


**APAD 2019**  
The 15<sup>th</sup> Conference of  
Asia-Pacific Association  
of Derivatives

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of Derivatives

- Date. July 15~16, 2019
- Venue. Westin Chosun Hotel, Busan, Korea
- Organizer.  Korea Derivatives Association

• Sponsors.



**Korea Derivatives Association**

Korea Institute of Financial Investment 12F, 67-8, Yeouinaru-ro, Yeongdeungpo-gu, Seoul 07327, Korea  
Tel : +82-2-2003-9923 E-mail : kafo2012@gmail.com http://www.kafo.or.kr

## APAD 2019: Welcoming Message

Dear all participants,

A warm welcome to the 15<sup>th</sup> Annual Conference of the Asia-Pacific Association of Derivatives (APAD), hosted by the Korean Derivatives Association! It is now sultry summer season, reminding all of us that it is time for the annual APAD meeting. Our program committee members passionately dedicated themselves toward the preparation for the conference. We would like to extend our sincere gratitude to everyone involved for their tireless efforts over the past months.

This year, we are going to host the conference at the Westin Chosun hotel in Busan on July 15<sup>th</sup> and 16<sup>th</sup>, through the generous support of the Korea Exchange and other benevolent supporters.

The first APAD conference was held in 2004, and it has been a great success over the years, providing a valuable platform over which experts and researchers all around the world presented and discussed their excellent works. Their works contributed not only to academia and but also to the industry and regulatory authorities by providing innovative insights and valuable tools.

This year the conference features 27 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, volatility, asset pricing, market microstructure, and financial regulation.

In addition, we are honored to invite Professor Albert "Pete" Kyle from the University of Maryland as our keynote speaker this year. He wrote a seminal paper entitled "Continuous Auctions and Insider Trading" in 1985, which laid the groundwork for the theory of market microstructure. He is widely considered to be one of best researchers in this area. He will deliver an insightful speech entitled "Dimensional Analysis, Leverage Neutrality, and Market Microstructure Invariance."

We are also proud to present a special symposium entitled "Market Mechanisms of Derivatives Market," led by two experts in the derivatives area, Dr. Hyo Seob Lee and Dr. Hankil Kang of the Korea Capital Market Institute and the Korea exchange, respectively. This symposium will raise a valuable discussion on the use of derivative products in asset management as well as the liquidity of the KOSPI 200 options market.

Nowadays, market environment is rapidly changing due to the advancement of information technology, such as artificial intelligence and machine learning. These innovations will be a threat to those that fail to embrace them, but a valuable opportunity to those that do. Our conference will be an arena where researchers, practitioners, government officials, and all other participants communicate with each other with an open mind and try to find innovative solutions for various unanswered problems in the market.

We are confident that all papers 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 supports to make this conference possible.

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

**Jeongsun Yun, Ph.D.**  
President of the Korea Derivatives Association  
**Joon Chae, Ph.D.**  
Program Chair of the APAD 2019 Conference

## Program of the Conference

### Monday, July 15

- 13:30 ~ **Registration**
- 14:00 ~ 15:30 **Academic Sessions 1, 2, 3**
- 15:50 ~ 17:00 **Special Symposium** (Grand Ballroom)  
"Market Mechanisms of Derivatives Market"  
**Congratulatory Message:** Byunghae Lee (Chairman & CEO of Korea Securities Depository)  
**Moderator:** Tong Suk Kim (KAIST)  
**Presenters:** Hyo Seob Lee (Korea Capital Market Institute)  
Hankil Kang (Korea Exchange)  
**Discussants:** Byoung Ki Seo (UNIST)  
Jaeram Lee (Gachon University)
- 17:10 ~ 20:00 **Keynote Speech, Best Paper Awards and Dinner**  
**Welcoming Remarks:** Jeongsun Yun  
(Kookmin University, President of the Korea Derivatives Association)  
**Congratulatory Message:** Chang Hee Jung  
(President & CEO of Derivatives Market of the Korea Exchange)  
**Keynote Speech:** Albert "Pete" Kyle (University of Maryland)  
"Dimensional Analysis, Leverage Neutrality, and Market Microstructure Invariance"  
**Best Paper Awards:** Bum J. Kim (Soongsil University, Editor of KJFO)

### Tuesday, July 16

- 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 15 14:00 ~ 15:30	Session 1	Options 1	Tulip
	Session 2	Market Microstructure 1	Cosmos
	Session 3	Investments 1	Violet
Tuesday, July 16 09:00 ~ 10:30	Session 4	Options 2	Tulip
	Session 5	Market Microstructure 2	Cosmos
	Session 6	Investments 2	Violet
Tuesday, July 16 10:40 ~ 12:10	Session 7	Futures	Tulip
	Session 8	Behavioral Finance: Empirical	Cosmos
	Session 9	Investments 3	Violet

## Academic Sessions 1, 2, 3

14:00~15:30, Monday, July 15

## Session 1: Options 1 (Tulip)

Chair: Jerome Detemple (Boston Univ.)

Title	Author	Discussant
The Impact of Net Buying Pressure on VIX Option Prices	Yi-Wei Chuang (Univ. of Dayton) Wei-Che Tsai* (National Sun Yat-sen Univ.) Ming-Hung Wu (Beijing Normal Univ.)	Jeewon Jang (Ajou Univ.)
Leave-One-Out Least Square Monte Carlo Algorithm for Pricing American Options	Jeechul Woo (Univ. of Illinois Urbana-Champaign) Chenru Liu (Stanford Univ.) Jaehyuk Choi* (Peking Univ. HSBC Business School)	Kyoung-Kuk Kim (KAIST)
Stock Return Autocorrelations and the Cross Section of Option Returns	Yoontae Jeon* (Ryerson Univ.) Raymond Kan (Univ. of Toronto) Gang Li (Univ. of Toronto)	Hyungbin Park (Seoul National Univ.)

## Session 2: Market Microstructure 1 (Cosmos)

Chair: In Joon Kim (Yonsei Univ.)

Title	Author	Discussant
General Managerial Skills, Tolerance for Failure, and Stock Price Crash Risk	Daewoung Choi (Louisiana State Univ. Shreveport) Thanh Ngo (East Carolina Univ.) Ha-Chin Yi* (Texas State Univ.)	Taehyun Kim (UNIST)
Central Counterparty Exposure in Stressed Markets	Wengqian Huang (Bank for International Settlements) Albert J. Menkveld (Vrije Univ. Amsterdam) Shihao Yu* (Vrije Univ. Amsterdam)	Byeongmon Cho (Korea Securities Depository)
The Pricing of the Illiquidity Factor's Conditional Risk with Time-varying Premium	Joonki Noh* (Case Western Reserve Univ.) Yakov Amihud (New York Univ.)	Dae Jin Kim (UNIST)

## Session 3: Investments 1 (Violet)

Chair: Youngsoo Choi (Hankuk Univ. of Foreign Studies)

Title	Author	Discussant
Stock Prices, Changes in liquidity, and liquidity Premia	Bong-Gyu Jang (POSTECH) Bong-Soo Lee (Florida State Univ.) Hyun-Tak Lee* (National Univ. of Singapore, Korea Asset Management Corporation)	Seryoong Ahn (Korea Housing Finance Research)
Pricing Equity and Contingent Convertibles with Idiosyncratic Risk	Xiaolin Wang (Henan Univ.) Zhaojun Yang* (Southern Univ. of Science and Technology)	Minsuk Kwak (Hankuk Univ. of Foreign Studies)
Time-Varying Market Participation, Consumption Risk-Sharing, and Asset Dynamics	Redouane Elkamhi (Univ. of Toronto) Chanik Jo* (Univ. of Toronto)	Joonhyuk Song (Hankuk Univ. of Foreign Studies)

## Academic Sessions 4, 5, 6

09:00~10:30, Tuesday, July 16

## Session 4: Options 2 (Tulip)

Chair: Tong Suk Kim (KAIST)

Title	Author	Discussant
The Price of News Arrivals: Evidence from Equity Options	Yoontae Jeon* (Ryerson Univ.)	Hong Kee Sul (Chung-Ang Univ.)
Volatility Information and Derivatives Trading	Yaw-Huei Wang (UNSW Business School) Kuang-Chieh Yen* (Soochow Univ.)	Jung-Min Kim (Univ. of Seoul)
Optimal Investment in Mutually Exclusive Projects and Operating Leverage	Jerome Detemple* (Boston Univ.) Yerkin Kitapbayev (MIT)	Hyeng Keun Koo (Ajou Univ.)

**Session 5: Market Microstructure 2 (Cosmos)** Chair: Young Ho Eom (Yonsei Univ.)

Title	Author	Discussant
Heterogeneity and Netting Efficiency under Central Clearing: A Stochastic Network Analysis	Injun Hwang* (Korea Univ.) BaeHo Kim (Korea Univ.)	Tae Jin Kim (The Chinese Univ. of Hong Kong)
Flow Toxicity of High Frequency Trading and Its Impact on Price Volatility: Evidence from the KOSPI 200 Futures Market	Jangkoo Kang (KAIST) Kyung Yoon Kwon (Univ. of Strathclyde) Wooyeon Kim* (KAIST)	Chang Jun Lee (Hankuk Univ. of Foreign Studies)
Are Disposition Effect and Skew Preference Correlated? Evidence from Account-Level ELW Transactions	Youngsoo Choi* (Hankuk Univ. of Foreign Studies) Woojin Kim (Seoul National Univ.) Eunji Kwon (Hankuk Univ. of Foreign Studies)	Shu Feng Wang (Ajou Univ.)

**Session 6: Investments 2 (Violet)** Chair: Sang Gyung Jun (Hanyang Univ.)

Title	Author	Discussant
Countercyclical Stockholders' Consumption Risk and Tests of Conditional CCAPM	Redouane Elkamhi (Univ. of Toronto) Chanik Jo* (Univ. of Toronto)	Hyoung-Goo Kang (Hanyang Univ.)
Sitting Bucks: Zero Returns in Fixed Income Funds	Jaewon Choi (Univ. of Illinois at Urbana-Champaign) Mathias Kronlund (Univ. of Illinois at Urbana-Champaign) Ji Yeol Jimmy Oh* (Hanyang Univ.)	Seongkyu Gilbert Park (The Hong Kong Polytechnic Univ.)
Stock Liquidity and Corporate Diversification: Evidence from Index Reconstitution	Hursit S. Celil (Peking Univ. HSBC Business School) Seungjoon Oh* (Peking Univ. HSBC Business School) Xueying Shangji (Peking Univ. HSBC Business School) Srinivasan Selvam (Peking Univ. HSBC Business School)	Jin Q. Jeon (Dongguk Univ.)

**Academic Sessions 7, 8, 9**

▶ 10:40~12:10, Tuesday, July 16

**Session 7: Futures (Tulip)**

Chair: Jae Ha Lee (Sungkyunkwan Univ.)

Title	Author	Discussant
Can Commodity Futures Risk Factors Predict Economic Growth?	Jangkoo Kang (KAIST) Kyung Yoon Kwon* (Univ. of Strathclyde)	Hee Jin Park (Pusan National Univ.)
Value-at-Risk of Equity Index and Index Futures Returns based on Empirical Tail Distribution	Jo-Yu Wang* (National Formosa Univ.)	Donggyu Kim (KAIST)
Systemic Risk in Market Microstructure of Crude Oil and Gasoline Futures Prices: A Hawkes Flocking Model Approach	Hyun Jin Jang* (UNIST) Kyoungsub Lee (Yeungnam Univ.) Kiseop Lee (Purdue Univ.)	Yong Hyun Shin (Sookmyung Women's Univ.)

**Session 8: Behavioral Finance: Empirical (Cosmos)** Chair: Uk Chang (Duksung Women's Univ.)

Title	Author	Discussant
Measuring (In)Attention to Mutual Fund Fees: Evidence from Experiments	Hugh H. Kim* (Univ. of South Carolina) Wenhao Yang (Univ. of South Carolina)	Junesuh Yi (Dongguk Univ.)
Investors' Propensity to Sell and Return-Volatility Anomalies	Chin-Wen Hsin* (Yuan Ze Univ.)	Chan Young Eom (Hanyang Univ.)
Hedge Fund Awards: The Impact on Investors and Managers	Hyung Kyu Choi (Hong Kong Polytechnic Univ.) Byoung Uk Kang (Hong Kong Polytechnic Univ.) Seongkyu Gilbert Park* (Hong Kong Polytechnic Univ.)	Jun-Youp Lee (UNIST)

## Session 9: Investments 3 (Violet)

Chair: Kook Hyun Chang (Konkuk Univ.)

Title	Author	Discussant
Market Returns Dormant in Option Panels	Yoonsoo Chang (Indiana Univ.) Youngmin Choi (The City Univ. of New York) Soo-hun Kim* (Georgia Institute of Technology) Joon Park (Indiana Univ.)	Jaeram Lee (Gachon Univ.)
FX Premia Around the Clock	Ingomar Krohn* (Copenhagen Business School) Philippe Mueller (The Univ. of Warwick) Paul Whelan (Copenhagen Business School)	Byoungyun Jeon (KAIST)
Ambiguity and Corporate Bond Prices	Hwagyun Kim (Texas A&M Univ.) Ju Hyun Kim (Sungkyunkwan Univ.) Heungju Park* (Sungkyunkwan Univ.)	Jungmu Kim (Yeungnam Univ.)

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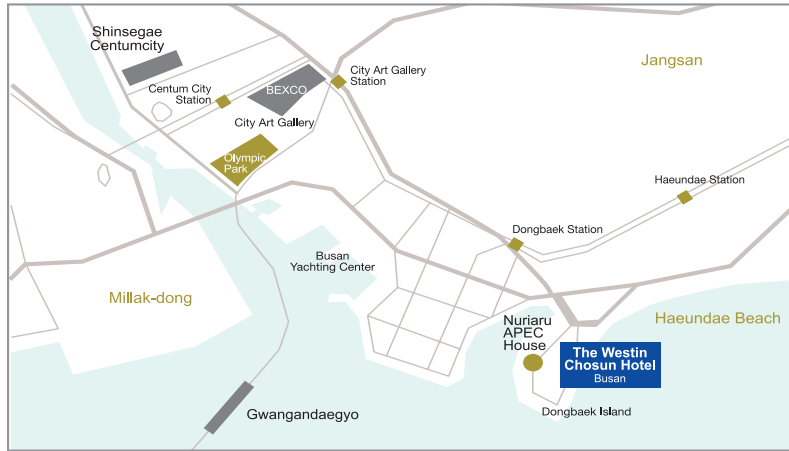
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## Location Guide



### ■ Transportation to/from Kimhae International Airport

- Travel Time
  - Airport → The Westin Chosun Busan: 60 min
  - The Westin Chosun 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)-749-7266 >.

- Circular Bus Route Line
  - The Westin Chosun Busan → Hyundae Hyperion → Hanhwa Resort → Park Hyatt Hotel → Gyungnam Marina APT → Centum Home plus → Centum Hotel → (via Gwangan Bridge) → Namcheon-Dong → Airport

### ■ Public Transportation

- By Subway
  - Line 2: Dongbaek station
  - Line 1: Transfer to Line 2 at Seo-Myeon station
- By Bus
  - General City Bus: 31, 38, 39, 40, 63, 100-1, 115-1, 141, 181(Un-cheon Bus stops)
  - Express Bus: 1003(Dongbaek Island Bus stops)