research Scholar at Cass Business School, City University London. His primary research interests are corporate finance, particularly corporate restructuring (mergers and acquisitions, divestitures, employee layoffs and strategic alliances) and corporate governance. He has published in leading finance journals including Journal of Banking and Finance, Journal of Empirical Finance and Journal of Business Finance and Accounting. Born and raised in Ghana, Alfred obtained a first class honours degree in Accounting from the University of Ghana, a Master of Science in Finance with distinction and a PhD in Finance from Queen’s University Belfast in the UK. He is a Chartered Accountant with industry experience from reputable financial institutions.

Huu Nhan Duong
Huu Duong is a Senior Lecturer in Finance at Monash University. Huu has published in academic and practitioner journals such as the Journal of Banking and Finance, Financial Review, Journal of Futures Markets, Pacific-Basin Finance Journal, Journal of International Financial Markets, Institutions & Money, and Journal of Trading. He has also won awards for conference papers presented at the Financial Management Association Meeting and the Finance and Corporate Governance Conference and competitive research grants from the Australian Research Council (ARC), the Accounting and Finance Association of Australia and New Zealand (AFAANZ), and the Australian Centre for Financial Studies (ACFS).

Paskalis Glabadanidis
Paskalis Glabadanidis obtained his PhD from the Olin School of Business at Washington University in St. Louis. He has worked at Koc University in Istanbul, Turkey before moving to the University of Adelaide. His research interests are in the fields of financial econometrics and applied asset pricing theory. His teaching interests are in investments and valuation.
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