New from The MIT Press

Introduction to the Economics and Mathematics of Financial Markets

Jakša Cvitanić and Fernando Zapatero

“This book is the first of its kind — an accessible but rigorous treatment of classic dynamic asset-pricing models, appropriate for master’s-level or introductory doctoral courses, and suitable for students from various fields, including economics, finance, or applied mathematics. An excellent contribution.”
— Darrell Duffie, Stanford University

“This book provides a very clear and readable approach to the structure, background, and theory of modern financial markets. It can easily be used as a text for a graduate course in quantitative finance and as a reference by practitioners.”
— Robert J. Elliott, RBC Financial Group Professor of Finance, University of Calgary

448 pp., 46 illus. $60 paper
Forthcoming Articles

Market Response to European Regulation of Business Combinations
Nihat Aktas, Eric de Bodt, and Richard Roll

Predictive Regressions: A Reduced-Bias Estimation Method
Yakov Amihud and Clifford M. Hurvich

The Effect of Transaction Size on Off-the-Run Treasury Prices
David F. Babbel, Craig B. Merrill, Mark F. Meyer, and Meiring de Villiers

Negotiation and the IPO Offer Price: A Comparison of Integer vs. Non-Integer IPOs
Daniel J. Bradley, John W. Cooney, Jr., Bradford D. Jordan, and Ajai K. Singh

Financial Innovation, Market Participation, and Asset Prices
Laurent Calvet, Martin Gonzalez-Eiras, and Paolo Sodini

Economic Sources of Gain in Stock Repurchases
Konan Chan, David Ikenberry, and Inmoo Lee

Stock Market Uncertainty and the Stock-Bond Return Relation
Robert Connolly, Chris Stivers, and Licheng Sun

Bullish-Bearish Strategies of Trading: A Non-Linear Equilibrium
Ramdan Dridi and Laurent Germain

Optimum Centralized Portfolio Construction with Decentralized Portfolio Management
Edwin J. Elton and Martin J. Gruber

Miguel A. Ferreira and Paulo M. Gama

Risk Premia and Preemption in R&D Ventures
Lorenzo Garlappi

Limited Stock Market Participation and Asset Prices in a Dynamic Economy
Hui Guo

Correlated Order Flow: Pervasiveness, Sources, and Pricing Effects
Jarrad Harford and Aditya Kaul

Initial Public Offerings in Hot and Cold Markets
Jean Helwege and Nellie Liang

Managerial Entrenchment and Payout Policy
Aidong Hu and Praveen Kumar

Executive Loans
Kathleen M. Kahle and Kuldeep Shastri

Limited Partnerships and Reputation Formation
Jarl G. Kallberg, Crocker H. Liu, and Anand Srinivasan

Do Non-U.S. Firms Issue Equity on U.S. Stock Exchanges to Relax Capital Constraints?
Karl V. Lins, Deon Strickland, and Marc Zenner

(continued on next page)
Forthcoming Articles (continued)

Do Indirect Investment Barriers Contribute to Capital Market Segmentation?
George P. Nishiotis

Big Fish in Small Ponds: The Trading Behavior and Price Impact of Foreign Investors in Asian Emerging Equity Markets
Anthony Richards

The Allocation and Monitoring Role of Capital Markets: Theory and International Evidence
Solomon Tadesse

Capital Investments and Stock Returns
Sheridan Titman, K. C. John Wei, and Feixue Xie

Why Do IPO Underwriters Allocate Extra Shares when They Expect to Buy Them Back?
Donghang Zhang

Abnormal Returns from the Common Stock Investments of the United States Senate
Alan J. Ziobrowski, Ping Cheng, James W. Boyd, and Brigitte J. Ziobrowski
JFQA Style Requirements

Send manuscripts via e-mail in PDF, Word, or LaTeX, or mail hard copy manuscripts in duplicate on 8.5” x 11” paper. The cover page must show title, author name(s) and affiliation(s), e-mail address(es), and work phone number(s). The first page of text should include the title and a one-paragraph abstract of no more than 100 words. Manuscripts must be double-spaced on one side of the page. All sections of the paper, beginning with the introduction and ending with a conclusion or summary, must be numbered with Roman numerals. Subsection headings must be lettered A, B, C, etc.

The manuscript should explain its relation to other research in the field, especially recently published material. References cited in the text should be noted by the last name(s) of the author(s) followed by the publication year enclosed in parentheses without punctuation: Smith (1988). When a particular page, section, or equation is referred to, the reference also should be placed within parentheses: (Smith and Jones (1988), p. 222), (Green (1988a), eq. 3).

Lengthy mathematical proofs and extensive tables should be placed in an appendix or omitted from the manuscript entirely. In the latter case, the author may indicate in a footnote that proofs or tables are available on request. The author should make every effort to explain the meaning of mathematical proofs.

The author should check the manuscript for clarity, grammar, spelling, and punctuation to minimize editorial changes and the necessity of extensive corrections at the proof stage. All abbreviations must be defined.

Equations. All but very short mathematical expressions should be displayed on a separate line and centered. Important displayed equations must be identified by consecutive Arabic numerals in parentheses on the left. Expressions should be aligned and subscripts and superscripts clearly marked to avoid confusion.

Tables. Each table must be titled and numbered consecutively with Arabic numerals. Please check the text to make sure there is a reference to each table. General footnotes should be marked a, b, c, etc., for specific footnotes. Asterisks * or ** indicate significance at the 5% and 1% levels, respectively. The author should check tables to be sure that totals are correct and that the title, column headings, and footnotes clearly explain the content of the table. If tables are on separate pages at the end of the article, indicate approximate placement within the text.

Figures. Figures must be titled and numbered consecutively with Arabic numerals. Captions should present sufficient information to describe the purpose of the figure. Figures for accepted manuscripts must be of professional quality and ready for reproduction.

Footnotes. Footnotes must be double-spaced. Footnotes must not be used for the purpose of citation. Footnotes with extensive content should be avoided.

References. All works cited in the text must be alphabetically arranged in a double-spaced list at the end of the manuscript. Examples:


The Journal of Financial and Quantitative Analysis (JFQA) is published quarterly in March, June, September, and December by the School of Business Administration at the University of Washington in Seattle, Washington, U.S.A. Topics include corporate finance, investments, capital and security markets, and quantitative methods of particular relevance to financial researchers. With a circulation of 3000 libraries, firms, and individuals in 70 nations, the JFQA serves an international community of sophisticated finance scholars—academics and practitioners alike. The JFQA prints 10 to 12% of the more than 400 unsolicited manuscripts submitted annually. An intensive blind review process and exacting editorial standards contribute to the JFQA's reputation as a top finance journal.

Payment in advance is required. Checks or money orders must be payable to the JFQA in U.S. dollars for deposit in a U.S. bank. Subscriptions start with the next available issue unless otherwise requested. Upon request, electronic subscriptions are available in PDF files. Claims for missing issues must be made within six months of the publication date.

To inquire about permission to reprint or the availability of specific back issues (at a cost of $25 per copy), contact the JFQA office.

<table>
<thead>
<tr>
<th></th>
<th>U.S.</th>
<th>International</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Library or Firm</td>
<td>$130</td>
<td>$140</td>
<td>____________</td>
</tr>
<tr>
<td>Individual</td>
<td>$60</td>
<td>$70</td>
<td>____________</td>
</tr>
<tr>
<td>Student (with current verification)</td>
<td>$25</td>
<td>$30</td>
<td>____________</td>
</tr>
<tr>
<td>International Airmail</td>
<td></td>
<td>$40</td>
<td>____________</td>
</tr>
<tr>
<td>Total Amount Paid</td>
<td></td>
<td></td>
<td>____________</td>
</tr>
</tbody>
</table>

Please start subscription with the ☐ March ☐ June ☐ Sept ☐ Dec issue.

Name ____________________________________________________________________
Company _________________________________________________________________
Address __________________________________________________________________
City _________________________ State _________________ ZIP __________________
Country _____________________ E-mail _______________________________________
Phone _________________________ Fax ______________________________

Payment made by: ☐ Check ☐ VISA ☐ MasterCard ☐ American Express
Account No. ________________________ Exp. Date ________________________
Cardholder's Name _________________________________________________________
Signature _________________________ Date __________________________

Mail or fax directly to:
Journal of Financial and Quantitative Analysis
University of Washington
School of Business Administration
115 Lewis
Box 353200
Seattle, WA 98195-3200 U.S.A.

Phone: (206) 543-4598
Fax: (206) 616-1894
Federal Identification No.: 91-6001537
ISSN: 0022-1090

Office Use Only
Chk # ________________
CT ________________
Iss ________________

E-mail: jfqa@u.washington.edu
URL: http://www.jfqa.org
The Impact of Regulation Fair Disclosure: Trading Costs and Information Asymmetry
Venkat R. Eleswarapu, Rex Thompson, and Kumar Venkataraman

Cookie Cutter vs. Character: The Micro Structure of Small Business Lending by Large and Small Banks
Rebel A. Cole, Lawrence G. Goldberg, and Lawrence J. White

Monte Carlo Valuation of American Options through Computation of the Optimal Exercise Frontier
Alfredo Ibáñez and Fernando Zapatero

Third Market Reforms: The Overlooked Goal of the SEC’s Order Handling Rules
Elizabeth R. Odders-White

Liquidity in the Futures Pits: Inferring Market Dynamics from Incomplete Data
Joel Hasbrouck

Order Imbalances and Market Efficiency: Evidence from the Taiwan Stock Exchange
Yi-Tsung Lee, Yu-Jane Liu, Richard Roll, and Avanidhar Subrahmanyam

Weather, Stock Returns, and the Impact of Localized Trading Behavior
Tim Loughran and Paul Schultz

Price Dynamics in the Regular and E-Mini Futures Markets
Alexander Kurov and Dennis J. Lasser

Opportunity Cost of Capital for Venture Capital Investors and Entrepreneurs
Frank Kerina, Janet Kiholm Smith, and Richard Smith

The Economic Value of Predicting Stock Index Returns and Volatility
Wessel Marquering and Marno Verbeek