Forthcoming Articles

Probability Judgment Error and Speculation in Laboratory Asset Market Bubbles
Lucy F. Ackert, Narat Charupat, Richard Deaves, and Brian D. Kluger

Financing Frictions and the Substitution between Internal and External Funds
Heitor Almeida and Murillo Campello

Paying for Market Quality
Amber Anand, Carsten Tanggaard, and Daniel G. Weaver

Affine Models of the Joint Dynamics of Exchange Rates and Interest Rates
Bing Anderson, Peter J. Hammond, and Cyrus A. Ramezani

Is There Shareholder Expropriation in the United States? An Analysis of Publicly-Traded Subsidiaries
Vladimir Atanasov, Audra Boone, and David Haushalter

Can Mutual Fund Managers Pick Stocks? Evidence from Their Trades Prior to Earnings Announcements
Malcolm Baker, Lubomir Litov, Jessica A. Wachter, and Jeffrey Wurgler

Is There an Intertemporal Relation between Downside Risk and Expected Returns?
Turan G. Bali, K. Ozgur Demirtas, and Haim Levy

How Syndicate Short Sales Affect the Informational Efficiency of IPO Prices and Underpricing
Björn Bartling and Andreas Park

Term Structure, Inflation, and Real Activity
Andrea Berardi

Political Connections and Minority-Shareholder Protection: Evidence from Securities-Market Regulation in China
Henk Berkman, Rebel A. Cole, and Lawrence J. Fu

The Role of the Media in the Internet IPO Bubble
Utpal Bhattacharya, Neil Galpin, Rina Ray, and Xiaoyun Yu

On the Volatility and Comovement of U.S. Financial Markets around Macroeconomic News Announcements
Menachem Brenner, Paolo Pasquariello, and Marti Subrahmanyam

Commonality in Liquidity: A Global Perspective
Paul Brockman, Dennis Y. Chung, and Christophe Périmon

Block Ownership, Trading Activity, and Market Liquidity
Paul Brockman, Dennis Y. Chung, and Xuemin (Sterling) Yan

Can the Cross-Sectional Variation in Expected Stock Returns Explain Momentum?
George Bulkley and Vivekanand Nawosah

The Impact of the Euro on Equity Markets
Lorenzo Cappiello, Arjan Kadareja, and Simone Manganelli

Informational Efficiency and Liquidity Premium as the Determinants of Capital Structure
Chun Chang and Xiaoyun Yu

Management Quality, Financial and Investment Policies, and Asymmetric Information
Thomas J. Chemmanur, Imants Paeglis, and Karen Simonyan

Stock Market Mispricing: Money Illusion or Resale Option?
Carl R. Chen, Peter P. Lung, and F. Albert Wang

Hsiu-lang Chen and George G. Pennacchi

Labor Unions, Operating Flexibility, and the Cost of Equity
Huafeng (Jason) Chen, Marcin Kacperczyk, and Hernán Ortiz-Molina

Agency Costs of Free Cash Flow and the Effect of Shareholder Rights on the Implied Cost of Equity Capital
Kevin C. W. Chen, Zhihong Chen, and K. C. John Wei

Corporate Governance and Liquidity
Kee H. Chung, John Elder, and Jang-Chul Kim

Does Skin in the Game Matter? Director Incentives and Governance in the Mutual Fund Industry
Martijn Cremers, Joost Driessen, Pascal Maenhout, and David Weinbaum

(continued on next page)
Forthcoming Articles (continued)

Deviations from Put-Call Parity and Stock Return Predictability
Martijn Cremers and David Weinbaum

Clientele Change, Liquidity Shock, and the Return on Financially Distressed Stocks
Zhi Da and Pengjie Gao

Portfolio Optimization with Mental Accounts
Sanjiv Das, Harry Markowitz, Jonathan Scheid, and Meir Statman

Transparency, Price Informativeness, and Stock Return Synchronicity: Theory and Evidence
Sudipto Dasgupta, Jie Gan, and Ning Gao

Estimating the Equity Premium
R. Glen Donaldson, Mark J. Kamstra, and Lisa A. Kramer

Arbitrage Risk and Stock Mispricing
John A. Doukas, Chansog (Francis) Kim, and Christos Pantzalis

The Relative Informational Efficiency of Stocks and Bonds: An Intraday Analysis
Chris Downing, Shane Underwood, and Yuhang Xing

Disagreement, Portfolio Optimization, and Excess Volatility
Ran Duchin and Moshe Levy

Factoring Information into Returns
David Easley, Soeren Hvidkjaer, and Maureen O’Hara

Longer-Term Time Series Volatility Forecasts
Louis H. Ederington and Wei Guan

The Term Structure of Variance Swap Rates and Optimal Variance Swap Investments
Daniel Egloff, Markus Leippold, and Liuren Wu

Sudden Deaths: Taking Stock of Geographic Ties
Mara Faccio and David C. Parsley

How Does Liquidity Affect Government Bond Yields?
Carlo Favero, Marco Pagano, and Ernst-Ludwig von Thadden

Institutional versus Individual Investment in IPOs: The Importance of Firm Fundamentals
Laura Casares Field and Michelle Lowry

What Drove the Increase in Idiosyncratic Volatility during the Internet Boom?
Jason Fink, Kristin E. Fink, Gustavo Grullon, and James P. Weston

Friend or Foe? The Role of State and Mutual Fund Ownership in the Split Share Structure Reform in China
Michael Firth, Chen Lin, and Hong Zou

The Signaling Hypothesis Revisited: Evidence from Foreign IPOs
Bill B. Francis, Iftekhar Hasan, James R. Lothian, and Xian Sun

Organization and Financing of Innovation, and the Choice between Corporate and Independent Venture Capital
Paolo Fulghieri and Merih Sevilir

Information, Trading Volume, and International Stock Return Comovements: Evidence from Cross-Listed Stocks
Louis Gagnon and G. Andrew Karolyi

Shareholder Initiated Class Action Lawsuits: Shareholder Wealth Effects and Industry Spillovers
Amar Gande and Craig M. Lewis

Dynamic General Equilibrium and T-Period Fund Separation
Anke Gerber, Thorsten Hens, and Peter Woehrmann

Investor Protection, Equity Returns, and Financial Globalization
Mariasunta Giannetti and Yrjö Koskinen

Pharmaceutical R&D Spending and Threats of Price Regulation
Joseph Golec, Shantaram Hegde, and John Vernon

Dynamic Factors and Asset Pricing
Zhongzhi (Lawrence) He, Sahn-Wook Huh, and Bong-Soo Lee

A Joint Framework for Consistently Pricing Interest Rates and Interest Rate Derivatives
Massoud Heidari and Liuren Wu

(continued on next page)
Forthcoming Articles (continued)

Behavioral and Rational Explanations of Stock Price Performance around SEOs: Evidence from a Decomposition of Market-to-Book Ratios
Michael G. Hertzel and Zhi Li

Seasonality in the Cross-Section of Stock Returns: The International Evidence
Steven L. Heston and Ronnie Sadka

How Did Japanese Investments Influence International Art Prices?
Takato Hiraki, Akitoshi Ito, Darius A. Spieth, and Naoya Takezawa

Predicting Global Stock Returns
Erik Hjalmarsson

Market Feedback and Equity Issuance: Evidence from Repeat Equity Issues
Armen Hovakimian and Irena Hutton

Testing for the Elasticity of Corporate Yield Spreads
Gady Jacoby, Rose C. Liao, and Jonathan A. Batten

Forecasting Volatility Using Long Memory and Comovements: An Application to Option Valuation under SFAS 123R
George J. Jiang and Yisong S. Tian

Managers’ and Investors’ Responses to Media Exposure of Board Ineffectiveness
Jennifer R. Joe, Henock Louis, and Dahlia Robinson

Stock Option Repricing and its Alternatives: An Empirical Examination
Swaminathan Kalpathy

A Longer Look at the Asymmetric Dependence between Hedge Funds and the Equity Market
Byoung Uk Kang, Francis In, Gunky Kim, and Tong Suk Kim

Exploitable Predictable Irrationality: The FIFA World Cup Effect on the U.S. Stock Market
Guy Kaplanski and Haim Levy

Prospect Theory and the Disposition Effect
Markku Kaustia

Do Firms Target Credit Ratings or Leverage Levels?
Darren J. Kisgen

A Portfolio Optimality Test Based on the First-Order Stochastic Dominance Criterion
Milos Kopa and G. Thierry Post

Dynamic Style Preferences of Individual Investors and Stock Returns
Alok Kumar

Hard-to-Value Stocks, Behavioral Biases, and Informed Trading
Alok Kumar

The Response of Corporate Financing and Investment to Changes in the Supply of Credit
Michael L. Lemmon and Michael R. Roberts

Debt Capacity and Tests of Capital Structure Theories
Michael L. Lemmon and Jaime F. Zender

Heterogeneity and Volatility Puzzles in International Finance
Tao Li and Mark L. Muzere

Predicting Hedge Fund Failure: A Comparison of Risk Measures
Bing Liang and Hyuna Park

Information, Expected Utility, and Portfolio Choice
Jun Liu, Ehud Peleg, and Avanidhar Subrahmanyam

Multiple Risky Assets, Transaction Costs, and Return Predictability: Allocation Rules and Implications for U.S. Investors
Anthony W. Lynch and Sinan Tan

Idiosyncratic Risk, Long-Term Reversal, and Momentum
R. David McLean

Level Dependent Annuities: Defaults of Multiple Degrees
Aksel Mjøs and Svein-Arne Persson

Pricing American Options under the Constant Elasticity of Variance Model and Subject to Bankruptcy
João Pedro Vidal Nunes

(continued on next page)
Forthcoming Articles (continued)

Capital Market Imperfections and the Sensitivity of Investment to Stock Prices
Alexei V. Ovtchinnikov and John J. McConnell

Stock Returns and the Volatility of Liquidity
João Pedro Pereira and Harold H. Zhang

Why Do Demand Curves for Stocks Slope Down?
Antti Petajisto

Fund Flow Volatility and Performance
David Rakowski

Nonparametric Estimation of the Short Rate Diffusion Process from a Panel of Yields
Abdoul G. Sam and George J. Jiang

The Economic Role of Jumps and Recovery Rates in the Market for Corporate Default Risk
Paul Schneider, Leopold Sögner, and Tanja Veza

Rational Cross-Sectional Differences in Market Efficiency: Evidence from Mutual Fund Returns
Paul Schultz

Conflicts of Interest in the Stock Recommendations of Investment Banks and Their Determinants
Chung-Hua Shen and Hsiang-Lin Chih

An Epidemic Model of Investor Behavior
Sophie Shive

Asset Liquidity and Capital Structure
Valeriy Sibilkov

Cross-Sectional Return Dispersion and Time-Variation in Value and Momentum Premia
Chris Stivers and Licheng Sun

Fixed-Strike European Arithmetic Asian Options
Wai-Man Tse, Eric C. Chang, and Henry M. K. Mok

Incorporating Economic Objectives into Bayesian Priors: Portfolio Choice under Parameter Uncertainty
Jun Tu and Guofu Zhou

Asset Substitution and Structured Financing
Joel M. Vanden

Heterogeneous Beliefs and Momentum Profits
Michela Verardo

What Does the Individual Option Volatility Smirk Tell Us about Future Equity Returns?
Yuhang Xing, Xiaoyan Zhang, and Rui Zhao

A Reexamination of the Causes of Time-Varying Stock Return Volatilities
Chu Zhang
JFQA Style Requirements

Submit manuscripts online at www.jfqa.org. 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. Place tables on separate pages at the end of the article and 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:


Testing Theories of Capital Structure and Estimating the Speed of Adjustment
Rongbing Huang and Jay R. Ritter

Hedge Funds for Retail Investors? An Examination of Hedged Mutual Funds
Vikas Agarwal, Nicole M. Boyson, and Narayan Y. Naik

Testing International Asset Pricing Models Using Implied Costs of Capital
Charles Lee, David Ng, and Bhaskaran Swaminathan

Money and the C-CAPM
Ronald J. Balvers and Dayong Huang

Anchoring Bias in Consensus Forecasts and Its Effect on Market Prices
Sean D. Campbell and Steven A. Sharpe

Stock Options and Total Payout
Charles J. Cuny, Gerald S. Martin, and John J. Puthenpurackal

Are the Wall Street Analyst Rankings Popularity Contests?
Douglas R. Emery and Xi Li

Founder-CEOs, Investment Decisions, and Stock Market Performance
Rüdiger Fahlenbrach

The Adaptive Markets Hypothesis: Evidence from the Foreign Exchange Market
Christopher J. Neely, Paul A. Weller, and Joshua M. Ulrich