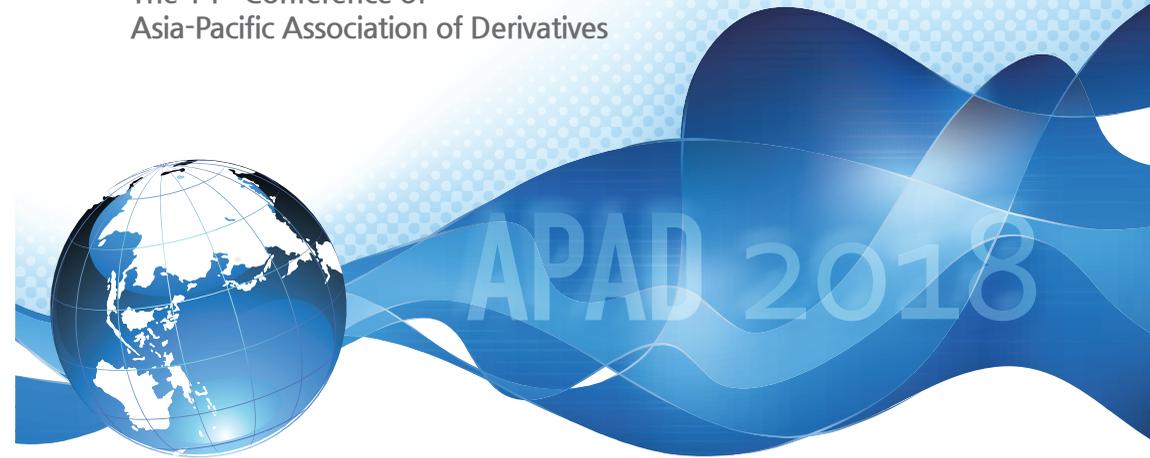


APAD 2018

The 14th Conference of
Asia-Pacific Association of Derivatives

APAD 2018

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Asia-Pacific Association of Derivatives



- Date. July 9~10, 2018
- Venue. Westin Chosun Hotel, Busan, Korea
- Organizer.  Korea Derivatives Association

• Sponsors.



Korea Derivatives Association

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Dear all participants,

A warm welcome to the 14th Annual Conference of the Asia-Pacific Association of Derivatives (APAD), hosted by the Korea Derivatives Association!

Since the first conference in Busan in 2004, the APAD conference meetings have been a great success in promoting scholarly studies of derivatives markets and asset pricing. In particular, they have not only provided a valuable opportunity to keep abreast of the latest developments in derivatives markets but also served as an important arena of dialogue between the academics, practitioners, and policymakers.

This year the conference features 33 rigorously peer-reviewed papers, with authors from diverse parts of the world. The papers address a wide range of important theoretical and empirical topics including options, futures, volatility, asset pricing, market microstructure, and financial regulation. In addition, our keynote speaker, Professor Sang Bin Lee, will deliver an insightful speech entitled "Ho and Lee (1986) and Beyond – Term Structure Theory and Interest Rate Derivatives Pricing Models." We are also proud to present a special symposium entitled "Diversity of Product Lines and Market Quality: In Derivatives Markets."

After the global financial crisis of 2008, financial authorities have successfully strengthened their respective oversight frameworks. As a result, we are witnessing more solid regulatory foundations across the financial system as well as greater transparency in derivatives trading. However, critics argue that investments in technology and innovation have been delayed and underfunded over the last decade because the industry has devoted so much time and resources into compliance, culminating in stagnant growth, lower liquidity, and a deterioration in market productivity.

We are thus at an appropriate juncture to call for all parties involved—regulators, academics, and practitioners alike—to pay more attention to securing a more objective and productive regulation system and accelerating the pace of innovation in derivatives markets. We hope that the academic presentations and discussions during this conference would provide constructive feedbacks to regulators and practitioners, thereby ultimately contributing to continuing market improvements.

We are confident that all 33 papers presented will invariably offer stimulating research questions as well as fresh insights. On behalf of all 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 also acknowledge our great sponsors who provided generous supports to make this conference possible.

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

Jong Won Park, Ph.D.

President of the Korea Derivatives Association

Jeongsun Yun, Ph.D.

Program Chair of the APAD 2018 Conference

Monday, July 9

13:30 ~ **Registration**

14:00 ~ 16:00 **Academic Sessions 1, 2, 3**

16:20 ~ 17:30 **Special Symposium** (Grand Ballroom)

"Diversity of Product Lines and Market Quality: In Derivatives Markets"

Congratulatory Message: Byungrhae Lee (Chairman & CEO of Korea Securities Depository)

Moderators: Sang Gyung Jun (Hanyang University)
Robert I. Webb (University of Virginia)

Presenters: Shiyong Yoo (Chung-Ang University)
"Trading Volume and Volatility in Single Stock Futures Markets: Evidence from Korea"
Hankil Kang (Korea Exchange)
"The Changing Features of the KOSDAQ Derivatives Market"

Discussants: Byoung Ki Seo (UNIST)
Kaun Young Lee (Chung-Ang University)

17:40 ~ 20:00 **Keynote Speech, Best Paper Awards and Dinner**

Welcoming Remarks: Jong Won Park
(University of Seoul, President of the Korea Derivatives Association)

Congratulatory Message: Chang Hee Jung
(President & CEO of Derivatives Market of Korea Exchange)

Keynote Speech: Sang Bin Lee (Hanyang University)
"Ho and Lee (1986) and Beyond - Term Structure Theory and Interest Rate Derivatives Pricing Models"

Best Paper Awards: Bum J. Kim (Soongsil University, Editor of KJFO)

Tuesday, July 10

08:00 ~ 09:00 **Breakfast**

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

10:40 ~ 12:40 **Academic Sessions 7, 8, 9**

Academic Session Program

Time	Session Topics	Room	
Monday, July 9 14:00 ~ 16:00	Session 1	Empirical Asset Pricing 1	Tulip
	Session 2	Options	Cosmos
	Session 3	Market Microstructure	Violet
Tuesday, July 10 09:00 ~ 10:30	Session 4	Empirical Asset Pricing 2	Tulip
	Session 5	Volatility	Cosmos
	Session 6	Hedge Funds and Methodology	Violet
Tuesday, July 10 10:40 ~ 12:40	Session 7	Anomalies and Trading Strategy	Tulip
	Session 8	Structured Products	Cosmos
	Session 9	Investments	Violet

Academic Sessions 1, 2, 3 ▶ 14:00~16:00, Monday, July 9

Session 1: Empirical Asset Pricing 1 (Tulip) Chair: Jang-Woo Lee (Pusan National Univ.)

Title	Author	Discussant
V-Shaped Disposition Effect, Stock Prices, and Post-Earnings-Announcement Drift: Evidence from Korea	Minki Kim (KAIST) Toyoung Kim* (KAIST) Tong Suk Kim (KAIST)	James Park (Korea Univ.)
Risk Characteristic of Fat Tails in Return Distributions: A Case of the Korean Stock Market	Cheoljun Eom* (Pusan National Univ.) Taisei Kaizoji (International Christian Univ.) Enrico Scalas (Univ. of Sussex)	Changmin Lee (Hanyang Univ.)
Market Capitalization, Corporate Payouts, and Expected Returns	Bong-Gyu Jang (POSTECH) Bong-Soo Lee (Florida State Univ.) Hyun-Tak Lee* (National Univ. of Singapore)	Hyung-Suk Choi (Ewha Womans Univ.)
Time-Varying Payoffs of Return-Adjusted Momentum Strategies	Weifeng Hung* (Feng Chia Univ.) J. Jimmy Yang (Oregon State Univ.) Pai-Ta Shih (National Taiwan Univ.) Chin-Ho Chen (Feng Chia Univ.)	Kuan-Hui Lee (Seoul National Univ.)

Session 2: Options (Cosmos) Chair: Rae Soo Park (Sookmyung Women's Univ.)

Title	Author	Discussant
Net Buying Pressure and Informed Trading in the Options Market: Evidence from Earnings Announcements	Ihsan Badshah* (Auckland Univ. of Technology) Hardjo Koerniadi (Auckland Univ. of Technology) James Kolari (Texas A&M Univ.)	Heungju Park (Sungkyunkwan Univ.)
The Impact of Intraday Net Buying Pressure on Implied Volatility in the VIX Options Market	Yi-Wei Chuang* (National Sun Yat-sen Univ.) Wei-Che Tsai (National Sun Yat-sen Univ.) Ming-Hung Wu (National Sun Yat-sen Univ.)	Yongjae Kwon (Kookmin Univ.)
Indian Equity Options: Smile, Risk Premiums and Efficiency	Sonali Jain* (Indian Institute of Management Ahmedabad) Jayanth R. Varma (Indian Institute of Management Ahmedabad) Sobhesh Kumar Agarwalla (Indian Institute of Management Ahmedabad)	Jaeram Lee (Gachon Univ.)
Is Trading What Makes Prices Informative? Evidence from Option Markets	Danjue Shang* (Utah State Univ.)	Cheol-Won Yang (Dankook Univ.)

Session 3: Market Microstructure (Violet) Chair: Joon Chae (Seoul National Univ.)

Title	Author	Discussant
Time Varying Aggregate Short-Selling in Korea	Kuan-Hui Lee (Seoul National Univ.) Shu-Feng Wang* (National Central Univ., TW)	Daehwan Kim (Konkuk Univ.)
Settlement Procedures and Stock Market Efficiency	Emily Lin* (St. John's Univ., TW) Carl R. Chen (Univ. of Dayton)	Hwa-Taek Lee (Korea Securities Depository)
The Impact of Strategic Limit Order Submissions on Foreign Exchange Market Liquidity	Alexis Stenfors* (Univ. of Portsmouth) Masayuki Susai (Nagasaki Univ.)	Xingguo Luo (Zhejiang Univ.)
The Information Content of Net Buying Pressure: Evidence from the Shanghai 50 ETF Option Market	Xingguo Luo* (Zhejiang Univ.) Yaxi Xiao (Zhejiang Univ.) Shihua Qin (Zhejiang Univ.)	Daejin Kim (UNIST)

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

Session 4: Empirical Asset Pricing 2 (Tulip) Chair: Jae Ha Lee (Sungkyunkwan Univ.)

Title	Author	Discussant
Time-Varying Price Discovery in Spot, Futures and Options Markets: Evidence from China	Kwangwon Ahn (KAIST) Yingyao Bi (China Merchants Securities) Sungbin Sohn* (Peking Univ.)	Sung Won Seo (Ajou Univ.)
Biases in Variance of Decomposed Portfolio Returns	Vitali Alexeev (Univ. of Technology Sydney) Katja Ignatieva* (Univ. of New South Wales)	Sungju Chun (Gachon Univ.)
The Role of Psychological Barriers in Lottery-Related Anomalies	Suk-Joon Byun (KAIST) Jihoon Goh* (KAIST)	Sujung Choi (Soongsil Univ.)

Session 5: **Volatility** (Cosmos)

Chair: Sang Bin Lee (Hanyang Univ.)

Title	Author	Discussant
Hyperbolic Normal Stochastic Volatility Model	Jaehyuk Choi* (Peking Univ.) Chenru Liu (Peking Univ.) Byoung Ki Seo (UNIST)	Minsuk Kwak (Hankuk Univ. of Foreign Studies)
Bad Volatility Is Not Always Bad: Evidence from Commodity Markets	Yahua Xu* (Auckland Univ. of Technology) Tai-yong Roh (Auckland Univ. of Technology)	Jun Sik Kim (Incheon National Univ.)
Market and Non-market Variance Risk in Individual Stock Returns	Sungjune Pyun* (National Univ. of Singapore)	Yongjun Kim (Univ. of Seoul)

Session 6: **Hedge Funds and Methodology** (Violet) Chair: Mookwon Jung (Kookmin Univ.)

Title	Author	Discussant
Can Hedge Funds Correct Mispricing and Provide Liquidity? Evidence from Reg SHO	Liang Zhang* (Georgia State Univ.)	Jin-Woo Kim (Pusan National Univ.)
Do Hedge Funds Time the Market Tail Risk? Evidence from Option-Implied Tail Risk	Jungsoon Shin (Ewha Womans Univ.) Minki Kim* (KAIST) Dongjun Oh (Mirae Asset Global Investments) Tong Suk Kim (KAIST)	Jungmu Kim (Yeungnam Univ.)
Conditional Importance Sampling for Event Counting Processes	Baeho Kim* (Korea Univ.) Alexander Shkolnik (Univ. of California, Berkeley)	Donggyu Kim (KAIST)

Academic Sessions 7, 8, 9

▶ 10:40~12:40, Tuesday, July 10

Session 7: **Anomalies and Trading Strategy** (Tulip) Chair: Sekyung Oh (Konkuk Univ.)

Title	Author	Discussant
CoAnomaly: Beyond Investment Opportunity and Volatility	James Tengyu Guo* (London School of Economics)	Jeewon Jang (Chosun Univ.)
Time Series Reversal in Trend Following Strategies	Jiadong Liu* (Queen's Univ. Belfast) Fotis Papailias (King's College London)	Bumjean Sohn (Korea Univ.)
Reference-Dependency of Short-Term Reversal	Jihoon Goh (KAIST) Giho Jeong* (KAIST) Jangkoo Kang (KAIST)	Sooyoung Song (Chung-Ang Univ.)
Which Volatility Drives the Anomaly? Cash Flow versus Discount Rate	Junyong Kim* (Univ. of Wisconsin-Milwaukee) Donghyun Kim (Univ. of Wisconsin-Milwaukee) Valeriy Sibilkov (Univ. of Wisconsin-Milwaukee)	Chanyoung Eom (Hanyang Univ.)

Session 8: **Structured Products** (Cosmos) Chair: Youngsoo Choi (Hankuk Univ. of Foreign Studies)

Title	Author	Discussant
Capital Market Consequences on CDS Mispricing	Hao Cheng* (Singapore Management Univ.)	Myeong-Hyeon Kim (Seoul National Univ. of Science & Technology)
Investment and Asset Securitization with an Option-for-Guarantee Swap	Xiaolin Tang (Hunan Univ.) Zhaojun Yang* (Southern Univ. of Science and Technology)	Hao Cheng (Singapore Management Univ.)
Electricity Price Modelling with Stochastic Volatility and Jumps: An Empirical Investigation	Nikolay Gudkov* (Univ. of New South Wales) Katja Ignatieva (Univ. of New South Wales)	Byung Hwa Lim (Univ. of Suwon)
Customer Suitability Risk in Structured Products: A Text-based Analysis of Japanese ADR Cases of FX Derivatives	Yuji Sakurai* (Federal Reserve Bank of Richmond)	Ji-Hun Yoon (Pusan National Univ.)

Session 9: Investments (Violet)

Chair: Uk Chang (Duksung Women's Univ.)

Title	Author	Discussant
Cluster Trading of Corporate Insiders	Chang-Mo Kang* (Univ. of New South Wales) Donghyun Kim (Univ. of Wisconsin-Milwaukee) Qinghai Wang (Univ. of Central Florida)	Joon Chae (Seoul National Univ.)
Co-opted Boards and Stock Price Crash Risk	Chaehyun Kim* (UNIST) Junyoup Lee (UNIST) Sanggeum Woo (UNIST)	Saeyoul Park (Yonsei Univ.)
Liquidity-Sensitive Trading and Corporate Bond Fund Fire Sales	Jaewon Choi (Univ. of Illinois Urbana-Champaign) Sean Seunghun Shin* (Aalto Univ. School of Business)	Hyeongsop Shim (Gachon Univ.)
When Do Regulatory Hurdles Work?	Nidhi Aggarwal (Indian Institute of Management Udaipur) Venkatesh Panchapagesan (Indian Institute of Management Bangalore) Susan Thomas* (IGIDR)	Hong Kee Sul (Chung-Ang Univ.)

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