



APAD 2015

The 11th Conference of Asia-Pacific Association of Derivatives

Date.

August 24~25, 2015

Venue.

Westin Chosun Hotel, Busan, Korea

Organizer.

KDA | Korea Derivatives Association

Korea Derivatives Association

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Greetings from the APAD 2015 Program Chair

Welcome to all participants of the 11th Annual Conference of the Asia-Pacific Association of Derivatives!

Since the first conference in Busan in 2004, the APAD Conference meetings have enjoyed a great success in promoting scholarly studies of derivatives markets and asset pricing. In particular, they have not only provided scholars with valuable opportunities to keep abreast of latest developments in derivatives markets, but also served as an arena of amicable interaction between academics, industry practitioners, and policymakers.

This year the conference features 30 reviewed papers from diverse parts of the world, dealing with important topics such as trading in derivatives markets, credit derivatives, volatility, empirical aspects and theoretical models of derivatives, as well as the role of institutional investors. In addition, we are proud to present a special symposium entitled "Global Trends and Regulation in Derivatives Markets."

Derivatives are often blamed not only for being unfairly priced and structured to exploit unsophisticated investors, but also for certain unethical behavior of issuers, overly speculative behavior of investors, and even financial crises. While these conceptions may or may not be true, negative views on derivatives often prevail without much debate, with the ensuing heavy regulations on derivatives markets. However, at the same time, they play an important role in hedging and investment decisions as well as price discovery in financial markets. We thus hope this conference serves to enhance our balanced and broadened understanding of derivatives.

We are confident that the research works presented in this conference will, without exception, offer productive and stimulating research questions as well as fresh insights. On behalf of all APAD members, we would like to express our deep gratitude to all paper presenters, discussants, and session chairpersons for sharing valuable ideas and experiences. We also acknowledge our great sponsors, including Korea Exchange, Korea Securities Depository, Korea Housing Finance Corporation, National Pension Service, and Korea Financial Investment Association among others.

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

Young-Ho Eom, Ph.D.
President of Korea Derivatives Association

Jangkoo Kang, Ph.D.
Program Chair of the APAD 2015 Conference



Program of the Conference

Monday, August 24

- 13:30 ~ **Registration**
 14:00 ~ 16:00 **Academic Sessions 1, 2, 3**
 16:20 ~ 17:20 **Special Symposium** (Orchid Room)
 "Global Trends and Regulation in Derivatives Markets"
Moderator: Youngsoo Choi (Professor, Hankuk University of Foreign Studies)
Presentation: "Supervision of Derivatives Market after the Global Financial Crisis"
 Ohsang Kwon (Director General, Financial Supervisory Service)
 "Global Trends and the Rise of China in Derivatives Market"
 Aejin Ha (Principal Research Associate, Korea Exchange)
Discussions: Hyo Seob Lee (Research Associate, Korea Capital Market Institute)
 Kwangsoo Ko (Professor, Pusan National University)
- 17:30 ~ 20:00 **Keynote Speech, Best Paper Award and Dinner**
Welcoming Remarks: Young Ho Eom
 (Yonsei University, President of Korea Derivatives Association)
Congratulatory Message: Kiwon Kang
 (President of Derivatives Market Division & COO, Korea Exchange)
Keynote Speech: Gurdip S. Bakshi
 (Dean's Professor of Finance, University of Maryland)
 "Bond Market Clientele, Duration Effects, and the Expected Return of Options on Treasury Bond Futures"
Best Paper Award: Jeongsun Yun (Kookmin University, Editor of KJFO)

Tuesday, August 25

- 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, August 24 14:00 ~ 16:00	Session 1	Derivatives	Rose
	Session 2	Trading	Lilac
	Session 3	Empirical Asset Pricing	Tulip
Tuesday, August 25 09:00 ~ 10:30	Session 4	CDS	Rose
	Session 5	Volatility	Lilac
	Session 6	Empirical Option Pricing and FX	Tulip
Tuesday, August 25 10:40 ~ 12:10	Session 7	Banking and Bond Market	Rose
	Session 8	Institutional Traders and M&A	Lilac
	Session 9	Theoretical Models in Finance	Tulip

 **Academic Sessions 1, 2, 3** (14:00~16:00, Monday, August 24)

Session 1: Derivatives

Chair: In Joon Kim (Seoul National Univ.)
(Rose Room)

Title	Author	Discussant
Predictability of Co-movements in Commodity Prices: What is the Role of Technical Indicators	Libo Yin* (Central University of Finance and Economics) Qingyuan Yang (Central University of Finance and Economics)	Lingxia Sun (Korea University)
A Real Option Approach to Military Service	Hyoung-Goo Kang* (Hanyang University) Changmin Lee (Hanyang University) Heonjae Song (University of Seoul)	Sooyoung Song (Chung-Ang University)
Price Discovery and Information Linkages Relating to Volatility and Higher Order Moments: An Empirical Analysis for NSE 50 Spot and Derivative Platforms in India	Sanjay Sehgal (University of Delhi) Piyush Pandey* (University of Delhi) Florent Deisting (Groupe ESC Pau)	Hyung-Suk Choi (Ewha Womans University)
A Simple Closed-form Approximation for Constant Elasticity of Variance Spread Options	Edward Chi-Fai Lo* (Chinese University of Hong Kong) X.F. Zheng (Chinese University of Hong Kong)	Da Hea Kim (KAIST)

Session 2: Trading

Chair: Jong Yeon Choi (Hanyang Univ.)
(Lilac Room)

Title	Author	Discussant
High-Frequency Trading in an Options Market: Evidence from the KOSPI 200 Options Market	Hyunglae Jeon* (KAIST) Jangkoo Kang (KAIST) Jongho Kang (KAIST)	Daejin Kim (UNIST)
Trading on Nearness to the Recent Peak Prices in Commodity Futures Markets	Yuan Li*(Loughborough University)	Paul Moon Sub Choi (Ewha Womans University)
Inter-transaction Time, Informed Trading, and Trade-indicator Models	Kee H. Chung (SUNY at Buffalo) Doojin Ryu* (Sungkyunkwan University) Heejin Yang (Sungkyunkwan University)	Jun Sik Kim (Incheon National University)

Session 3: Empirical Asset Pricing

Chair: Tong Suk Kim (KAIST)
(Tulip Room)

Title	Author	Discussant
Idiosyncratic Volatility and Stock Return Predictability: Evidence from the Korean Stock Market	Changjun Lee* (Hankuk University of Foreign Studies) Jungmu Kim (KAIST)	Chanyoung Eom (Hanyang University)
A Smiling Bear in the Equity Options Market and the Cross-section of Stock Returns	Hye Hyun Park* (Korea University) Baeho Kim (Korea University) Hyeongsop Shim (UNIST)	Ki Beom Binh (Myongji University)
Difference of Stock Return Distributions and the Cross-Section of Expected Stock Returns	Joon Chae*(SNU) Wonse Kim (SNU) Eun Jung Lee(Hanyang University)	Hongseok Choi (Republic of Korea Air Force Academy)
Conditional Correlations and Investment Shocks: Evidence from the Chinese Sectors	Myeong Hyeon Kim* (Korea University) Lingxia Sun (Korea University)	Jaehoon Hahn (Yonsei University)

 **Academic Sessions 4, 5, 6** (09:00~10:30, Tuesday, August 25)

Session 4: CDS

Chair: Jae Ha Lee (Sungkyunkwan Univ.)
(Rose Room)

Title	Author	Discussant
CDS Inferred Stock Volatility	Biao Guo* (Renmin University of China)	Yuen Jung Park (Hallym University)
Investor Sentiment, Credit Default Swap and Crisis	Sol Kim (Hankuk University of Foreign Studies) Jeehye Lee* (KAIST) Yuen Jung Park (Hallym University)	Chan Shik Jung (Dong-A University)
Does the Introduction of One Derivative Affect Another Derivative? The Effect of Credit Default Swaps Trading on Equity Option	Jie Cao* (Chinese University of Hong Kong) Yong Jin (University of Florida) Neil D. Pearson (University of Illinois at Urbana Champaign) Dragon Yongjun Tang (University of Hong Kong)	Sujung Choi (Soongsil University)

Session 5: Volatility

Chair: Seon Lee (Kyung Hee Univ.)
(Lilac Room)

Title	Author	Discussant
Behaviour of Implied Volatility in Indian Market: an Empirical Study	Narain (University of Delhi) Narander Kumar Nigam* (University of Delhi) Piyush Pandey (University of Delhi)	Sang Hoon Kang (Pusan National University)
Volatility Spillovers between ETFs and Their Constituent Stocks: Empirical Study for Vietnam, Indonesia, and the Philippines	Malick Sy* (RMIT University) Sundas Rawat (Nottingham University) Lan T.P. Nguyen (Malaysia Multimedia University)	Soon-Ho Kim (Pukyong National University)
Marked Hawkes Process Modeling of Price Dynamics and Volatility Estimation	Kyungsub Lee (UNIST) Byoung Ki Seo* (UNIST)	Ji Yeol Jimmy Oh (Hanyang University)

Session 6: Empirical Option Pricing and FX

Chair: Sekyung Oh (Konkuk Univ.)
(Tulip Room)

Title	Author	Discussant
Covered Interest Parity Deviation and Counterparty Default Risk: US Dollar / Korean Won FX Swap Marke	Hanbok Choi (Woori Investment & Securities) Young Ho Eom (Yonsei University) Woon Wook Jang* (Yonsei University) Don H. Kim (Board of Governors of the Federal Reserve System)	Byoung-Uk Yoon (National Pension Research Institute)
Is the Information on the Higher Moments of the Underlying Returns Correctly Reflected in Option Prices?	Soonhee Lee* (KAIST) Jangkoo Kang (KAIST)	Changmin Lee (Hanyang University)
Effectiveness of Linear Extrapolation in Model-free Implied Moment Estimation	Geul Lee* (University of New South Wales)	Kwanho Kim (Chungbuk National University)

 **Academic Sessions 7, 8, 9** (10:40~12:10, Tuesday, August 25)

Session 7: Banking and Bond Market Chair: Sooyoung Song (Chung-Ang Univ.)
(Rose Room)

Title	Author	Discussant
Market Power and the Detrimental Effects of Competition: Evidence from the Taiwanese Banking Industry	Charles Chang (Shanghai Jiao Tong University) Paul Moon Sub Choi (Ewha Womans University) Seth H. Huang* (Ewha Womans University)	Noolee Kim (Hanyang University)
Investor Sentiment and Bond Market	Hyun Jung Lee* (Hanyang University) Changmin Lee (Hanyang University) Hyoung-Goo Kang (Hanyang University)	Sung Won Seo (Ajou University)
Why Interest Free Islamic Banking is not Free from Interest?	Saad Azmat (Lahore University of Management Sciences) A.S.M. Sohel Azad* (Deakin University) Ishaq Bhatti (La Trobe University) Hamza Ghaffar (Lahore University of Management Sciences)	James Park (Korea University)
Certification and Overinsurance in the Bond Insurance Market	Ji Yeol Jimmy Oh* (Hanyang University)	Hyeongsop Shim (UNIST)

Session 8: Institutional Traders and M&A Chair: Sang Gyung Jun (Hanyang Univ.)
(Lilac Room)

Title	Author	Discussant
Lobbying Activities and Mergers and Acquisitions	Daejin Kim (UNIST) Tim Mooney (Paci c Lutheran University) Hyeongsop Shim* (UNIST)	Woojin Kim (Seoul National University)
An Empirical Analysis of the Dynamic Probability of Institutional Informed Trading: Evidence from the Taiwan Futures Exchange	Wei-Che Tsai (National Sun Yat-sen University) Pei-Shih Weng (National Dong Hwa University) Ming-Hung Wu* (National Sun Yat-sen University) Miao-Ling Chen (National Sun Yat-sen University)	Taewoo Kim (Korea Securities Depository)
Informed Trading in the Options Market and Stock Return Predictability	JoongHo Han (Sungkyunkwan University) Da Hea Kim* (KAIST) Suk-Joon Byun(KAIST)	Dongyoun Lee (Kookmin University)

Session 9: **Theoretical Models in Finance** Chair: Joon Chae (Seoul National Univ.)
(Tulip Room)

Title	Author	Discussant
Learning under Ambiguous Reversion	Hongseok Choi* (Republic of Korea Air Force Academy)	Sun-Joong Yoon (Dongguk University)
Entrepreneurial Business Plan under Undiversifiable Idiosyncratic Risk	Bong-Gyu Jang (POSTECH) Hyun-Tak Lee (POSTECH) Seyoung Park* (Credit Finance Research Institute)	Jose Da Fonseca (Auckland University of Technology)
Analytic Pricing of Volatility-Equity Options within Wishart-Based Stochastic Volatility Models	Jose Da Fonseca* (Auckland University of Technology) Alessandro Gnoatto (Ludwig-Maximilians University) Martino Grasselli (Universita degli Studi di Padova)	Gabjin Oh (Chosun University)

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