



**The School of Business Administration**

**The Hebrew University of Jerusalem**

**The 2014 Jerusalem Finance Conference**

**In honor of Professor Dan Galai and Professor Itzhak Venezia**

## **Financial Modeling and Capital Markets**

**May 20-22, 2014**

**(All lectures will take place at the Israel Institute for Advanced Studies, Edmond J. Safra campus of The Hebrew University of Jerusalem, Feldman Building, Givat Ram)**

**Organizing committee: Doron Avramov, Orly Sade, Rachel Shalom-Gilo, Zvi Wiener  
(The Hebrew University)**

# PROGRAM

## Tuesday, May 20

8:30-9:15 Registration

9:15- 10:00 Greetings:

**Yishay Yafeh** (Dean, School of Business Administration of The Hebrew University)

**Menachem Brenner** (New York University)

**Sasson Bar-Yosef** (Bocconi University)

### 10:00-12:35 Session 1: Financial Modeling

Chair: Avner Kalay (Tel Aviv University)

10:00-10:20 **Avanidhar Subrahmanyam** (UCLA)

Allaudeen Hameed (National University of Singapore)

Si Cheng (Queen's University Management School, Belfast)

Sheridan Titman (University of Texas at Austin)

*Short-Horizon Return Reversals and the Efficiency of Liquidity Provision*

10:20-10:35 Discussion-Avi Wohl (Tel Aviv University)

10:35-10:55 **Yakov Amihud** (New York University)

*The Pricing of the Illiquidity Factor's Systematic Risk*

10:55-11:10 Discussion- Golan Benita (Bank of Israel)

Coffee Break

11:25-11:45 **Dan Galai** (The Hebrew University)

Zvi Wiener (The Hebrew University)

*The impact of Dividend Policy on the Valuation of Equity, Debt and Credit Risk*

11:45-12:00 Discussion- Gil Finkelstein (The Hebrew University)

12:00-12:20 **Vladimir Vladimirov** (University of Amsterdam)

Arnoud Boot (University of Amsterdam)

*Entrepreneurial Vision, Information and Cash*

12:20-12:35 Discussion- Ilan Kremer (The Hebrew University)

12:35 Lunch

### 13:35-16:45 Session 2: Asset Pricing

Chair: Oded Sarig (IDC)

13:35-13:55 **Doron Avramov** (The Hebrew University)

Scott Cederburg (University of Arizona)

*The Idiosyncratic Volatility Expected Return Relation Reconciling the Conflicting Evidence*

13:55-14:10 Discussion- Avanidhar Subrahmanyam (UCLA)

14:10-14:30 **Michael Weber** (UC Berkeley)

*Nominal Rigidities and Asset Pricing*

14:30-14:45 Discussion- Ilan Cooper (Norwegian Business School)

14:45-15:05 **Elvira Sojli** (Erasmus University Rotterdam)

Johannes A. Skjeltorp (Norges Bank)  
Wing Wah Tham (Erasmus University Rotterdam and Tinbergen Institute)  
***Trading on Algos***

15:05-15:20 Discussion- Galla Salganik (Ben-Gurion University)

Coffee Break

15:35-15:55 **Bige Kahraman** (Stockholm School of Economics and SIFR)  
Mariassunta Giannetti (Stockholm School of Economics, CEPR, and ECGI)  
***Who Trades Against Mispricing***

15:55-16:10 Discussion- Shimon Kogan (IDC)

16:10-16:30 **Martin Cherkes** (Columbia University)  
Charles M. Jones (Columbia University)  
Chester Spatt (Carnegie Mellon University)  
***A Solution to the Palm-3Com Spin-Off Puzzles***

16:30-16:45 Discussion- Elazar Berkovitch (IDC)

18:30 Reception and Concert at the Jerusalem Music Center

### Wednesday, May 21

#### **9:30-11:15 Session 3: Bubbles and Anomalies in Capital Markets**

Chair: Roni Ofer (Tel Aviv University)

9:30-9:50 **Fernando Zapatero** (University of Southern California)  
Juan Sotes-Paladino (University of Melbourne)  
***Riding the Bubble with Convex Incentives***

9:50-10:05 Discussion-Alon Raviv (Bar Ilan University)

10:05-10:25 **Haim Kedar-Levy** (Ben-Gurion University)  
Doron Avramov (The Hebrew University)  
***A Dynamic Equilibrium Model of Bubbles***

10:25-10:40 Discussion- Guy Kaplanski (Bar-Ilan University)

10:40-11:00 **Joshua Livnat** (New York University)  
Pavel G. Savor (Temple University)  
Stephanie Sykes (Wharton School of Business University of Pennsylvania)  
***Quantitative and Fundamental Investors - Evidence from  
Market Reactions to SEC Filings and Compustat Delivery of Information***

11:00-11:15 Discussion- Sasson Bar-Yosef (Bocconi University)

Coffee Break

#### **11.30-13:15 Session 4: Banking**

Chair: Benzion Barlev (The Hebrew University)

11:30-11:50 **Michel Crouhy** (Natixis)  
Dan Galai (The Hebrew University)  
***Are Banks Special?***

11:50-12:05 Discussion- TBA

12:05-12:25 **Teodora Paligorova** (Bank of Canada)  
Joao A. C. Santos (Bank of New York and Nova School of Business and  
Economics)

***Rollover Risk and the Maturity Transformation Function of Banks***

12:25-12:40 Discussion- Yoram Landskroner (The Hebrew University)

12:40-13:00 **Arie Melnik** (University of Haifa)

Oz Shy (Federal Reserve Bank of Boston)

***Exclusion, Competition, and Regulation in the Retail Loan Market***

13:00-13:15 Discussion- Moran Ofir (IDC)

13:15 Lunch

**14:15-17:55 Session 5: Risk Management and Investment**

Chair: Moshe Ben-Horin (The Hebrew University and Ono Academic College)

14:15-14:35 **Zhiyao Chen** (University of Reading, UK)

Ilya A. Strebulaev (Stanford University)

Yuhang Xing (Rice University)

Xiaoyan Zhang (Purdue University)

***Strategic Risk Shifting and the Idiosyncratic Volatility Puzzle***

14:35-14:50 Discussion- Sivan Frenkel (The Hebrew University)

14:50-15:10 **Stuart Greenbaum** (Washington University in St. Louis)

***Tail Risk Perspectives***

15:10-15:25 Discussion- David Disatnik (Tel Aviv University)

15:25-15:45 **Eirini Konstantinidi** (University of Exeter Business School, UK)

George Skiadopoulos (University of Piraeus)

***How does the Market Variance Risk Premium vary over Time? Evidence from S&P 500 Variance Swap Investment Returns***

15:45-16:00 Discussion- Ben Z. Schreiber (Bank of Israel)

Coffee Break

16:10-16:30 **Kyung Hwan Shim** (University of New South Wales)

***Financing Constraints, Substitutability between Production Input Factors and the Cross-Section of Stock Returns***

16:30-16:45 Discussion- Hagai Axelrad (The Hebrew University)

16:45-17:05 **Xi Li** (Hong Kong University of Science and Technology)

Charles Hsu (Hong Kong University of Science and Technology)

Zhiming Ma (Hong Kong University of Science and Technology)

***Product Similarity and Sell-Side Analysts***

17:05-17:20 Discussion-Tsahi Versano (Tel Aviv University)

17:20-17:40 **Ben Z. Schreiber** (Bank of Israel)

Louis Piccotti (Rutgers University)

***Information Share Measures of Two FX Option Markets: Liquidity, Size, and Investors' Type versus Transparency.***

17:40-17:55 Discussion- Meni Abudy (Bar-Ilan University)

**Thursday, May 22**

**8:45-11:15 Session 6: CCA – Contingent Claims Analysis**

Chair: Ronen Israel (IDC)

8:45-9:05 **Menachem Brenner** (New York University)

Patrick Augustin (McGill University)

Marti G. Subrahmanyam (New York University)

***Informed Options Trading prior to M&A Announcements: Insider Trading?***

9:05-9:20 Discussion- Zvi Wiener (The Hebrew University)

9:20-9:40 **Robert Geske** (UCLA)

***Effects of Weekly Equity Options Trading on Market Efficiency***

9:40-9:55 Discussion- TBA

Coffee Break

10:05-10:25 **Michael Neumann** (University of London and London School of Economics)

George Kapetanios (University of London)

George Skiadopoulos (University of Piraeus)

***Jumps in Option Prices and their Determinants: Real-Time Evidence from the E-mini S&P 500***

10:25-10:40 Discussion- Gal Zahavi (Technion-Israel Institute of Technology)

10:40-11:00 **Dragon Yongjun Tang** (University of Hong Kong)

Sarah Qian Wang (University of Warwick)

Marti G. Subrahmanyam (New York University)

***Credit Default Swaps and Corporate Cash Holding***

11:00-11:15 Discussion- Beni Lauterbach (Bar-Ilan University)

Coffee Break

**8:45-11:15 Session 7: Corporate Finance**

Chair: Yishay Yafeh (The Hebrew University)

8:45-9:05 **Ambrus Kecskes** (York University)

Sattar Mansi (Virginia Polytechnic Institute and State University)

Phuong-Anh Nguyen (Virginia Polytechnic Institute and State University)

***Can Firms Do Well for Shareholders by Doing Good for Stakeholders? The Importance of Long-Term Investors***

9:05-9:20 Discussion- Yelena Larkin (SMEAL College of Business, Penn State University)

9:20-9:40 **Evgeny Lyandres** (Boston University)

Maria-Teresa Marchica (University of Manchester)

Roni Michaely (Cornell University and IDC)

Roberto Mura (University of Manchester)

***The Effects of Owners' Portfolio Diversification on Firm Strategies: Theory and Evidence from Private and Public Firms***

9:40-9:55 Discussion- Nisan Langberg (University of Houston and Tel Aviv University)

Coffee Break

10:05-10:25 **S. Abraham Ravid** (Yeshiva University)

Milton Harris (University of Chicago)

Ronald Sverdlove (New Jersey Institute of Technology)

Suman Basuroy (University of Oklahoma)

***Intellectual Property Contracts: Theory and Evidence from Screenplay Sales***

10:25-10:40 Discussion- Itzhak Venezia (The Hebrew University)

10:40-11:00 **Ferhat Akbas** (University of Kansas)  
Felix Meschke (University of Kansas)  
M. Babajide Wintoki (University of Kansas)

***Corporate Directors and Informed Traders***

11:00-11:15 Discussion- Jacov Oded (Tel Aviv University)

Coffee Break

**11:25-13:10 Session 8: Managed Funds Performance**

Chair: Yoram Kroll (The Hebrew University and Ono Academic College)

11:25-11:45 **Oded Palmon** (Rutgers University)  
***Are College Education and Job Experience Complements or Substitutes?  
Evidence from Hedge Fund Portfolio Performance***

11:45-12:00 Discussion- Joshua Livnat (New York University)

12:00-12:20 **Juan-Pedro Gómez** (IE Business School, Madrid)  
Linlin Ma (Northeastern University)  
Yuehua Tang (Singapore Management University)  
***Portfolio Manager Compensation in the U.S. Mutual Fund Industry***

12:20-12:35 Discussion- Yaniv Grinstein (Cornell University)

12:35-12:55 **Kalle Rinne** (University of Luxembourg)  
Matti Suominen (Aalto University School of Business and Luxembourg School  
of Finance)  
***Mutual Fund Returns from Providing Liquidity and Cost of Immediacy***

12:55-13:10 Discussion- Efrat Dressler (The Hebrew University)

**11:25-13:10 Session 9: Investor Behavior**

Chair: Rafael Eldor (IDC)

11:25-11:45 **Orly Sade**: (The Hebrew University)  
Dan Marom (The Hebrew University)  
Alicia Robb (University of California)  
***Gender Dynamics in Crowdfunding (Kickstarter) :Evidence on  
Entrepreneurs, Investors, Deals and Taste Based Discrimination***

11:45-12:00 Discussion-Alon Eizenberg (The Hebrew University)

12:00-12:20 **Yi Zhou** (Florida State University)  
Jianping Mei (CKGSB)  
Michael Moses (New York University)  
***Price Innovation, Risk Taking and Artistic Creativity***

12:20-12:35 Discussion- Rachel Shalom-Gilo (The Hebrew University)

12:35-13:55 **Sasson Bar-Yosef** (Bocconi University )  
Carlo D'Augusta (Georgia State University)  
Annalisa Prencipe (Bocconi University)  
***Conservative Reporting and Investors' Divergence of Opinion***

13:55-13:10 Discussion- Efrat Shust (The Hebrew University)

13:10 Lunch

14.10-17.30 Tour of The Western Wall Tunnel