

# EUROPEAN SUMMER SYMPOSIUM IN FINANCIAL MARKETS

**Generously hosted by  
Study Center Gerzensee**

Monday 19-30 July 2010

## DRAFT PROGRAMME

### WEEK 1

#### MONDAY 19 JULY

#### **Morning Session: Asset Pricing and Portfolio Choice with Options Data**

**08.30 - 09.30**

#### **On the timing and pricing of cash flows**

\*Jules H. van Binsbergen (Northwestern University)  
Michael W. Brandt (Duke University)  
Ralph S. J. Koijen (University of Chicago)

*Discussant:*

*Ravi Bansal (Duke University)*

**09.30 - 10.30**

#### **The pricing of systematic and idiosyncratic variance risk**

Norman Schürhoff (University of Lausanne)  
Alexandre Ziegler (University of Zurich)

*Discussant:*

*Jens Carsten Jackwerth (University of Konstanz)*

**10.30 - 11.00**

#### **Coffee Break**

**11.00 - 12.00**

#### **Improving Portfolio Selection Using Option-implied Volatility and Skewness**

Victor DeMiguel (London Business School)  
Yuliya Plyakha (Goethe University Frankfurt)  
Raman Uppal (London Business School and CEPR)  
\*Grigory Vilkov (Goethe University Frankfurt)

*Discussant:*

*Christian Schlag (Goethe University Frankfurt)*

## TUESDAY 20 JULY

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| <b>Focus Session:</b> | <b>Capital Constraints and Asset Pricing</b>  |
| Organizer:            | Nicolae Garleanu (University of California Berkeley and CEPR)   |
| <b>08.30 - 09.00</b>  | <b>Introduction</b><br>Nicolae Gerleanu (University of California Berkeley and CEPR)  |
| <b>09.00 - 09.50</b>  | <b>Limits to Arbitrage During the Crisis: Funding Liquidity Constraints and Covered Interest Parity</b><br>Tomasso Mancini Grifoli (Swiss National Bank)<br>*Angelo Ranaldo (Swiss National Bank)   |
| <b>09.50 - 10.20</b>  | <b>Coffee Break</b>   |
| <b>10.20 - 11.10</b>  | <b>Limits to Arbitrage and Hedging: Evidence from Commodity Markets</b><br>Viral V. Acharya (London Business School, New York University and CEPR)<br>*Lars A. Lochstoer (Columbia University)<br>Tarun Ramadorai (University of Oxford and CEPR) |
| <b>11.10 - 12.00</b>  | <b>Trading and Valuing Toxic Assets</b><br>Konstantin Milbradt (Massachusetts Institute of Technology)  |

## WEDNESDAY 21 JULY

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| <b>Morning Session:</b> | <b>Stock and Bond Market Volatility and Predictability</b>   |
| <b>08.30 - 09.30</b>    | <b>Asset Prices with Heterogeneity in Preferences and Beliefs</b><br>Harjoat S. Bhamra (University of British Columbia)<br>*Raman Uppal (London Business School and CEPR)  |
| Discussant:             | <i>Jakša Cvitanić (Caltech)</i>  |
| <b>09.30 - 10.30</b>    | <b>The fourth-quarter consumption growth rate: A pure-macro, not-estimated stock return predictor that works in-sample and out-of-sample</b><br>Stig V. Møller (Aarhus University)<br>*Jesper Rangvid (Copenhagen Business School) |
| Discussant:             | <i>Ralph S. J. Koijen (University of Chicago)</i>  |
| <b>10.30 - 11.00</b>    | <b>Coffee Break</b>  |
| <b>11.00 - 12.00</b>    | <b>Country size, currency unions, and international asset returns</b><br>Tarek A. Hassan (University of Chicago)   |
| Discussant:             | <i>Adrien Verdelhan (Massachusetts Institute of Technology)</i>  |

## THURSDAY 22 JULY

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| <b>Focus Session:</b> | <b>Investment-Based Asset Pricing</b>                    |
| Organizer:            | Lu Zhang (University of Michigan)                        |
| <b>08.30 - 08.45</b>  | <b>Introduction</b><br>Lu Zhang (University of Michigan) |

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| <b>08.45 - 09.40</b> | <b>Putty-Clay Technology and Stock Market Volatility</b><br>François Gourio (Boston University)  |
| <i>Discussant:</i>   | <i>Dmitry Livdan (University of California, Berkeley)</i>  |
| <b>09.40 - 10.35</b> | <b>The Puzzling Inventory Growth Risk Premium</b><br>Federico Belo (University of Minnesota)<br>Xiaoji Lin (London School of Economics)  |
| <i>Discussant:</i>   | <i>Erica Li (University of Michigan)</i>   |
| <b>10.35 - 11.05</b> | <b>Coffee Break</b>  |
| <b>11.05 - 12.00</b> | <b>An Equilibrium Asset Pricing Model with Labor Market Search</b><br>Lars-Alexander Kuehn (Carnegie-Mellon University)<br>Nicolas Petrosky-Nadeau (Carnegie-Mellon University)<br>Lu Zhang (University of Michigan) |

## **FRIDAY 23 JULY**

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| <b>Morning Session:</b> | <b>Unconventional Approaches and Actors</b>  |
| <b>08.30 - 09.30</b>    | <b>How and why do sovereign wealth funds tilt their portfolios?</b><br>Alexander Dyck (University of Toronto)<br>*Adair Morse (University of Chicago)  |
| <i>Discussant:</i>      | <i>Magnus Dahlquist (Stockholm School of Economics and CEPR)</i>   |
| <b>09.30 - 10.30</b>    | <b>The market for financial advice: An audit study</b><br>Sendhil Mullainathan (Harvard University)<br>*Markus Nöth (University of Hamburg)<br>Antoinette Schoar (Massachusetts Institute of Technology) |
| <i>Discussant:</i>      | <i>Michael Haliassos (Goethe University, Frankfurt and CEPR)</i>   |
| <b>10.30 - 11.00</b>    | <b>Coffee Break</b>  |
| <b>11.00 - 12.00</b>    | <b>In search of attention</b><br>*Zhi Da (University of Notre Dame)<br>Joey Engelberg (University of North Carolina)<br>Pengjie Gao (University of Notre Dame)   |
| <i>Discussant:</i>      | <i>Dong Lou (London School of Economics)</i>   |

## WEEK 2

### MONDAY 26 JULY

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| <b>Focus Session:</b> | <b>Financial Regulation</b>   |
| <i>Organizer:</i>     | <i>Emmanuel Farhi (Harvard University and CEPR)</i>   |
| <b>08.30 - 09.30</b>  | <i>*Jean-Charles Rochet (Toulouse School of Economics and CEPR)</i>   |
| <b>09.30 - 10.30</b>  | <b>Systemic Risk-Taking: Amplication Effects, Externalities, and Regulatory Responses</b><br><i>*Anton Korinek (University of Maryland)</i> |
| <b>10.30 - 11.00</b>  | <b>Coffee Break</b>   |
| <b>11.00 - 12.00</b>  | <i>*Emmanuel Farhi (Harvard University and CEPR)</i>  |

### TUESDAY 27 JULY

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| <b>Morning Session:</b> | <b>Chair – Enrique Schroth (University of Amsterdam)</b>  |
| <b>08.30 - 09.30</b>    | <b>What matters in executive compensation? The Role of Internal Governance, Corporate Culture, and the Labor Market</b><br><i>Renée B. Adams (University of Queensland)</i><br><i>*Mariassunta Giannetti (Stockholm School of Economics and CEPR)</i> |
| <i>Discussant:</i>      | <i>José Liberti (DePaul University)</i>   |
| <b>09.30 - 10.30</b>    | <b>An Empirical Investigation of Internal Governance</b><br><i>*Raj Aggarwal (University of Minnesota)</i><br><i>Huijing Fu (Texas Christian University)</i><br><i>Yihui Pan (University of Minnesota)</i>  |
| <i>Discussant:</i>      | <i>Yishay Yafeh (Hebrew University of Jerusalem and CEPR)</i>   |
| <b>10.30 - 11.00</b>    | <b>Coffee Break</b>   |
| <b>11.00 - 12.00</b>    | <b>Strategic Complementarity, Fragility, and Regulation</b><br><i>Xavier Vives (IESE Business School and CEPR)</i>  |
| <i>Discussant:</i>      | <i>Javier Suarez (CEMFI and CEPR)</i>   |

### WEDNESDAY 28 JULY

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| <b>Focus Session:</b> | <b>Finance and Macro</b>   |
| <i>Organizer:</i>     | <i>Effi Benmelech (Harvard University)</i>   |
| <b>08.30 - 09.30</b>  | <b>Financial Innovation and Financial Fragility</b><br><i>Nicola Gennaioli (CREI and Universitat Pompeu Fabra)</i><br><i>*Andrei Shleifer (Harvard University)</i><br><i>Robert Vishny (University of Chicago)</i> |
| <b>09.30 - 10.30</b>  | <i>*Nittai Bergman (Massachusetts institute of Technology)</i>   |

10.30 - 11.00      **Coffee Break**

11.00 - 12.00      |      \*Effi Benmelech (Harvard University)

#### **THURSDAY 29 JULY**

**Morning Session:**      **Chair – Thomas Gehrig (Universität Freiburg and CEPR)**

08.30 - 09.30      **Incentives to Innovate and the Decision to Go Public or Private**  
\*Daniel Ferreira (London School of Economics and CEPR)  
Gustavo Manso (MIT)  
Andre Silva (Universidade Nova de Lisboa)

*Discussant:*      *Ulrich Hege (HEC School of Management)*

09.30 - 10.30      **Agency Conflicts and Cash: Estimates from a Structural Model**  
\*Boris Nikolov (University of Rochester)  
Toni Whited (University of Wisconsin)

*Discussant:*      *Enrichetta Ravina (Columbia Business School)*

10.30 - 11.00      **Coffee Break**

11.00 - 12.00      |      **Performance Pay, CEO Dismissal and the Dual Role of Takeovers**  
Mike Burkart (Stockholm School of Economics)  
\*Konrad Raff (SIFR & Toulouse School of Economics)

*Discussant:*      *Nicola Gennaioli (CREI, Universitat Pompeu Fabra and CEPR)*

#### **FRIDAY 30 JULY**

**Morning Session:**      **Chair – Fausto Panunzi (Bocconi University and CEPR)**

8.30 – 9.30      **The Effect of Succession Taxes on Family Firm Investment: Evidence from a Natural Experiment**  
Margarita Tsoutoura (University of Chicago, Booth School of Business)

*Discussant:*      *Stefano Rossi (Imperial College Business School and CEPR)*

9.30 - 10.30      **Rating Agencies in the Face of Regulation - Rating Inflation and Regulatory Arbitrage**  
Christian Opp (Wharton Finance)  
\*Markus Opp (Haas School of Business, University of California, Berkeley)  
Milton Harris (University of Chicago, Booth School of Business)

*Discussant:*      *Mike Burkart (Stockholm School of Economics)*

10.30 - 11.00      **Coffee Break**

11.00 - 12.00      |      **The Importance of Industry Links in Merger Waves**  
\*Kenneth Ahern (University of Michigan)  
Jarrad Harford (University of Washington Business School)

*Discussant:*      *Hans Degryse (Tilburg University)*

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\* Indicates the presenter.

Asset pricing week: For the regular sessions, speakers have 40 minutes to present, leaving 10 minutes for the discussant and 10 minutes for general discussion. For the focus sessions, the focus session organizer will start with a 15-minute introduction. Presenters will have 35 minutes to present, leaving 10 minutes for discussants and 10 minutes for general discussion.

Corporate finance week: For the regular sessions, speakers have 40 minutes to present, leaving 10 minutes for the discussant and 10 minutes for general discussion. For the focus sessions, the focus session organizer will start with a 15-minute introduction. Presenters will have 45 minutes to present, leaving 15 minutes for general discussion.

**Organizers:**

**Ernst Baltensperger** (Study Center Gerzensee and the University of Berne)

**Fausto Panunzi** (Bocconi University and CEPR)

**Annette Vissing-Jorgensen** (Northwestern University and CEPR)