

APAD 2017

The 13th Conference of
Asia-Pacific Association of Derivatives

APAD 2017

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Asia-Pacific Association of Derivatives

- Date.
July 10~11, 2017
- Venue.
Paradise Hotel, Busan, Korea
- Organizer.
KDA | Korea Derivatives Association

• Sponsors.



Korea Derivatives Association

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APAD 2017: Welcoming Message

Dear all participants,

A warm welcome to the 13th Annual Conference of the Asia-Pacific Association of Derivatives (APAD), hosted by the Korean Derivatives Association!

Since the first conference in Busan in 2004, the APAD conference meetings have been a great success in promoting scholarly studies of derivatives markets and asset pricing. In particular, they have not only provided a valuable opportunity to keep abreast of the latest developments in derivatives markets but also served as an important arena of dialogue between the academics, practitioners, and policymakers.

This year the conference features 30 rigorously peer-reviewed papers, with authors from diverse parts of the world. The papers address a wide range of important theoretical and empirical topics including options, futures, CDS and other swaps, asset pricing, investment, market microstructure, and behavioral finance. In addition, our keynote speaker, Professor Suresh Sundaresan, will deliver an insightful speech entitled “Changes in Derivatives Markets Evolution.”

We are also proud to present a special symposium entitled “Competition for Order Flow and Market Liquidity in a High Frequency World.” The advent of high frequency trading and concurrent changes in regulations have altered the strategic behavior of high frequency traders, other traders, and the exchanges. Exchanges and trading venues engage in an intense competition for the order flow, all the while without trying to sacrifice the market liquidity. We hope this symposium serves to enhance our understanding on these recent developments and their regulatory implications.

We are confident that all 30 papers presented will invariably offer stimulating research questions as well as fresh insights. On behalf of all APAD members, we would like to express our deep gratitude to all presenters, discussants, session chairpersons, and attendees for sharing their valuable ideas and experiences. We also acknowledge our great sponsors who provided generous support to make this conference possible.

We sincerely hope your time here at the conference is enjoyable and worthwhile.

Youngsoo Choi, Ph.D.
President of the Korea Derivatives Association

Jong Won Park, Ph.D.
Program Chair of the APAD 2017 Conference

Program of the Conference

Monday, July 10

- 13:30 ~ **Registration**
 14:00 ~ 16:00 **Academic Sessions 1, 2, 3**
 16:20 ~ 17:30 **Special Symposium** (Capri Room)
 “Competition for Order Flow and Market Liquidity in a High Frequency World”
Congratulatory Message: Byunghae Lee (Chairman & CEO of Korea Securities Depository)
Moderators: Joon Chae (Seoul National University)
 Robert I. Webb (University of Virginia)
Presenters: “Fragmented Markets and Maker-Taker Pricing”
 Daejin Kim (UNIST)
 “High Frequency Order Flow Dynamics and Market Liquidity”
 Jae-ho Lee (Korea Exchange)
Discussants: Jaehoon Hahn (Yonsei University)
 Hong Kee Sul (WRDS)
- 17:40 ~ 20:00 **Keynote Speech, Best Paper Awards and Dinner**
Welcoming Remarks: Youngsoo Choi
 (Hankuk University of Foreign Studies,
 President of the Korea Derivatives Association)
Congratulatory Message: Chang Hee Jung
 (President & CEO of Derivatives Market of Korea Exchange)
Keynote Speech: Suresh Sundaresan (Columbia University)
 “Changes in Derivatives Markets Evolution”
Best Paper Awards: Jeongsun Yun (Kookmin University, Editor of KJFO)

Tuesday, July 11

- 08:00 ~ 09:00 **Breakfast**
 09:00 ~ 10:30 **Academic Sessions 4, 5, 6**
 10:40 ~ 12:10 **Academic Sessions 7, 8, 9**

Academic Session Program

Time	Session Topics	Room	
Monday, July 10 14:00 ~ 16:00	Session 1	Financial Theory	Miami
	Session 2	CDS & Swaps	Venice
	Session 3	Investment	Napoli
Tuesday, July 11 09:00 ~ 10:30	Session 4	Asset Pricing: General	Miami
	Session 5	Futures	Venice
	Session 6	Market Microstructure	Napoli
Tuesday, July 11 10:40 ~ 12:10	Session 7	Asset Pricing: Predictability	Miami
	Session 8	Options	Venice
	Session 9	Behavioral Finance	Napoli

Academic Sessions 1, 2, 3

▶ 14:00~16:00, Monday, July 10

Session 1: Financial Theory (Miami)

Chair: In Joon Kim (Yonsei Univ.)

Title	Author	Discussant
On Convex Functions on Duals of Δ_2 - Orlicz Spaces	Freddy Delbaen (Univ. of Zürich) Keita Owari* (Ritsumeikan Univ.)	Jin Hyuk Choi (UNIST)
Estimation of Optimal Hedge Ratio: A Wild Bootstrap Approach	Phong Nguyen (La Trobe Univ.) Jae H. Kim* (La Trobe Univ.) Darren Henry (La Trobe Univ.)	Kwangil Bae (Chonnam National Univ.)
On Continuity Correction for First-Passage Times in A Flexible Jump Diffusion Model with Application to Option Pricing	Cheng-Der Fuh (National Central Univ.) Steven Kou (National Univ. of Singapore) Sheng-Feng Luo* (Chung Yuan Christian Univ.) Hsin-Chieh Wong (National Central Univ.)	Junkee Jeon (Seoul National Univ.)
The Choice of SEO Method and Its Consequences: Rights vs Public Offers	Kyojik Song* (Sungkyunkwan Univ.) Ju Hyun Kim (Sungkyunkwan Univ.)	Kyoung-Min Kwon (Hongik Univ.)

Session 2: CDS & Swaps (Venice)

Chair: Jong Yeon Choi (Hanyang Univ.)

Title	Author	Discussant
Dealer Liquidity Provision and the Breakdown of the Law of One Price: Evidence from the CDS-Bond Basis	Jaewon Choi* (Univ. of Illinois at Urbana-Champaign) Or Shachar (Federal Reserve Bank of New York) Seunghun Shin (KAIST)	Young Han Kim (Sungkyunkwan Univ.)
Determinants of Swap Spreads in China	Longzhen Fan (Fudan Univ.) Re-Jin Guo* (Univ. of Illinois at Chicago) Xin Hou (Fudan Univ.)	Changmin Lee (Hanyang Univ.)
Mandatory XBRL Adoption and Credit Default Swap Spreads	Paul A. Griffin (Univ. of California-Davis) Hyun A. Hong (Univ. of California-Riverside) Jeong-Bon Kim* (City Univ. of Hong Kong and Univ. of Waterloo) Jee-Hae Lim (Univ. of Waterloo)	Yuen Jung Park (Hallym Univ.)
Modeling Dependence and Contagion between East Asian Sovereign CDS Markets: A Mixture of Time-varying Copulas Approach	Yongwoong Lee (Hankuk Univ. of Foreign Studies) Yongbok Cho (Korea Univ.) Kisung Yang* (Korea Univ.)	Jungmu Kim (Yeungnam Univ.)

Session 3: Investment (Napoli)

Chair: Jangkoo Kang (KAIST)

Title	Author	Discussant
Abnormal Crude Oil Price Movements Prior to FOMC Announcements	Hyeonung Jang* (UNIST) Byoung Ki Seo (UNIST)	Kyoung-hun Bae (Hanyang Univ.)
Dividends and REIT Investment	Hoon Cho (KAIST) SangJin Park* (KAIST)	Woonam Seok (Korea Corporate Governance Service)
Information in (and not in) Treasury Options	Hoyong Choi* (Erasmus Univ.)	Heungju Park (Sungkyunkwan Univ.)
Liquidity Skewness Premium	Giho Jeong* (KAIST) Jangkoo Kang (KAIST) Kyung Yoon Kwon (KAIST)	Changjun Lee (Hankuk Univ. of Foreign Studies)

Academic Sessions 4, 5, 6

▶ 09:00~10:30, Tuesday, July 11

Session 4: Asset Pricing: General (Miami)

Chair: Tong Suk Kim (KAIST)

Title	Author	Discussant
Asset Allocation and Pension Liabilities in the Presence of a Downside Constraint	Byeong-Je An* (Nanyang Technological Univ.) Andrew Ang (Blackrock) Pierre Collin-Dufresne (Ecole Polytechnique Federale de Lausanne)	Byung Hwa Lim (Univ. of Suwon)
Bear Beta	Zhongjin Lu (Univ. of Georgia) Scott Murray* (Georgia State Univ.)	Sungju Chun (Gachon Univ.)
Mark-to-Market Reinsurance and Portfolio Selection: Implications for Information Quality	Bong-Gyu Jang (POSTECH) Kyeong Tae Kim (POSTECH) Hyun-Tak Lee* (National Univ. of Singapore)	Byeong-Je An (Nanyang Technological Univ.)

Session 5: Futures (Venice)

Chair: Jae Ha Lee (Sungkyunkwan Univ.)

Title	Author	Discussant
Currency Derivatives for Hedging: New Evidence on Determinants, Firm Risk, and Performance	Sung C. Bae* (Bowling Green State Univ.) Hyeon Sook Kim (Chungnam National Univ.) Taek Ho Kwon (Chungnam National Univ.)	Hyeongsop Shim (UNIST)
Rise of the Uninformed: An Analysis of the Time-to-Maturity Pattern of Information Asymmetry and its Impact on Futures Return Volatility	Hoang Long Phan* (Univ. of Adelaide and Danang Univ.) Ralf Zurbruegg (Univ. of Adelaide) Paul Brockman (Lehigh Univ. and Univ. of Adelaide) Chia-Feng Yu (Univ. of Adelaide)	Young Sang Kim (Northern Kentucky Univ.)
Term Structure of Momentum in the Commodity Futures Market	Jangkoo Kang (KAIST) Kyung Yoon Kwon (KAIST) Jaesun Yun* (KAIST)	Dongyoun Lee (Kookmin Univ.)

Session 6: Market Microstructure (Napoli)

Chair: Yong H. Kim (Univ. of Cincinnati)

Title	Author	Discussant
Information and Trading Targets in a Dynamic Market Equilibrium	Jin Hyuk Choi* (UNIST) Kasper Larsen (Carnegie Mellon Univ.) Duane J. Seppi (Carnegie Mellon Univ.)	Ji Yeol Jimmy Oh (Hanyang Univ.)
Media News and Cross Industry Information Diffusion	Li Guo* (Singapore Management Univ.)	Noolee Kim (Hanyang Univ.)
The Disagreement with Herding, Market Bubble, and Excess Volatility	Suk-Joon Byun (KAIST) Hyun-Sik Jung* (KAIST)	Sooyoung Song (Chung-Ang Univ.)

Academic Sessions 7, 8, 9

10:40~12:10, Tuesday, July 11

Session 7: Asset Pricing: Predictability (Miami)

Chair: Sekyung Oh (Konkuk Univ.)

Title	Author	Discussant
The Information Content of Option-Implied Tail Risk on the Future Returns of the Underlying Asset	Yaw-Huei Wang (National Taiwan Univ.) Kuang-Chieh Yen* (National Taiwan Univ.)	Kwanho Kim (Chungbuk National Univ.)
A Comprehensive Look at the Return Predictability of Variance Risk Premia	Suk-Joon Byun (KAIST) Bart Frijns (Auckland Univ. of Technology) Tai-Yong Roh* (Auckland Univ. of Technology)	Taewoo Kim (Korea Securities Depository)
Finding a Better Momentum Strategy from the Stock and Commodity Futures Markets	Kyung Yoon Kwon* (KAIST)	Jun Sik Kim (Incheon National Univ.)

Session 8: Options (Venice)

Chair: Young Ho Eom (Yonsei Univ.)

Title	Author	Discussant
A Generalized Model for Black-Scholes Option Pricing and Investor Sentiment	Kwangwon Ahn* (KAIST) Chang Y. Ha (Peking Univ.) Yue Sun (Peking Univ.) Brian Yang (Peking Univ.)	Hyun-Tak Lee (National Univ. of Singapore)
Option-Implied Tail Risk, Timing by Hedge Funds, and Performance	Min Ki Kim* (KAIST) Dong Jun Oh (Mirae Asset Global Investments) Jung Soon Shin (Ewha Womans Univ.) Tong Suk Kim (KAIST)	Sol Kim (Hankuk Univ. of Foreign Studies)
Sum of all Black-Scholes-Merton Models: An Efficient Pricing Method for Spread, Basket, and Asian Options	Jaehyuk Choi* (Peking Univ.)	Jaeram Lee (Gachon Univ.)



Session 9: Behavioral Finance (Napoli)

Chair: Sang-Gyung Jun (Hanyang Univ.)

Title	Author	Discussant
Day Trading is Good to Your Wealth	Pei-Shih Weng* (National Dong Hua Univ.)	Hye Hyun Park (Southwestern Univ. of Finance and Economics)
Investor Attention and Stock Market Under- reaction to Earnings Announcements: Evidence from the Options Market	Xuewu (Wesley) Wang (Univ. of Oklahoma) Zhipeng Yan (New Jersey Institute of Technology) Qunzi Zhang (Shandong Univ.) Xuechen Gao* (Univ. of Oklahoma)	Sujung Choi (Soongsil Univ.)
Investor Sentiment and the Index Futures Market's Reaction: Evidence from Internet Search	Xiaolin Wang* (Harbin Institute of Technology) Feng Zhao (Univ. of Texas at Dallas) Qiang Ye (Harbin Institute of Technology) Yi Kou (Harbin Institute of Technology)	Sung Won Seo (Ajou Univ.)

Conference Organizing Committee

Program Committee

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Review Committee

Location Guide



■ **Transportation to/from Kimhae International Airport**

- Travel Time
 - Airport → Paradise Hotel Busan: 60 min
 - Paradise Hotel Busan → Airport: 70 min (It may take longer to traffic conditions.)
- Regular Limousine bus to/from Kimhae International Airport

Route	First Bus	Last Bus	Fee
Circular Bus Route Line	05 : 10	19 : 55	KRW 7,000

Departure time is subject to change.
Please check with the concierge (Tel. 82(Country Code)-51(Area Code)-742-2121).

- Circular Bus Route Line
Paradise Hotel Busan → Hanhwa Resort → Park Hyatt Hotel → Gyungnam Marian APT → Centum Home Plus → Centum Hotel → (via Gwangan Bridge) → Namcheon-Dong → Airport

■ **Public Transportation**

- By Subway
 - Line 2: Haeundae station
 - Line 1: Transfer to Line 2 at Seomyun station
- By Bus
 - General City Bus: 31, 39, 100, 115-1, 141, 200, 307
 - Express Bus: 1001, 1003

