



APAD 2013

The 9th Conference of Asia-Pacific Association of Derivatives

August 22~23, 2013

Venue /

Westin Chosun Hotel, Busan, Korea

Hosted by /

Korean Derivatives Association(KDA)

■ *Sponsored by*

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Korea Capital Market Institute

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Greetings from the APAD 2013 Program Chair

Welcome to each and every one of you gathered for the 9th annual Conference of the Asia-Pacific Association of Derivatives! Since the first conference in Busan in 2004, the APAD Conference has been a great success, providing opportunities to promote scholarly studies in the derivatives context as well as for you to keep abreast of current and future development in derivatives markets throughout meeting with academics, industry researchers and analysts, government officials and policy makers.

As we all know, a considerable level of uncertainty caused by the global financial crisis and European sovereign debt crisis has triggered to strengthen regulations and oversight in today's world financial markets. Likewise, the Korean financial authorities are also considering possible regulations on derivatives products and markets such as the introduction of the Tobin's Tax as a measure to reduce the instability in the financial market and to tighten the regulation on capital flows in and out of the country. Further, with stock market volatility in decline and interest rates kept at a low level, the volumes in derivatives trading worldwide decreased in 2012 for the first time since 2004 while China markets have led to high volume of transactions and growth and emerging markets like BRICs have developed rapidly. In response to these circumstances, there are efforts to take measures to revitalize the derivatives market and to raise the quality of the derivatives market growth in Korea. In this regard, the APAD organizing committee has set up a number of focus topics as an effort to bring to meaningful research issues, including options pricing, commodity derivatives, market microstructure, volatility dynamics, asset pricing, option-implied information, and credit risk. Besides, there is a special symposium entitled 'New Derivative Products Related to Volatility Index' where stimulating discussions will be facilitated. I hope you take advantage of the development of a new vision and direction through presentations, discussion and interaction.

On behalf of all APAD members, I would like to express my deep gratitude to all the presenters for sharing their invaluable ideas and experiences contributed to this conference. In particular, I acknowledge the great sponsorship of the Korea Exchange, the Korea Financial Investment Association, the Korea Securities Depository, Korea Capital Market Institute, KB Financial Group, and Hana Daetoo Securities for this conference.

I wish you all a highly valuable conference.

Kook-Hyun Chang, Ph.D.

Program Chair of the APAD 2013 Conference
President of Korea Derivatives Association

| Program of the Conference |

Thursday, August 22

- 13:30 ~ **Registration**
- 14:00 ~ 16:00 **Academic Sessions 1, 2, 3**
- 16:10 ~ 18:00 **Special Symposium (Orchid Room)**
 "New Derivative Products Related to Volatility Index"
 Moderator: Dr. In Joon Kim (Yonsei University)
 Presenter: Dr. Young Ho Eom (Yonsei University)
- 18:00 ~ 20:00 **Main Ceremony and Best Paper Award with Dinner (Orchid Room)**
 Welcome Address: Dr. Kook-Hyun Chang
 Konkuk Univ./President of KDA
 Congratulatory Address: Mr. Ho-Chul Lee
 President of Derivatives Market Division, KRX
 Keynote Speech: Dr. Robert E. Whaley
 Vanderbilt Univ.
 Best Paper Award: Dr. Joon Hee Rhee
 Editor of Korean J. of Futures and Options

Friday, August 23

- 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
Thursday, August 22 14:00 ~ 16:00	Session 1	Options Pricing	Rose
	Session 2	Commodity Derivatives	Lilac
	Session 3	Market Microstructure	Tulip
Friday, August 23 09:00 ~ 10:30	Session 4	Volatility Dynamics	Rose
	Session 5	Asset Pricing	Lilac
	Session 6	Option-Implied Information	Tulip
Friday, August 23 10:40 ~ 12:10	Session 7	Information Contents	Rose
	Session 8	Credit Risk	Lilac
	Session 9	Credit Default Swaps	Tulip



Academic Sessions 1, 2, 3 (14:00~16:00, August 22, 2013)

Session 1: Option Pricing

Chair: Robert I. Webb (Univ. of Virginia)

Title	Author	Discussant
Option Pricing Under Stock Market Cycles with Jump Risks in Dow Jones Industrial Average Index and S&P 500 Index	Shih-Kuei Lin (National Chengchi Univ.) So-De Shyu (Takming Univ.) Shin-Yun Wang (National Dong Hwa Univ.)	Doojin Ryu (Chung-Ang Univ.)
Option Pricing Using Roll-Over Parameters	Sol Kim (Hankuk Univ. of Foreign Studies)	Shin-Yun Wang (National Dong Hwa Univ.)
What Caused Chinese Warrant Price Deviations: Speculation or Creation Mechanism?	Wenjie Ma (Shanghai Univ. of Finance and Economics) Lei Lu (Peking Univ.)	Hyoung-jin Park (Seoul Women's Univ.)
Modeling Infectious Mortality Risk and Its Application to the Valuation of Mortality-linked Securities	Fen-Ying Chen (Shih Hsin Univ.) Hong-Chih Huang (National Chengchi Univ.) Sharon S. Yang (National Central Univ.)	Hankil Kang (KAIST)

Session 2: Commodity Derivatives

Chair: Jong Yeon Choi (Hanyang Univ.)

Title	Author	Discussant
A New Strategy using Term-structure Dynamics of Commodity Futures	Soo-Hyun Kim (Samsung Asset Management) Hyoung-Goo Kang (Hanyang Univ.)	Lee A. Smales (Curtin Univ.)
Commodity Futures Pricing when Exposed to International Risk Factors	Shulin Zhang (North China Univ. of Technology) Shuping Wang (North China Univ. of Technology) Xiaoyan He (North China Univ. of Technology)	Shaofang Li (Univ. of Ljubljana)
Cointegration and Stochastic Correlation Models for Commodity Derivatives	Mei Choi Chiu (Hong Kong Institute of Education) Hoi Ying Wong (Chinese Univ. of Hong Kong) Jing Zhao (La Trobe Univ.)	Biao Guo (Renmin Univ. of China)
Low-High Basis Factor in the Commodity Futures Market	Daehwan Kim (Konkuk Univ.)	Wenjie Ma (Shanghai Univ. of Finance and Economics)

Session 3: Market Microstructure

Chair: Tong Suk Kim (KAIST)

Title	Author	Discussant
Hawkes Process: Fast Calibration, Application to Trade Clustering and Diffusive Limit	José Da Fonseca (Auckland Univ. of Technology) Riadh Zaatour (Ecole Centrale Paris)	Yeunjung Park (Hallym Univ.)
Impact of the Introduction of Call Auction on Price Discovery: Evidence from the Indian Stock Market Using High-Frequency Data	Sobhesh Kumar Agarwalla (Indian Institute of Management) Joshy Jacob (Indian Institute of Management) Ajay Pandey (Indian Institute of Management)	Eunyoung Kim (Pusan National Univ.)
The Informational Role of Trade Duration: The Case of an Index Options Market	Doojin Ryu (Chung-Ang Univ.)	Jose Da Fonseca (Auckland Univ. of Technology)
Trading Behaviour in Closely Related Markets for S&P500 Index Futures	Lee A. Smales (Curtin Univ.)	Shulin Zhang (North China Univ. of Technology)





Academic Sessions 4, 5, 6 (09:00~10:30, August 23, 2013)

Session 4: Volatility Dynamics

Chair: Sekyung Oh (Konkuk Univ.)

Title	Author	Discussant
Price Discovery and Volatility Transmissions in the Asian Major Currencies	Young K. Park (Sungkyunkwan Univ.) Ki Beom Binh (Myongji Univ.)	Tom Nohel (Loyola Univ. Chicago)
Semiparametric ARCH-X Model for Leverage Effect and Long Memory in Stock Return Volatility	Shen Zhang (National Univ. of Singapore) Heejoon Han (Kyung Hee Univ.)	Daehwan Kim (Konkuk Univ.)
The Volatility Dynamics of the Greater China Stock Markets	Kook-Hyun Chang (Konkuk Univ.) Byung-Jo Yoon (Konkuk Univ.) Min-Goo Hong (Konkuk Univ.)	Gyu-Hyen Moon (Kyonggi Univ.)
The Relationship between Trading Volume and Volatility in Korea's Financial Markets	Shiyong Yoo (Chung-Ang Univ.)	Bong Jun Kim (Gyeongsang National Univ.)

Session 5: Asset Pricing

Chair: Jangkoo Kang (KAIST)

Title	Author	Discussant
IIBR-LIBOR Relationship and the Nature and Determinants of "Islamic Premium"	ASM Soheli Azad (Deakin Univ.) Amirul Ahsan (Deakin Univ.)	Tao L. Wu (Illinois Institute of Technology)
State-Dependent Variations in Expected Liquidity Risk Premium	Jeewon Jang (KAIST) Jangkoo Kang (KAIST) Changjun Lee (Hankuk Univ. of Foreign Studies)	Fen-Ying Chen (Shih Hsin Univ.)
Shorting Costs and Asymmetry in Mispricing	Jangkoo Kang (KAIST) Hyoung-Jin Park (Seoul Women's Univ.) Myounghwa Sim (KAIST)	Changjun Lee (Hankuk Univ. of Foreign Studies)
A Multi-curve Random Field LIBOR Market Model	Tao L. Wu (Illinois Institute of Technology) Shengqiang Xu (Prescio Consulting) Jinqiao Duan (Illinois Institute of Technology)	Hyo Seob Lee (Korea Capital Market Institute)

Session 6: Option-Implied Information

Chair: Seokchin Kim (Kyungpook National Univ.)

Title	Author	Discussant
Option-Implied Preference with Model Uncertainty	Byung Jin Kang (Soongsil Univ.) Tong Suk Kim (KAIST) Hyo Seob Lee (Korea Capital Market Institute)	Joshy Jacob (Indian Institute of Management)
A Study on Information Contents in the Volatility Spread in KOSPI Market	Gunwoo Nam (Hanyang Univ.) Junwoo Lee (Hanyang Univ.) Hyoungoo Kang (Hanyang Univ.) JongYoen Choi (Hanyang Univ.)	Ki Beom Binh (Myongji Univ.)
Forecasting Volatility in the Presence of Limits to Arbitrage	Lu Hong (Loyola Univ. Chicago) Tom Nohel (Loyola Univ. Chicago) Steven Todd (Loyola Univ. Chicago)	Jing Zhao (La Trobe Univ.)





Academic Sessions 7, 8, 9 (10:40~12:10, August 23, 2013)

Session 7: Information Contents

Chair: Tae-Hyuk Kim (Pusan National Univ.)

Title	Author	Discussant
How Informed Investors Take Advantage of Negative Information in Options and Stock Markets	Jangkoo Kang (KAIST) Hyoung-jin Park (Seoul Women's Univ.)	Hyoung-Goo Kang (Hanyang Univ.)
Why Do Banks Use Financial Derivatives?	Shaofang Li (Univ. of Ljubljana) Matej Marinč (Univ. of Ljubljana and ACLE)	Joon Ho Hwang (Korea Univ.)
The Impact of Earnings Guidance Cessation on Information Asymmetry	Bill Hu (Arkansas State Univ.) Joon Ho Hwang (Korea Univ.) Christine Jiang (Univ. of Memphis)	Chan Shik Jung (Dong-A Univ.)

Session 8: Credit Risk

Chair: In Joon Kim (Yonsei Univ.)

Title	Author	Discussant
The Determinants of Corporate Yield Spreads: Before and After the Global Financial Crisis	Dongheon Shin (Korea Univ.) Baeho Kim (Korea Univ.)	John Zhang (Univ. of Edinburgh)
How Important Are Non-Default Factors for CDS Valuation? A Non-parametric Analysis	Biao Guo (Renmin Univ. of China) Qian Han (Xiamen Univ.) Doojin Ryu (Chung-Ang Univ.)	Maria H. Kim (Univ. of Wollongong)
Survive or Die? An Empirical Study on Chinese Special Treatment Firms	Yanran Annie Zhou (Univ. of Wollongong) Maria H. Kim (Univ. of Wollongong) Shiguang Ma (Univ. of Wollongong)	Yongjae Kwon (Kookmin Univ.)

Session 9: Credit Default Swaps

Chair: Sooyoung Song (Chung-Ang Univ.)

Title	Author	Discussant
Does CDS Trading Affect Debt Contracting? Evidence from Loan and Bond Covenants	Susan Chenyu Shan (Univ. of Hong Kong) Dragon Yongjun Tang (Univ. of Hong Kong)	Kwangil Bae (Chonnam National Univ.)
Information Flow between the CDS and the Stock Market and Informed Trading: Evidence from the Japanese CDS Market	Jinwoo Park (Hankuk Univ. of Foreign Studies) Kengo Shiroshita (Yamaguchi Univ.) Naili Sun (Yamaguchi Univ.)	Hwa-Taek Lee (Korea Securities Depository)
Asset Securitizations and Credit Default Swaps	John Zhang (Univ. of Edinburgh)	Shiyong Yoo (Chung-Ang Univ.)





Committee Member

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(Konkuk University)

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(Dongguk University)



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 → Hyundai 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: 5, 31, 36, 38, 39, 40, 63, 100, 115-1, 139, 141, 181 (Un-cheon Bus stops)
 - Express Bus: 1003 (Dongbaek Island Bus stops)

The logo for APAD 2013 features a central white circle containing the text 'APAD 2013'. This circle is surrounded by several overlapping, semi-transparent circles of various colors (purple, pink, blue, green, yellow). The background is white with a subtle pattern of these colored circles.

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Korea Derivatives Association

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