NORTHERN FINANCE ASSOCIATION

Program of the Second (1990) Annual Meeting
Banff Center, Banff, Alberta
Program Chairperson: Lawrence Kryzanowski (Concordia University)

September 21 (Friday)

All attendees/participants should arrive in Banff at the Banff Centre.

08:30-10:00	Welcome wine and cheese reception (evening) in the Bourgeau Lounge (Lloyds Hall).

September 22 (Saturday)

08:30-10:00	A.1[a] Option Pricing I
	A.2 Market Efficiency
10:00-10:30	Refreshment Break
10:30-12:00	B.1 Interest Rate Option Pricing
	B.2 Financial Institutions
12:00-01:30	Lunch
01:30-03:00	C.1 Stock Index Futures
	C.2 Investment Performance
	C.3 Ownership Structure
03:00-03:30	Refreshment Break
03:30-05:00	D.1 Option Pricing II
	D.2 Asset Pricing Tests
	D.3 Corporate Finance
06:00-08:00	Special Dinner and Award Presentation (Evening) Distinguished Speaker, Myron Scholes (Stanford U. & Salomon Brothers), "Scholes Meets Salomon Brothers".
	Financial Executives Institute Canada Award ($1,500) for the Best Paper in Corporate Finance. Awarded to Charles Bram Cadsby (U. Guelph), Murray Frank (U. British Columbia) and Vojislav Maksimovic (U. British Columbia) -- see Session D.3.
	Institute of Canadian Bankers Award ($1,500) for the Best Paper in Financial Institutions and Markets. Awarded to Stuart M. Turnbull (Queen's U.) and Frank Milne (Australian National U.) -- see Session B.1.
	Canadian Securities Institute Award ($1,500) for the Best Paper in Investments. Awarded to Peter Carr (Cornell U.), Robert Jarrow (Cornell U.) and Ravi Myneni (Stanford U.) -- see Session A.1.
	C. Harvey Rorke Memorial Prize ($5,000) for the Best Ph.D. Thesis in Finance, funded by the Financial Research Foundation of Canada (FRF). 1990 winner, Josée St. Pierre, U.Q.A.T.R. (Dissertation at Laval U.)
09:00-11:00	Reception sponsored by the Faculty of Management, University of Calgary, in the Bourgeau Lounge (Lloyds Hall).

September 23 (Sunday)

08:30-10:00	E.1	Futures
	E.2	Corporate Governance
	E.3	International Finance
10:00-10:30	Refreshment Break	
10:30-12:00	F.1	Option Pricing III
	F.2	Corporate Restructurings
12:00-1:30	Lunch	

[a] A.1 refers to session A, stream 1.

Stream 1 will be held in MB 251.
Stream 2 will be held in MB 252.
Stream 3 will be held in the MB Auditorium.

MB refers to the Max Bell Teaching Wing.

September 22 (Saturday)

08:30 A.1 Chair: Giovanni Barone-Adesi (U. Alberta)

"Option Bounds in Discrete Time with Transaction Costs," Phelim P. Boyle (U. Waterloo) and Ton Vorst (Erasmus U. Rotterdam)

"Alternative Characterizations of American Put Options," Peter Carr (Cornell U.), Robert Jarrow (Cornell U.) and Ravi Myneni (Stanford U.)

"Empirical Investigation of the Time Dependent Variance Bond Option Pricing Model," Louis Gagnon (Queen's U.)

Discussants: David Laughton (U. Alberta)
Stuart M. Turnbull (Queen's U.)
Giovanni Barone-Adesi (U. Alberta)

A.2 Chair: Charles Bram Cadsby (U. Guelph)

"Do the Capital Markets Learn from Financial Economists," Usha Mittoo (U. Manitoba) and Rex Thompson (Southern Methodist U.)

"Dividend Capture in NASDAQ Stocks," Jonathan M. Karpoff (U. Washington) and Ralph A. Walkling (Ohio State U.)

"Correcting the Effects of Non-Synchronous Observations in Regressions," Jian-Xiang Chao (Changsha U.), David J. Fowler (York U.) and Alan D. White (U. Toronto)

Discussants: Elizabeth Maynes (York U.)
John Rumsey (Wilfred Laurier U.)
Gordon Sick (U. Calgary)

10:30 B.1 Chair: Edwin Neave (Queen's U.)

"A Simple Approach to Interest Rate Option Pricing," Stuart M. Turnbull (Queen's U.) and Frank Milne (Australian National U.)
"A Valuation Technique for Interest Rate Contingent Claims and Its Applications," Jin-Chuan Duan (McGill U.)
"Pricing Vulnerable Financial Guarantees: Contingent Claims Analyses," Van Son Lai (Laval U.)
Discussants: Phelim P. Boyle (U. Waterloo)
Giovanni Barone-Adesi (U. Alberta)
David Laughton (U. Alberta)

B.2 Chair: C.W. Sealey (McGill U.)

"Fixed-Rate Deposit Insurance and Risk-Shifting Behavior at Commercial Banks," Jin-Chuan Duan, Arthur F. Moreau and C.W. Sealey (All: McGill U.)
"Market Value Measures of Canadian Bank Solvency: 1920-40," Lawrence Kryzanowski (Concordia U.) and Gordon S. Roberts (Dalhousie U.)
"Implications of Time-Varying Bank Operating Risk for the Value of Deposit Insurance," Sarah B. Kendall (Loyola U. Chicago)
Discussants: Nancy Ursel (U. Windsor)
Sumon Mazumdar (McGill U.)
S. Nagarajan (McGill U.)

12:00 Lunch

01:30 C.1 Chair: Bob Whaley (Duke U.)

"Intraday Volatility in the Stock Index and Stock Index Futures Markets," Kalok Chan, K.C. Chan and G. Andrew Karolyi (All: Ohio State U.)
"Pricing Stock Index Futures with Stochastic Interest Rates," Nusret Cakici (Rutgers U.) and Sris Chaterjee (Fordham U.)
"Pricing and Hedging Performance of Canadian Stock Index Futures," Richard Deaves (McMaster U.)
Discussants: Paul Sequin (U. Michigan)
Peter Carr (Cornell U.)
Raman Uppal (U.B.C.)

C.2 Chair: Minh Chau To (H.E.C.)

"Arbitrage Profits and Stochastic Dominance in Managed Portfolios: Measures of Timing and Selectivity," Bob Korkie (U. Alberta)
"Stein and CAPM Estimators of the Means in Portfolio Choice: A Case of Unsuccess," Robert R. Grauer (Simon Fraser U.) and Nils H. Hakansson (U. California, Berkeley)
"Investment Performance and Thin Trading: The Case of Australian Superannuation Funds," Toan M. Pham and Ah Boon Sim (Both: U. New South Wales)

Discussants: Minh Chau To (H.E.C.)
Jean-Marie Gagnon (Laval U.)
Cleveland S. Patterson (Concordia U.)

C.3 Chair: Vijay M. Jog (Carleton U.)

"Ownership Structure and Firm Performance: Some New Evidence," Haiyang Chen (Youngstown State U.), J. Lawrence Hexter (Kent State U.) and Michael Y. Hu (Kent State U.)
"Ownership Concentration and Equity Returns," Chris Robinson (York U.) and John Rumsey (Wilfrid Laurier U.)
"On the Coexistence of Mutualist and Capitalist Shareholders in Insurance Companies," Michel Gendron and Denis Moffet (Both: Laval U.)
Discussants: Randall Morck (U. Alberta)
Peter J. Ryan (U. Ottawa)
Ali Nathan (U. Calgary)

03:30 D.1 Chair: Phelim P. Boyle (U. Waterloo)

"The Derivation of Tighter Option Bounds from Other Option Prices," Peter J. Ryan (U. Ottawa)
"Valuation of American Options," Giovanni Barone-Adesi and Robert Elliott (Both: U. Alberta)
"Markovian Yield Curve Models and Interest Rate Option Pricing," N. Roseau (MFI), R. Viswanathan (MFI) and R. Myneni (Stanford U.)
Discussants: Barry Schachter (Tulane U. and CFTC)
Ton Vorst (Erasmus U. Rotterdam)
Ted Neave (Queens U.)

D.2 Chair: Bob Korkie (U. Alberta)

"Finite Sample Properties of Methods of Moments in Latent Variable Tests of Asset Pricing Models," Wayne E. Ferson (U. Chicago) and Stephen R. Foerster (U. Western Ontario)
"International Asset Pricing and Equity Market Risk," Thomas C. Chiang (Drexel U.)
"Size and Power in the Presence of Seasonally Adjusted Consumption Data," Sandra Betton (U. British Columbia)
Discussants: Harry Turtle (U. Manitoba)
Bernard Yeung (U. Michigan)
Andrew Karolyi (Ohio State)

D.3 Chair: Myron Gordon (U. Toronto)

"The Asymmetric Information Hypothesis and Dividend Policy: A Comprehensive Study of Dividend Signals," Said Elfakhani (U. Saskatchewan)
"Pooling, Separating and Semi-Separating Equilibria in Financial Markets: Some Experimental Evidence," Charles Bram Cadsby (U. Guelph), Murray Frank (U. British Columbia) and Vojislav Maksimovic (U. British Columbia)
"An Experimental Study of Managerial Pay and Firm Hedging Decisions," Gregory J. Lypny (Concordia U.)

Discussants: David Fowler (York U.)
Gregory J. Lypny (Concordia U.)
Robert R. Grauer (Simon Fraser U.)

September 23 (Sunday)

08:30 E.1 Chair: Joseph R. Sweeney (Chicago Board of Trade)

"The Informational Content of the Basis: Evidence from Canadian Barley, Oats and Canola Futures Markets," Nabil T. Khoury and Pierre Yourougou (Both: Laval U.)
"Assessing the Costs of Regulation: The Case of Dual Trading," Tom Smith and Robert E. Whaley (Both: Duke U.)
"Bank Size, Transaction Costs, and Optimal Macrohedging with Financial Futures," George F. Tannous (U. Saskatchewan)
Discussants: Francesco S. Braga (U. Guelph)
Margaret A. Monroe (U. Illinois, Chicago)
Geoffrey Poitras (Simon Fraser U.)

E.2 Chair: Paul Halpern (U. Toronto)

"The Rational Valuation of Corporate Voting Rights," Kenneth Sutrick (Murray State U.) and John L. Teall (Fordham U.)
"Corporate Governance, Restricted Voting Shares and Corporate Performance," Vijay M. Jog and Allan L. Riding (Both: Carleton U.)
"Marginal Tax Rates Implied in Financial Security Prices," David Downie (U.B.C.) and Gordon A. Sick (U. Calgary)
Discussants: John Rumsey (Wilfrid Laurier U.)
Chris Robinson (York U.)
Louis Gagnon (Queen's U.)

E.3 Chair: Vihang R. Errunza (McGill U.)

"Why Investors Value Multinationality," Randall Morck (U. Alberta) and Bernard Yeung (U. Michigan)
"International Ownership Structure and the Firm Value", C. Eun (U. Maryland) and S. Janakiramanan (SUNY, Albany)
"Multinational Enterprise Liability and Cross-border Investments," Kose John (N.Y.U.), Lemma Senbet (U. Maryland), Anant Sundaram (Dartmouth)
Discussants: Ked Hogan (McGill U.)
Sumon Mazumdar (McGill U.)
Vojislav Maksimovic (U. British Columbia)

10:30 F.1 Chair: Jess Chua (U. Calgary)

"Optimal Hedging of Discretely Rebalanced Option Portfolios: Why Investors Should Not Use Delta Neutral Hedging," Russell P. Robins and Barry Schachter (Both: Tulane U.)
"A Risk Tolerance Hedging Strategy," Soushan Wu, Her-Jiun Sheu and Chin-Shen Lee (All: National Chiao-Tung U.)
"The Valuation of Multiple Options: An Application to the Exchange Rate Market of the Italian Lira," Emile Barone and Antonella Bucci (Both: IMI Group)
Discussants: Michael Robinson (U. Calgary)
Celik Parkan (U. Calgary)
Lionel MacMillan (U. Calgary)

F.2 Chair: Jean-Marie Gagnon (Laval U.)

"Organizational Restructuring, Equity Valuation and Limited Partnerships," Donald G. Christensen and Linda F. Christensen (Both: Wichita State U.)
"Wealth Effects of Debt Reduction: Case of Equity-for-Debt Swaps," Keshav Gupta (Bentley College) and W. Gary Simpson (Oklahoma State U.)
"Rights Issues and Perceived Growth Rate Dilution," Cleveland S. Patterson (Concordia U.) and Nancy Ursel (U. Windsor)
"Calls on Convertibles: Ex Ante Optimality in the Co-operative Context," P. Jalan (U. Regina)
Discussants: Vijay Jog (Carleton U.)
Minh Chau To (H.E.C.)
Chris Robinson (York U.)
Nabil T. Khoury (Laval U.)

CALL FOR PAPERS

The third annual meeting of the NFA will be held in Montreal, Quebec, on September 20-22, 1991. Please send manuscripts by May 15, 1991 to:

Professor Vijay Jog
Program Chairperson, NFA 1991
School of Business
Col By Drive
Carleton University
Ottawa, Canada K1S 5B6