



# APAD 2022

The 18<sup>th</sup> Conference of Asia-Pacific Association of Derivatives



# APAD 2022

The 18<sup>th</sup> Conference of Asia-Pacific Association of Derivatives

July 11-12, 2022

Park Hyatt, Busan, Korea

 Korea Derivatives Association

<http://www.kdaconf.com/>

## 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>  
Web site : <http://www.kdaconf.com/>

## Sponsors



Dear all participants,

A delightful welcome to all participants to the 18<sup>th</sup> Annual Conference of the Asia-Pacific Association of Derivatives (APAD), hosted by the Korean Derivatives Association! All of us are exceedingly pleased and relieved to witness the beginning of the end of the COVID-19 pandemic and the ensuing slow return to normalcy. Even so, we hope that you will continue to remain safe and healthy throughout the conference, and indeed, until the end of the pandemic.

This year, we will host the annual conference at the beautiful Park Hyatt Busan on July 11<sup>th</sup> and 12<sup>th</sup>. with the generous support of the Korea Exchange and other benevolent sponsors. Although the COVID-19 situation has improved considerably, the program committee decided to conduct the event through a hybrid of in-person and virtual formats to accommodate our overseas participants. We will do our best to prepare for the event to minimize any inconvenience caused by the two different conference formats.

The first APAD conference was held in 2004, and it has been a great success over the years, providing a valuable platform on 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, a total of 102 papers were submitted from 20 countries including North America, Europe, and Asia. This is a record high number of submitted papers in our conference history. Through a transparent and thorough screening process, 27 papers were selected, implying an acceptance rate of around one in four. These excellent papers will be presented over the two days of conference. The papers address a wide range of important theoretical and empirical topics including options, futures, asset pricing, crypto assets and machine learning, and behavioral finance.

In addition, we are honored to invite Professor John C. Hull from University of Toronto as our keynote speaker this year. He is the author of "Options, Futures and Other Derivatives", the most famous textbook in the field of derivatives. He published numerous papers on financial derivatives in the most highly regarded journals in finance. He will deliver an insightful speech entitled "Machine Learning in Derivatives and Risk Management". We are also proud to present a special symposium entitled "Application of KOFR in the Derivatives Markets," and "Swap Pricing Convention before and after GFC: What Happened Outside of the Classroom?" led by three experts in the derivatives area, Dr. Soon Young Lim, Dr. Chaehyun Kim from Korea Exchange, and Dr. Daniel Kim from Nomura Financial Investments Korea. It is expected to be a timely and interesting symposium that explores into the introduction of risk-free reference rate futures, which took place only a few months ago in March 2022.

Nowadays, the financial market environment is rapidly changing due to the recent pandemic as well as the ongoing advancement of information technology. These changes undoubtedly present us with enormous uncertainty throughout our physical environment and in every corner of the economy. We hope that our conference will be an arena where researchers, practitioners, government officials, and all other participants communicate with each other with open mind and try to find innovative solutions and directions for various problems arising in the capital market in the post-COVID era. We are confident that all papers will invariably offer stimulating research questions as well as fresh insights.

On behalf of the 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 are also particularly grateful to our sponsors who provided generous supports to make this conference happen.

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

Junesuh Yi, Ph.D.  
President of the Korea Derivatives Association  
Sol Kim, Ph.D.  
Program Chair of the APAD 2022 Conference



**Monday, July 11**

- 13:30 ~ **Registration**
- 14:00 ~ 15:30 **Academic Sessions 1, 2, 3**
- 15:50 ~ 17:20 **Special Symposium (Ballroom)**  
(Zoom ID : 908 020 5860)
- Congratulatory Message:** Joon Woo Choi (President & CEO of the Korea Housing Finance Corporation)
- Moderator:** Jaehoon Hahn (Yonsei University)
- Presenters:** Chaehyun Kim, Soon Young Lim (Korea Exchange)  
**"Application of KOFR in the Derivatives Markets"**  
Daniel Kim (Nomura Financial Investments Korea)  
**"Swap Pricing Convention before and after the GFC: What Happened outside of the Classroom?"**
- Discussants:** Namjong Kim (Korea Institute of Finance)  
Daejin Kim (Sungkyunkwan University)
- 17:40 ~ 20:00 **Keynote Speech, Best Paper Awards and Dinner (Ballroom)**  
(Zoom ID : 908 020 5860)
- Welcoming Remarks:** Junesuh Yi (Dongguk University, President of the Korea Derivatives Association)
- Congratulatory Message:** Byungdooh Sohn (Chairman & CEO of the Korea Exchange)
- Keynote Speech:** John C. Hull (Maple Financial Professor in Derivatives and Risk Management, Rotman School of Management, University of Toronto)  
**"Using Machine Learning to Develop Hedging Strategies"**
- Awards Ceremony:** Eun Jung Lee (Hanyang University, Editor of JDQS)  
KRX Paper Award  
Shinhan Investment Paper Award  
NH Investments and Securities Paper Award



**Tuesday, July 12**

- 08:00 ~ 09:00 **Breakfast (Dining Room)**
- 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	Zoom ID
Monday, July 11 14:00 ~ 15:30	Session 1	Crypto Assets and Unicorns	DrawingRoom 1 728 947 3946
	Session 2	Derivative Securities	DrawingRoom 2 796 762 3607
	Session 3	Corporate Finance	DrawingRoom 3 456 672 6197
Tuesday, July 12 09:00 ~ 10:30	Session 4	ESG	DrawingRoom 1 728 947 3946
	Session 5	Fixed Income Securities	DrawingRoom 2 796 762 3607
	Session 6	Market Microstructure	DrawingRoom 3 456 672 6197
Tuesday, July 12 10:40 ~ 12:10	Session 7	Mutual Funds	DrawingRoom 1 728 947 3946
	Session 8	Investments	DrawingRoom 2 796 762 3607
	Session 9	Empirical Finance	DrawingRoom 3 456 672 6197

**Academic Sessions 1, 2, 3** 14:00~15:30, Monday, July 11

**Session 1: Crypto Assets and Unicorns** (DrawingRoom 1, Zoom ID: 728 947 3946)

Chair: Jeongsun Yun (Kookmin Univ.)

Title	Author	Discussant
Staking, Token Pricing, and Crypto Carry	Lin William Cong (Cornell Univ.) Zhiheng He* (Tsinghua Univ.) Ke Tang (Tsinghua Univ.)	Huisu Jang (Soongsil Univ.)
In Search of A Unicorn	Felix Zhiyu Feng (Univ. of Washington) Yifan Luo* (Univ. of Washington)	Hyun Soo Doh (Nanyang Technological Univ.)
Tax-Loss Harvesting with Cryptocurrencies	Lin William Cong (Cornell Univ.) Wayne Landsman (Univ. of North Carolina) Edward Maydew (Univ. of North Carolina) Daniel Rabetti* (Tel Aviv Univ.)	Byung Hwa Lim (Sungkyunkwan Univ.)

**Session 2: Derivative Securities** (DrawingRoom 2, Zoom ID: 796 762 3607)

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

Title	Author	Discussant
Price Discovery in China's Crude Oil Futures Markets: An Emerging Asian Benchmark?	Ziliang Yu (Nankai Univ.) Jian Yang (Nankai Univ.) Robert I. Webb* (Univ. of Virginia)	Hyoun-Goo Kang (Hanyang Univ.)
Hedging Pressure and Commodity Option Prices	Ing-Haw Cheng (Univ. of Toronto) Ke Tang (Tsinghua Univ.) Lei Yan* (Yale Univ.)	Yuen Jung Park (Hallym Univ.)
Closing Pressure, Predatory Trading, and the Negative Price of Oil	Yiqing Ge* (Tsinghua Univ.) Wenjin Kang (Shanghai Univ.) Ke Tang (Tsinghua Univ.) Liyan Yang (Toronto Univ.)	Sang-Ik Seok (Univ. of Ulsan)

**Session 3: Corporate Finance** (DrawingRoom 3, Zoom ID: 456 672 6197)

Chair: Heejin Park (Pusan National Univ.)

Title	Author	Discussant
Dancing with Family Owners: Is Shareholder Activism Effective in Family Firms?	Jun-Koo Kang (Nanyang Technological Univ.) Hyemin Kim* (Hanyang Univ.) Jungmin Kim (Hong Kong Polytechnic Univ.)	Jong-Min Oh (Sungkyunkwan Univ.)
Stress Tests and Model Monoculture	Keshav Dogra (Federal Reserve Bank of New York) Keeyoung Rhee* (POSTECH)	Jimin Hong (Soongsil Univ.)
Contingent Employment and Innovation	Sunwoo Hwang* (Korea Univ.)	Jiyeon Lee (Yonsei Univ.)

**Academic Sessions 4, 5, 6** 09:00~10:30, Tuesday, July 12

**Session 4: ESG** (DrawingRoom 1, Zoom ID: 728 947 3946)

Chair: Kyojik "Roy" Song (Sungkyunkwan Univ.)

Title	Author	Discussant
The Effect of ESG-motivated Turnover on Firm Financial Risk	Daewoung Choi (Louisiana State Univ.) Yong Kyu Gam* (Univ. College Dublin) Min Jung Kang (Univ. of Michigan) Hojong Shin (California State Univ.)	Hee-Eun Kim (Myongji Univ.)
Are Socially Responsible Firms Really Responsible? Main Street Lending during the Great Recession	Dong Beom Choi* (Seoul National Univ.) Seongjoon Jeong (Seoul National Univ.)	Hyun-Soo Choi (KAIST)
ESG Commitment and the Value of "Walking the Talk": Evidence from Closed-End Funds	Hyun-Soo Choi (KAIST) Hugh Hoikwang Kim* (Univ. of South Carolina) Yun-Soo Kim (KAIST)	Bonha Koo (Chungnam National Univ.)

## Session 5: Fixed Income Securities (DrawingRoom 2, Zoom ID: 796 762 3607)

Chair: Byoung Ki Seo (UNIST)

Title	Author	Discussant
Foreign Debt, Exchange Rate Exposure, and Corporate Distress	Yancheng Qiu* (Hong Kong Univ. of Science and Technology)	Junyoup Lee (UNIST)
A Linear-rational Multi-curve Term Structure Model with Stochastic Spread	José Da Fonseca (World Bank Group and Université Paris 1 Pantheon) Komi Edem Dawui* (World Bank Group and Université Paris 1 Pantheon) Yannick Malevergne (World Bank Group and Université Paris 1 Pantheon)	Jaehyuk Choi (Peking Univ.)
Abnormal Downside Tail Risk as a Predictor of the Risky Bond Returns	Jisu Ahn (Shinhan Asset Management) Injun Hwang* (Korea Univ.) Baeho Kim (Korea Univ.)	Sang-Ook (Simon) Shin (UNIST)

## Session 6: Market Microstructure (DrawingRoom 3, Zoom ID: 456 672 6197)

Chair: Bong-Gyu Jang (POSTECH)

Title	Author	Discussant
High-frequency Trading in the Stock Market and the Costs of Option Market Making	Nimalendran Mahendrarajah (Univ. of Florida) Khaladdin Rzayev* (University of Edinburgh and Koç University) Satchit Sagade (Goethe Univ.)	Donggyu Kim (KAIST)
Trading Constraints in Continuous-time Kyle Models	Jin Hyuk Choi (UNIST) Heeyoung Kwon* (UNIST) Kasper Larsen (Rutgers Univ.)	Jungsuk Han (Seoul National Univ.)
In Pursuit of a Level Trading Field: An Empirical Examination of IEX's Crumbling Quote Remove Fee	Seongkyu "Gilbert" Park* (Hong Kong Polytechnic Univ.) Patrik Sandas (Univ. of Virginia)	Albert J. Lee (Truman State Univ.)

## Academic Sessions 7, 8, 9 10:40~12:10, Tuesday, July 12

## Session 7: Mutual Funds (DrawingRoom 1, Zoom ID: 728 947 3946)

Chair: Jaewon Choi (Univ. of Illinois and Yonsei Univ.)

Title	Author	Discussant
Mutual Fund Flows and Capital Supply in Municipal Financing	Manuel Adelino (Duke Univ.) Sophia Chiyoung Cheong* (City Univ. of Hong Kong) Jaewon Choi (Univ. of Illinois and Yonsei Univ.) Ji Yeol Jimmy Oh (Hanyang Univ.)	Junho Oh (Hankuk Univ. of Foreign Studies)
Distributor-level Competition among Mutual Funds : Price vs. Product Quality	Byoung Uk Kang (Hong Kong Polytechnic Univ.) Jennifer Eunkeyeong Lee* (KAIST)	Yongkil Ahn (Seoul National Univ. of Science and Technology)
Outsourced Fund and Risk-taking: A Tale of Two Contracts	Jung Hoon Lee* (Vanderbilt Univ.) Saurin Patel (Univ. of Western Ontario) Shyam Venkatesan (Univ. of Western Ontario)	Byoung Uk Kang (Hong Kong Polytechnic Univ.)

## Session 8: Investments (DrawingRoom 2, Zoom ID: 796 762 3607)

Chair: Kuan-Hui Lee (Seoul National Univ.)

Title	Author	Discussant
In Search of a Factor Model for Option Returns	Turan Bali (Georgetown Univ.) Jie Cao (Chinese Univ. of Hong Kong) Linjia Song* (Chinese Univ. of Hong Kong) Xintong Zhan (Fudan Univ.)	Woon Wook Jang (Yonsei Univ.)
Expectation-Driven Term Structure of Equity and Bond Yields	Ming Zeng* (Univ. of Gothenburg) Guihai Zhao (Bank of Canada)	Heungju Park (Sungkyunkwan Univ.)
Politicians' Asset Allocation and Economic Bill Proposals	Hyun-Soo Choi (KAIST) Hugh Hoikwang Kim (Univ. of South Carolina) Paul Youngwook Kim* (KAIST)	Jin Q. Jeon (Dongguk Univ.)

## Session 9: Empirical Finance (DrawingRoom 3, Zoom ID: 456 672 6197)

Chair: Kaun Young Lee (Chung-Ang Univ.)

Title	Author	Discussant
Risk Hedging and Loan Covenants	Yuri Tserlukevich* (ASU)	Junho Park (Myongji Univ.)
Environmental Regulation, Pollution, and Shareholder Wealth	Seungho Choi* (Queensland Univ. of Technology) Ross Levine (Univ. of California at Berkeley) Jonghyeon Park (Univ. of New South Wales) Simon Xu (Univ. of California at Berkeley)	Taehyun Kim (Chung-Ang Univ.)
Who has an Edge in Trading Index Derivatives?	Jeewon Jang (Ajou Univ.) Jangkoo Kang (KAIST) Jaeram Lee* (Gachon Univ.)	Hyo Seob Lee (Korea Capital Market Institute)

## Conference Organizing Committee

## Program Committee

- **Junesuh Yi** (Dongguk University)  
\*President of the Korea Derivatives Association
- **Sol Kim** (Hankuk University of Foreign Studies)  
\*Program Chair
- **Noolee Kim** (Hanyang University)  
\*Program Main Director
- **Hankil Kang** (Dankook University)
- **Jun Sik Kim** (Incheon National University)
- **Ji Yeol Jimmy Oh** (Hanyang University)
- **Shu Feng Wang** (Ajou University)
- **Jaeram Lee** (Gachon University)

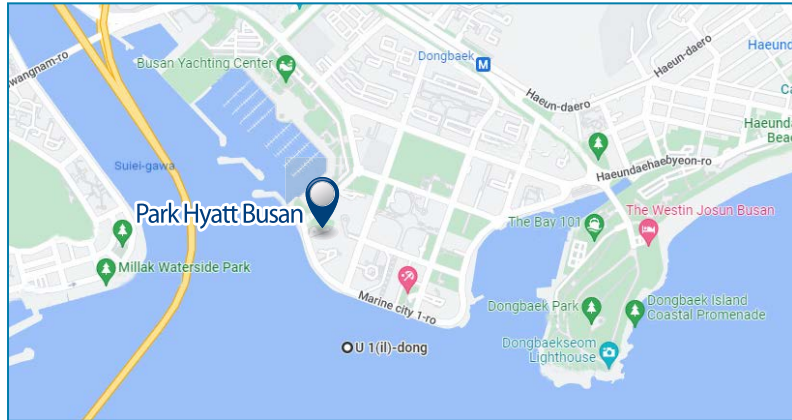
## Review Committee

- **Eun Jung Lee** (Hanyang University)  
\*Review Committee Chair
- **Noolee Kim** (Hanyang University)
- **Sujung Choi** (Soongsil University)
- **Byoung Uk Kang**  
(Hongkong Polytechnic University)
- **Byung Jin Kang** (Soongsil University)
- **Hyoung-Goo Kang** (Hanyang University)
- **Kyoung-Kuk Kim** (KAIST)
- **Ryumi Kim** (Chungbuk National University)
- **Jungmu Kim** (Yeungnam University)
- **Jun Sik Kim** (Incheon National University)
- **Hugh Hoikwang Kim** (University of South Carolina)
- **Joonki Noh** (Case Western Reserve University)
- **Byoungkyu Min** (Hanyang University)
- **Yuen Jung Park** (Hallym University)
- **Byeong-Je An** (Nanyang Technology University)
- **Ji Yeol Jimmy Oh** (Hanyang University)
- **Shu Feng Wang** (Ajou University)
- **Sun-Joong Yoon** (Dongguk University)
- **Dongyoun Lee** (Kookmin University)
- **Jeongmin Lee** (Washington University in St. Louis)
- **Junyoun Lee** (UNIST)
- **Byounghyun Jeon** (Marquette University)
- **Jaewon Choi**  
(University of Illinois and Yonsei University)
- **Jungsuk Han** (Seoul National University)

## Operating Committee

- **Changjun Lee**  
(Hankuk University of Foreign Studies)  
\*Operating Committee Chair
- **Hankil Kang** (Dankook University)
- **Shu Feng Wang** (Ajou University)
- **Hope Hyeun Han** (UNIST)

## Location Guide



### >> Taxi

A convenient, free interpretation service is provided by all taxis if guests need to relay directions to the driver and do not speak Korean. Both Standard and Deluxe taxis accept credit card payments.

- Standard taxi: silver or white color | Deluxe taxi: black color

### >> Hotel Limousine

Subject to advance reservations, private limousines are available for transfers to/from the hotel and airport, train station or a city tour. In addition to complimentary wireless Internet access, the limousines offer daily newspapers and magazines, a note pad, bottled water and beverages and more.

- Gimhae International Airport: One way – KRW 130,000 | Busan Station: One way – KRW 120,000

### >> Transportation Center

- Gimhae International Airport – 25 km (16.7 miles), about 45 minutes by car
- Busan Station – 16 km (10 miles), about 30 minutes by car

### >> Distances to the hotel

- BEXCO Convention Centre – about 5 minutes by taxi
- Haeundae (Beach) – walking distance 500m, about 15 minutes' walk
- Gwangalli (Beach area and Gwangalli Bridge) – about 10 minutes by taxi
- Centum City (Luxury department store, BEXCO, APEC, World Business Center) – about 5 minutes by taxi
- Seomyeon (financial, business and entertainment) – about 20 minutes by taxi
- Nampodong (shopping and entertainment district) – about 30 minutes by taxi
- Deayeondong (Kyungsoong University, nightlife district and UN Memorial Cemetery) – about 20 minutes by taxi