

EUROPEAN FINANCIAL MANAGEMENT



ASSOCIATION

2008 Annual Conference

June 25-28, 2008
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“For the increase and dissemination of financial management knowledge”

2008 “MERTON H. MILLER” DOCTORAL SEMINAR

Wednesday, June 25, 2008

PROGRAM

Organized by

Prof John A. Doukas, EFM Managing Editor

Sponsor

EUROPEAN FINANCIAL MANAGEMENT

<http://www.efmaefm.org>

Location

Divani Apollon Palace & Spa,
10 Ag. Nikolaou & Iliou Str., 16671 Vouliagmeni
Athens, Greece

EFMA 2008 PROGRAM MATRIX

Wednesday, June 25, 2008						Location: Divani Apollon Palace		
Room	A	9:00 – 10:45	B	11:00 – 12:45	C	14:00 - 15:45	D	16:00 – 17:45
Aphrodite C	A1	Derivatives Pricing and Volatility	B1	Commodity Derivatives	C1	Implied Volatilities and Volatility Surfaces	D1	Interest Rate Derivatives
Aristotelis 1-2-6	A2	Currency Markets in Emerging Economies	B2	Currency Markets	C2	Emerging Capital Markets - Central Europe	D2	Emerging Capital Markets
Aristotelis 3	A3	Depository Institutions - Management - M&As - Banking	B3	Depository Institutions - Management - Bank Efficiency	C3	Depository Institutions - Competition - Banks	D3	Depository Institutions - Management
Aristotelis 4	A4	Market Efficiency and Asset Pricing	B4	Portfolio Management and Performance Evaluation	C4	Portfolio Management and Asset Allocation I	D4	Portfolio Performance Evaluation - Mutual Funds
Kleoniki A	A5	Selected Behavioral Finance Issues	B5	Selected Behavioral Issues	C5	Market Microstructure and Asset Pricing	D5	Market Microstructure Issues
Kleoniki B	A6	Corporate Governance I	B6	Corporate Governance - Agency Theory I	C6	Corporate Governance II	D6	Corporate Governance - Agency Theory II
Poseidon B	A7	Measuring and Managing Firm Value I	B7	Project Selection and Cost of Capital	C7	Market Based Accounting Research I	D7	Market Based Accounting Research II
Poseidon C	A8	Agency Theory and Contracting Problems	B8	Securities Issuance - Capital Structure	C8	Dividend Policy	D8	Working Capital Management
Thursday, June 26, 2008						Location: Divani Apollon Palace		
Room	E	08:30 - 10:15	F	10:30 - 12:15	G	13:30 - 15:15	H	15:30 - 17:15
Aphrodite A	E1	Credit Risk and Credit Derivatives	F1	Advanced Derivatives Pricing	G1	Derivatives Pricing under Alternative Volatility Models	H1	Dynamic Covariance Models in Risk Management
Aphrodite B	E2	Emerging Capital Markets - Asia	F2	International Capital Markets	G2	International Capital Markets Integration	H2	Private Equity - Venture Capital
Aphrodite C	E3	Depository Institutions - Regulation- Basel II	F3	Depository Institutions - Regulation - Market Discipline	G3	Financial Institutions - Regulation	H3	All Other Institutions - Management - Rating
Aristotelis 1-2-6	E4	Market Microstructure and Limit Order Market	F4	Portfolio Management and Asset Allocation - Mutual Funds	G4	Portfolio Management and Asset Allocation II	H4	Portfolio Performance Evaluation and Risk Management
Aristotelis 3	E5	Asset Pricing Models and Tests I	F5	Market Microstructure and Prices	G5	Portfolio Management and Asset Allocation - Institutional Investors	H5	Selected Market Microstructure Issues
Aristotelis 4	E6	Measuring and Managing Firm Value II	F6	Market Efficiency - Derivatives Market	G6	Asset Pricing Models and Tests III	H6	Market Efficiency and Microstructure
Kleoniki A	E7	Corporate Governance - Law, Ethics and Finance	F7	Corporate Governance - Earnings Management	G7	Corporate Governance - Emerging Markets	H7	Corporate Governance and Corporate Performance
Poseidon A	E8	Bankruptcy and Financial Distress I	F8	Capital Structure I	G8	Capital Structure II	H8	Capital Structure - Industry Structure
Poseidon B	E9	Depository Institutions - Bank Efficiency	F9	Management Compensation - Corporate Governance	G9	Dividend Policy - Earnings Management and Related Issues	H9	Corporate Governance - Agency Theory III
Poseidon C	E10	Corporate Takeovers - Corporate Governance	F10	Asset Pricing Models and Tests II	G10	Market Efficiency I	H10	Behavioral Finance I

17:30 – 19:00

Special Session I: The Challenges of the Risk Management Profession for Markets in Turmoil
 Location: Divani Apollon Palace, Session Room Aristotelis 1-2-6

Discussant	André Paul (ESSEC Business School Paris)		
	The accounting choice issue and the M&A activity		
Discussant	Ribeiro Humberto (De Montfort University) Fu Lei (University of Essex)		
	Family ownership, agency problems, corporate governance and acquiring firm shareholder wealth: evidence from acquisitions of new economy firms		
Discussant	André Paul (ESSEC Business School Paris); Ben-Amar Walid (University of Ottawa) Ribeiro Humberto (De Montfort University)		
SESSION J3	All Other Institutions - Equities	14.15 - 16.00	Aphrodite C
Session Chair	Liljebloom Eva (Swedish School of Economics and Business Administration)		
	Insider trading and the predictability of stock returns: evidence for the banking sector		
Discussant	Del Brio Esther (University of Salamanca); Gomez-Jacinto Gerardo (University of Salamanca); Perote Javier (Universidad Rey Juan Carlos) Onorato Mario (Algorithmics Inc.)		
	Predatory trading around Russell reconstitution		
Discussant	Onayev Zhan (State Street Global Advisors, Boston); Zdorovtsov Vladimir (State Street Global Advisors) Del Brio Esther (University of Salamanca)		
	Apples and pears? The relationship between risk capital and required returns in financial institutions		
Discussant	Milne Alistair (Cass Business School); Onorato Mario (Algorithmics Inc. & Cass Business School) Zdorovtsov Vladimir (State Street Global Advisors)		
SESSION J4	Market Microstructure and Liquidity	14.15 - 16.00	Aristotelis 1-2-6
Session Chair	Tribo Josep (University Carlos III)		
	Limit order book, anonymity and market liquidity: evidence from the Sydney futures exchange		
Discussant	Frino Alex (University of Sydney); Gerace Dionigi (University of Wollongong); Lepone Andrew (University of Sydney) Masset Philippe (University of Fribourg)		
	Liquidity and optimal market transparency		
Discussant	Dumitrescu Ariadna (ESADE Business School) Gerace Dionigi (University of Wollongong)		
	A high-frequency investigation of the interaction between volatility and DAX returns		
Discussant	Wallmeier Martin (University of Freiburg); Masset Philippe (University of Freiburg) Dumitrescu Ariadna (ESADE Business School)		
SESSION J5	Issues in Mergers & Acquisitions (M&As)	14.15 - 16.00	Aristotelis 3
Session Chair	Zakamouline Valeri (University of Agder)		
	Short selling around corporate acquisitions		
Discussant	Doukas John (EFM and ODU Business School); Zhu Xiaotian (Bear Sterns) Gao Ning (Manchester Business School)		
	Information ambiguity and investor over and under reactions		
Discussant	Antoniou Constantinos (Durham Business School); Galariotis Emilios (Durham Business School); Read Daniel (Durham Business School) Gonenc Halit (University of Groningen)		
	Why do acquirers under-perform their matching firms: a liquidity story		
Discussant	Gao Ning (University of Manchester); Liu Weimin (University of Nottingham) Antoniou Constantinos (Durham Business School)		
SESSION J6	Asset Pricing and Market Efficiency	14.15 - 16.00	Aristotelis 4
Session Chair	Athanassakos George (The University of Western Ontario)		
	Uninsurable risk and financial market puzzles		
Discussant	Basu Parantap (Durham University); Semenov Andrei (York University); Wada Kenji (Keio University) Miffre Joelle (Edhec Business School)		
	Market overreaction and under-reaction for currency futures prices		
Discussant	Wilcox Stephen (Minnesota State University); Larson Stephen (Minnesota State University) Semenov Andrei (York University)		

The accounting choice issue and the M&A activity

Abstract - This study addresses the issue of the accounting choice as a possible determinant of mergers & acquisitions (M&A) activity. The accounting choice has value implications, and managerial discretion can be used to meet financial reporting objectives (see e.g. Watts & Zimmerman, 1990). On the other hand, despite the existence of a wide empirical and theoretical research, the literature still lacks a convincing overall theory concerning M&A occurrence. Nevertheless, the overall evidence suggests that some macroeconomic variables are associated with the timing of M&A. This paper studies whether accounting choice developments can affect M&A activity together with macroeconomic, time, and several M&A endogenous variables. The findings show a significant positive relationship between M&A activity and stock market prices, and also several significant associations between M&A and other endogenous and exogenous explanatory variables, but no relationship between accounting choice and M&A activity.

EFM classification: 710, 160, 200