



APAD 2012

The 8th Conference of
Asia-Pacific Association of Derivatives

August 23~24, 2012

Venue /

Westin Chosun Hotel, Busan, Korea

Hosted by /

Korea Derivatives Association(KDA)

Sponsored by

KRX 한국거래소
KOREA EXCHANGE

금융투자협회
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Korea Capital Market Institute

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Invitation for APAD 2012

Welcome to the eighth annual conference of the Asia-Pacific Association of Derivatives! The previous APAD conferences have surely promoted research in the area of derivative securities markets and have provided us opportunities to meet with academicians, practitioners, and regulators in the Asia-Pacific region. At this APAD 2012 conference, we will continue our tradition. In particular, the current conference features 31 reviewed papers from abroad and within altogether.

As you all know, regulators all over the world are preparing a new mechanism for preventing a recurrence of the crisis that nearly caused world financial markets meltdown in 2008, and putting regulations on the freewheeling derivatives markets. As for OTC derivatives market regulations, the global financial crisis has prompted calls for new oversight. Together with this world-wide movement, Korean financial authorities are also considering possible regulations on exchange-traded derivatives markets. However, some market participants worry that the regulations may hinder the development of Korean derivatives markets. Under these circumstances, a special symposium entitled 'Recent regulatory issues in the Korean Exchange-Traded Derivatives Markets' is timely prepared.

Therefore, I sincerely hope that this conference will provide all participants with opportunities to communicate with each other and to enhance our collaboration in fostering Asian capital markets to be globally competitive. More active inter-market relationship and strategic alliance would be anticipated.

On behalf of all APAD members, I acknowledge the great sponsorship of the Korea Exchange, the Korea Financial Investment Association, the Korea Securities Depository, Korea Capital Market Institute, Hana Daetoo Securities, and Hyundai Securities for this conference. Finally, I wish all of you to have a great time in Busan.

Chung-Hun Hong

President of Korea Derivatives Association

Sang-Gyung Jun

Program Chair of the APAD 2012 Conference

Program of the Conference

»» Thursday, August 23

- 13:30 ~ **Registration**
- 14:00 ~ 16:00 **Academic Sessions 1, 2, 3**
- 16:10 ~ 18:00 **Special Symposium** (Orchid Room)
 "Recent Regulatory Issues in the Korean Exchange-Traded Derivatives Markets"
 Moderator: Dr. In Joon Kim (Yonsei University)
 Presenter: Dr. Cheol-Ho Park (Chungbuk National University)
- 18:00 ~ 20:00 **Main Ceremony and Best Paper Award with Dinner** (Orchid Room)
 Welcome Address: Dr. Sang-Gyung Jun
 Hanyang Univ. / Program Chair
 Congratulatory Address: Representative of
 Derivatives Market Division, Korea Exchange
 Keynote Speech: Dr. Robert I. Webb
 Univ. of Virginia / Editor of J. of Futures Markets
 Trading Induced 'Black Swans'
 Best Paper Award: Dr. Youngsoo Choi
 Editor of Korean J. of Futures and Options

»» Friday, August 24

- 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 23 14:00~16:00	Session 1	Empirical Derivatives Pricing	Rose
	Session 2	Asset Pricing	Lilac
	Session 3	Information Contents	Tulip
Friday, August 24 09:00~10:30	Session 4	Derivatives Markets	Rose
	Session 5	Market Microstructure and Security Settlement	Lilac
	Session 6	Risk Management	Tulip
Friday, August 24 10:40~12:10	Session 7	Derivatives Index	Rose
	Session 8	Credit Derivatives	Lilac
	Session 9	Volatility Spillover	Tulip



Academic Sessions 1, 2, 3 (14:00~16:00, August 23, 2012)

Session 1: Empirical Derivatives Pricing

Chair : Jong Yeon Choi(Hanyang Univ.)

Title	Author	Discussant
The Information Content of Option Volatility for Credit Default Swap	Hong-Bae Kim(Dong-Seo Univ.)	Sonia Jindal (Indian Institute of Management)
The Valuation of Catastrophe Bonds With Exposure to Currency Exchange Risk	Van Son Lai(Universit� Laval) Mathieu Parcollet(Soci�t� G�n�rale) Bernard F. Lamond(Universit� Laval)	Jungsoon Hyun (KAIST)
Are Business Cycle, Market Skewness and Correlation Risk Priced in Swap Markets?	A.S.M. Sohel Azad(Deakin Univ.) Jonathan A. Batten (Hong Kong Univ. of Science and Technology) Victor Fang(Deakin Univ.)	Sun-Joong Yoon (Dongguk Univ.)
Impact of Futures Trading on Spot Markets - An Empirical Analysis of Rubber in India	Akanksha Gupta(TERI Univ.) Poornima Varma(TERI Univ.)	Hyejin Park (Yonsei Univ.)

Session 2: Asset Pricing

Chair : In Joon Kim(Yonsei Univ.)

Title	Author	Discussant
Cross-section of Option Returns and Idiosyncratic Stock Volatility	Jie Cao(Chinese Univ. of Hong Kong) Bing Han(Univ. of Texas at Austin)	Yongjae Kwon (Kookmin Univ.)
Liquidity Risk and Asset Returns in Korea	Jangkoo Kang(KAIST) Changjun Lee (Hankuk Univ. of Foreign Studies) Jeewon Jang(KAIST)	Van Son Lai (Universit� Laval)
The Impact of Earnings Guidance Cessation on Information Asymmetry: Evidence from Transaction Data	Bill Hu(Arkansas State Univ.) Joon Ho Hwang(Korea Univ.) Christine Jiang(Univ. of Memphis)	Kyung-Won Kim (Kyonggi Univ.)
Can Derivatives Information Predict Stock Price Jumps?	Sang-Gyung Jun(Hanyang Univ.) Noe-Keol Kwak(Hanyang Univ.) Hyoung-Goo Kang(Hanyang Univ.)	Byung Jin Kang (Seoul Women's Univ.)

Session 3: Information Contents

Chair : Tong Suk Kim(KAIST)

Title	Author	Discussant
Do Implied Put and Call Sneers Contain Different Information?	Youngsoo Choi (Hankuk Univ. of Foreign Studies) Steven Jordan (Econometric Solutions, USA) Wonchang Lee (HI Investment & Securities Co., Ltd.)	Joseph K. W. Fung (Hong Kong Baptist Univ.)
Pricing Currency Options with Intra-Daily Implied Volatility	Ariful Hoque (Murdoch Univ.) Petko Kalev (Univ. of South Australia)	Hong-Bae Kim (Dong-Seo Univ.)
Volatility Forecasting Performance of Two-Scaled Realized Volatility	Sonia Jindal (Indian Institute of Management) Vipul (Indian Institute of Management)	Jose Da Fonseca (Auckland Univ. of Technology)
An Investigation of Price Discovery and Volatility Spillovers in India's Currency Futures Market	Sanjay Sehgal (Univ. of Delhi) Wasim Ahmad (Univ. of Delhi) Florent Deisting (Groupe ESC Pau-France)	Wei Zhang (Deakin Univ.)





Academic Sessions 4, 5, 6 (09:00~10:30, August 24, 2012)

Session 4: Derivatives Markets

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

Title	Author	Discussant
Gains and Costs Associated With Introduction of Equity Derivatives: Empirical Evidence from Pakistan	Safi Ullah Khan (Kohat Univ. of Science and Technology) Imran Riaz Malik (Fauji Foundation)	Yinggang Zhou (Chinese Univ. of Hong Kong)
Price Discovery and Information Sharing between Futures and Spot Market: Evidence from India	Anshul Jain (Management Development Institute) Pratap Chandra Biswal (Management Development Institute)	Safi Ullah Khan (Kohat Univ. of Science and Technology)
Ad Hoc Black and Scholes Procedures with the Time-to-Maturity	Suk Joon Byun(KAIST) Sol Kim (Hankuk Univ. of Foreign Studies) Dong Woo Rhee (Samsung Asset Management)	Rajat Tayal (Indira Gandhi Institute of Development Research)

Session 5: Market Microstructure and Security Settlement

Chair : Jang Woo Lee(Pusan National Univ.)

Title	Author	Discussant
Effects of Trading Volume and Transaction Frequency on the Intraday Volatility of the Korean Bond Futures Market	Sang Hoon Kang (Pusan National Univ.) Seong-Min Yoon (Pusan National Univ.)	Vincent Xiang (Monash Univ.)
Warrants and Their Underlying Stocks: Microstructure Evidence from an Emerging Market	Nuttawat Visaltanachoti (Massey Univ.) Charlie Charoenwong (Nanyang Technological Univ.) David K. Ding (Massey Univ. and Singapore Management Univ.)	Susan Thomas (Indira Gandhi Institute of Development Research)
Measuring and Explaining the Asymmetry of Liquidity	Rajat Tayal (Indira Gandhi Institute of Development Research) Susan Thomas (Indira Gandhi Institute of Development Research)	Anshul Jain (Management Development Institute)

Session 6: Risk Management

Chair : Sekyung Oh(Konkuk Univ.)

Title	Author	Discussant
The Information Content of Implied Volatility with Jump: Evidence from the 2008 Global Financial Crisis	Joseph K. W. Fung (Hong Kong Baptist Univ.) Samuel Zeto (Hong Kong Baptist Univ.)	Hyoung-Goo Kang (Hanyang Univ.)
The Effect of Cross Hedging and Base Currency on Global Currency Hedging	Wei Zhang(Deakin Univ.)	Davide Avino (Univ. of Reading)
Default Probabilities and Interest Expenses of Privately Held Firms	Jin-Chuan Duan (National Univ. of Singapore) Baeho Kim(Korea Univ.) Changki Kim(Korea Univ.) Woojin Kim(Seoul National Univ.) Donghwa Shin(Seoul National Univ.)	Wasim Ahmad (Univ. of Delhi)
The Linkage between the Options and Credit Default Swap Markets during the Subprime Mortgage Crisis	Yuen Jung Park (Univ. of Illinois at Urbana-Champaign) Tong Suk Kim(KAIST) Jaesun Noh (Imperial Bank of Canada)	Sohel Azad (Deakin Univ.)





Academic Sessions 7, 8, 9 (10:40~12:10, August 24, 2012)

Session 7: **Derivatives Index**

Chair : Kyu Hyong Kim(Chung-Ang Univ.)

Title	Author	Discussant
What Makes the VIX Tick?	Warren Bailey (Cornell Univ.) Lin Zheng (City College of New York) Yinggang Zhou (Chinese Univ. of Hong Kong)	Chan Young Eom (Hanyang Univ.)
A Markov Switching Unobserved Component Analysis of the CDX Index Term Premium	Giovanni Calice (Univ. of Southampton) Christos Ioannidis (Univ. of Bath) RongHui Miao (Univ. of Bath)	Changjun Lee (Hankuk Univ. of Foreign Studies)
Market Segmentation, Price Disparity and Transmission of Pricing Information: Evidence from Class A and H shares of Chinese Dual-Listed Companies	Kyung-Won Kim (Kyonggi Univ.) Yong Hyeon Kim (Hanyang Cyber Univ.)	Dong-Haeng Lee (Yonsei Univ.)

Session 8: **Credit Derivatives**

Chair : Yun W. Park(Chung-Ang Univ.)

Title	Author	Discussant
The Lead-lag Relationships Among Stock Returns, Volatility Index And Sovereign CDS Spreads in Korea Market	Jungsoon Hyun(KAIST) Naeyoung Kang(KAIST) Jungmu Kim(KAIST)	Baeho Kim (Korea Univ.)
Rethinking Capital Structure Arbitrage	Davide Avino (Univ. of Reading) Emese Lazar (Univ. of Reading)	Joon Ho Hwang (Korea Univ.)
A Joint Analysis of the Term Structure of Credit Default Swap Spreads and the Implied Volatility Surface	Jose Da Fonseca (Auckland Univ. of Technology) Katrin Gottschalk (Auckland Univ. of Technology)	Yuen Jung Park (Univ. of Illinois at Urbana-Champaign)

Session 9: Volatility Spillover

Chair : Seokchin Kim(Kyungpook National Univ.)

Title	Author	Discussant
Contemporaneous Spill-over Among Equity, Gold, and Exchange Rate Implied Volatility Indices	Ihsan Ullah Badshah (Auckland Univ. of Technology) Bart Frijns (Auckland Univ. of Technology) Alireza Tourani-Rad (Auckland Univ. of Technology)	Doojin Ryu (Chung-Ang Univ.)
Transmigration Across Price Discovery Categories: Evidence from the U.S. CDS and Equity Markets	Michael Chng(Deakin Univ.) Vincent Xiang(Monash Univ.) Victor Fang(Monash Univ.)	Byoung-Kyu Min (Univ. of Neuchatel)
Linkages, Volatility Transmissions and Contagion in Interest Rate Swap Markets: What Are We Really Picking Up?	A.S.M. Sohel Azad (Deakin Univ.) Jonathan A. Batten (Hong Kong Univ. of Science and Technology) Victor Fang (Deakin Univ.) J. Wickramanayake (Monash Univ.)	Kwangil Bae (Chonnam National Univ.)



Conference Organizing Committee

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Location Guide



■ Transportation to/from Kimhae International Airport

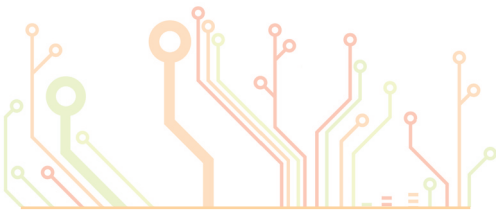
- Travel Time
 - Airport → The Westin Chosun Busan: 60 min
 - The Westin Chosun Busan → Airport: 70 min (It may take longer to traffic conditions.)
- Regular Limousine bus to/from Kimhae International Airport

Route	First Bus	Last Bus	Fee
Circular Bus Route Line 1	05:13	18:23	KRW 7,000
Circular Bus Route Line 2	05:22	18:27	KRW 7,000

Departure time is subject to change. Please check with concierge.

■ 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)



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