Fantastic Titles from Cambridge!

Econometric Society Monographs

3 Volume Paperback Set
Advances in Economics and Econometrics
Theory and Applications, Tenth World Congress
Edited by Daron Acemoglu, Manuel Arellano, and Eddie Dekel
$500.00: 3 Volume Hb Set: 978-1-107-01721-4
$175.00: 3 Volume Pb Set: 978-1-107-62886-1: 1,712 pp.
*Also available as individual volumes

COMING SOON!
Dynamic Models for Volatility and Heavy Tails
With Applications to Financial and Economic Time Series
Andrew C. Harvey
$99.00: Hb: 978-1-107-03472-3

COMING SOON!
Regression Analysis of Count Data
Second Edition
A. Colin Cameron and Pravin Trivedi
$130.00: Hb: 978-1-107-01416-9

A Short Course in Intermediate Microeconomics with Calculus
Roberto Serrano and Allan M. Feldman
$140.00: Hb: 978-1-107-01734-4

An Introduction to Mathematics for Economics
Akihito Asano
$99.99: Hb: 978-1-107-00760-4

Behavioral Rationality and Heterogeneous Expectations in Complex Economic Systems
Cars Hommes

Currencies, Commodities and Consumption
Kenneth W. Clements

Econometric Modelling with Time Series
Specification, Estimation and Testing
Vance Martin, Stan Hurn, and David Harris
Themes in Modern Econometrics
$225.00: Hb: 978-0-521-19660-4
$90.00: Pb: 978-0-521-13981-6: 928 pp.

Econophysics of Income and Wealth Distributions
Bikas K. Chakrabarti, Anirban Chakraborti, Satya R. Chakravarty, and Arnab Chatterjee

Finance
A Quantitative Introduction
Nico van der Wijst

Generalized Vectorization, Cross-Products, and Matrix Calculus
Darrell A. Turkington

Introduction to Bayesian Econometrics
Second Edition
Edward Greenberg

Market Liquidity
Asset Pricing, Risk, and Crises
Yakov Amihud, Haim Mendelson, and Lasse Heje Pedersen
$34.99: Pb: 978-0-521-13965-6

Stochastic Calculus and Differential Equations for Physics and Finance
Joseph L. McCauley
$95.00: Hb: 978-0-521-76340-0: 216 pp.

Stochastic Calculus for Finance
Marek Capinski, Ekkehard Kopp, and Janusz Traple
Mastering Mathematical Finance
$80.00: Hb: 978-1-107-00264-7

Prices subject to change.
Forthcoming Articles

Spillover Effects among Financial Institutions: A State-Dependent Sensitivity Value-at-Risk (SDSVaR) Approach
Zeno Adams, Roland Füss, and Reint Gropp

Do Overvaluation-Driven Stock Acquisitions Really Benefit Acquirer Shareholders?
Mehmet E. Akbulut

Does the Location of Directors Matter? Information Acquisition and Board Decisions
Zinat S. Alam, Mark A. Chen, Conrad S. Ciccotello, and Harley E. Ryan, Jr.

Analyst Coverage, Information, and Bubbles
Sandro C. Andrade, Jiangze Bian, and Timothy R. Burch

Sentiment and Momentum
Constantinou Antoniou, John A. Doukas, and Avanidhar Subrahmanyam

Why Do Hedge Funds Avoid Disclosure? Evidence from Confidential 13F Filings
George O. Aragon, Michael Hertz, and Zhen Shi

Hedge Fund Return Predictability under the Magnifying Glass
Doron Avramov, Laurent Barras, and Robert Kosowski

Does Risk-Neutral Skewness Predict the Cross-Section of Equity Option Portfolio Returns?
Turan G. Bali and Scott Murray

The Stock-Bond Return Relation, the Term-Structure’s Slope, and Asset-Class Risk Dynamics
Naresh Bansal, Robert A. Connolly, and Chris Stivers

Analyst Disagreement and Aggregate Volatility Risk
Alexander Barinov

Director Ownership, Governance, and Performance
Sanjai Bhagat and Brian Bolton

The Shareholder Base and Payout Policy
Andriy Bodnaruk and Per Östberg

Zero-$R^2$ Hedge Funds and Market Neutrality
Nicolas P. B. Bollen

Stock Return Predictability and Variance Risk Premia: Statistical Inference and International Evidence
Tim Bollerslev, James Marrone, Lai Xu, and Hao Zhou

Liquidity Risk, Return Predictability, and Hedge Funds’ Performance: An Empirical Study
Rajna Gibson Brandon and Songtao Wang

The Value of Marriage to Family Firms
Pramuan Bunkawananicha, Joseph P. H. Fan, and Yupana Wiwattanakantang

Risk Management with Leverage: Evidence from Project Finance
Soku Byoun, Jaemin Kim, and Sean Sehyun Yoo

Real Assets and Capital Structure
Murillo Campello and Erasmo Giambona

Leaders, Followers, and Risk Dynamics in Industry Equilibrium
Murray Carlson, Engelbert J. Dockner, Adlai Fisher, and Ron Giammarino

The Role of Anchoring Bias in the Equity Market: Evidence from Analysts’ Earnings Forecasts and Stock Returns
Ling Cen, Gilles Hiliay, and K. C. John Wei

Institutional Investors and the Information Production Theory of Stock Splits
Thomas J. Chemmanur, Gang Hu, and Jiekun Huang

A First Look at Mutual Funds That Use Short Sales
Honghui Chen, Hemang Desai, and Srinivasan Krishnamurthy

R&D Spillover Effects and Firm Performance Following R&D Increases
Sheng-Syan Chen, Yan-Shing Chen, Woan-Lih Liang, and Yanzhi Wang

The Sarbanes-Oxley Act, Earnings Management, and Post-Buyback Performance of Open-Market Repurchasing Firms
Sheng-Syan Chen and Chia-Wei Huang

Transparency and Financing Choices of Family Firms
Tai-Yuan Chen, Sudipto Dasgupta, and Yangxin Yu

(continued on next page)
Forthcoming Articles (continued)

Executive Pay Disparity and the Cost of Equity Capital
Zhihong Chen, Yuan Huang, and K. C. John Wei

Momentum Effect as Part of a Market Equilibrium
Seung Mo Choi and Hwagyun Kim

The Economic Value of Realized Volatility: Using High-Frequency Returns for Option Valuation
Peter Christoffersen, Bruno Feunou, Kris Jacobs, and Nour Meddahi

The Joint Dynamics of Equity Market Factors
Peter Christoffersen and Hugues Langlois

Corporate Pension Plans as Takeover Deterrents
João F. Cocco and Paolo F. Volpin

Improving Portfolio Selection Using Option-Implied Volatility and Skewness
Victor DeMiguel, Yuliya Plyakha, Raman Uppal, and Grigory Vilkov

Creating Value by Changing the Old Guard: The Impact of Controlling Shareholder Heterogeneity on Firm Performance and Corporate Policies
Hua Deng, Fariborz Moshirian, Peter Kien Pham, and Jason Zein

Nonmonetary Benefits, Quality of Life, and Executive Compensation
Xin Deng and Huasheng Gao

Material Adverse Change Clauses and Acquisition Dynamics
David J. Denis and Antonio J. Macias

Investor Horizons and Corporate Policies
François Derrien, Ambrus Keckeés, and David Thesmar

Executive Compensation and Business Policy Choices at U.S. Commercial Banks
Robert DeYoung, Emma Y. Peng, and Meng Yan

Ownership Dynamics with Large Shareholders: An Empirical Analysis
Marcelo Donelli, Borja Larrain, and Francisco Urzúa

The Cross-Section of Recovery Rates and Default Probabilities Implied by Credit Default Swap Spreads
Redouane Elkamhi, Kris Jacobs, and Xuhui Pan

Why Do Closed-End Bond Funds Exist? An Additional Explanation for the Growth in Domestic Closed-End Bond Funds
Edwin J. Elton, Martin J. Gruber, Christopher R. Blake, and Or Shachar

CEO Overconfidence and International Merger and Acquisition Activity
Stephen P. Ferris, Narayan Jayaraman, and Sanjiv Sabherwal

On the Importance of Golden Parachutes
Eliezer M. Fich, Anh L. Tran, and Ralph A. Walkling

Individual Investors and Broker Types
Kingsley Y. L. Fong, David R. Gallagher, and Adrian D. Lee

Governance through Trading: Institutional Swing Trades and Subsequent Firm Performance
David R. Gallagher, Peter A. Gardiner, and Peter L. Swan

Debt Maturity and Asymmetric Information: Evidence from Default Risk Changes
Vidhan K. Goyal and Wei Wang

Treasury Bond Illiquidity and Global Equity Returns
Ruslan Goyenko and Sergei Sarkissian

Tell-Tale Tails: A New Approach to Estimating Unique Market Information Shares
Joachim Grammig and Franziska J. Peter

On the Relation between EGARCH Idiosyncratic Volatility and Expected Stock Returns
Hui Guo, Haimanot (Haim) Kassa, and Michael F. Ferguson

Investing in the “New Economy”: Mutual Fund Performance and the Nature of the Firm
Swasti Gupta-Mukherjee

Volume Dynamics and Multimarket Trading
Michael Halling, Pamela C. Moulton, and Marios Panayides

Industries and Stock Return Reversals
Allaudeen Hameed and G. Mujtaba Mian

(continued on next page)
Forthcoming Articles  (continued)

Speculative Retail Trading and Asset Prices
Bing Han and Alok Kumar

A New Anomaly: The Cross-Sectional Profitability of Technical Analysis
Yufeng Han, Ke Yang, and Guofu Zhou

Hindsight Effects in Dollar-Weighted Returns
Simon Hayley

Trading in the Options Market around Financial Analysts’ Consensus Revisions
Darren K. Hayunga and Peter P. Lung

Volume and Volatility in a Common Factor Mixture of Distributions Model
Xiaojun He and Raja Velu

Algorithmic Trading and the Market for Liquidity
Terrence Hendershott and Ryan Riordan

Diversification in Private Equity Funds: On Knowledge-Sharing, Risk-Aversion and Limited-Attention
Mark Humphery-Jenner

Taxation, Dividends, and Share Repurchases: Taking Evidence Global
Marcus Jacob and Martin Jacob

Asset Specificity, Industry Driven Recovery Risk and Loan Pricing
Christopher James and Atay Kızılaslan

Stock Price Jumps and Cross-Sectional Return Predictability
George J. Jiang and Tong Yao

The Strategic Listing Decisions of Hedge Funds
Philippe Jorion and Christopher Schwarz

Contracting with Non-Financial Stakeholders and Corporate Capital Structure: The Case of Product Warranties
Jayant R. Kale, Costanza Meneghetti, and Husayn Shahrur

Can Strong Boards and Trading Their Own Firm’s Stock Help CEOs Make Better Decisions? Evidence from Acquisitions by Overconfident CEOs
Adam C. Kolasinski and Xu Li

Do Portfolio Distortions Reflect Superior Information or Psychological Biases?
Alok Kumar and George M. Korniotis

CEO Entrenchment and Corporate Hedging: Evidence from the Oil and Gas Industry
Praveen Kumar and Ramon Rabinovitch

Interest Rate Risk and the Cross-Section of Stock Returns
Abraham Lioui and Paulo Maio

Solvency Constraint, Underdiversification, and Idiosyncratic Risks
Hong Liu

How Does the Market Value Toxic Assets?
Francis A. Longstaff and Brett W. Myers

Using Samples of Unequal Length in Generalized Method of Moments Estimation
Anthony W. Lynch and Jessica A. Wachter

A Servant to Many Masters: Competing Shareholder Preferences and Limits to Catering
Alberto Manconi and Massimo Massa

The Value of (Stock) Liquidity in the M&A Market
Massimo Massa and Moqi Xu

Do Stock Markets Catch the Flu?
Brian C. McTier, Yiuman Tse, and John K. Wald

Managerial Incentives, Risk Aversion, and Debt
Andreas Milidonis and Konstantinos Stathopoulos

Financial Expertise of the Board, Risk Taking and Performance: Evidence from Bank Holding Companies
Bernadette A. Minton, Jérôme P. Taillard, and Rohan Williamson

(continued on next page)
Forthcoming Articles (continued)

CEOs under Fire: The Effects of Competition from Inside Directors on Forced CEO Turnover and CEO Compensation
Shawn Mobbs

Divisible Good Auctions with Asymmetric Information: An Experimental Examination
Emmanuel Morales-Camargo, Orly Sade, Charles Schnitzlein, and Jaime F. Zender

Capital Allocation by Public and Private Firms
Sandra Mortal and Natalia Reisel

Success in Global Venture Capital Investing: Do Institutional and Cultural Differences Matter?
Rajarishi Nahata, Sonali Hazarika, and Kishore Tandon

Market Reaction to Corporate Press Releases
Andreas Neuhierl, Anna Scherbina, and Bernd Schlusche

Predictable Dynamics in Higher Order Risk-Neutral Moments: Evidence from the S&P 500 Options
Michael Neumann and George Skiadopoulos

The Impact of Government Intervention in Banks on Corporate Borrowers’ Stock Returns
Lars Norden, Peter Roosenboom, and Teng Wang

Who Gains From Buying Bad Bidders?
David Offenberg, Miroslava Straska, and Gregory Waller

Real Asset Illiquidity and the Cost of Capital
Hernán Ortiz-Molina and Gordon M. Phillips

Internal versus External CEO Choice and the Structure of Compensation Contracts
Frédéric Palomino and Eloïc Peyrache

Corporate Governance and Risk-Taking in Pension Plans: Evidence from Defined Benefit Asset Allocations
Hieu V. Phan and Shantaram P. Hegde

How Much Do Investors Care About Macroeconomic Risk? Evidence from Scheduled Economic Announcements
Pavel Savor and Mungo Wilson

Probability Weighting and Employee Stock Options
Oliver G. Spalt

Solving the Return Deviation Conundrum of Leveraged Exchange-Traded Funds
Hongfei Tang and Xiaoqing Eleanor Xu

Market Development and the Asset Growth Effect: International Evidence
Sheridan Titman, K. C. John Wei, and Feixue Xie

The Role of Growth Options in Explaining Stock Returns
Lenos Trigeorgis and Neophytos Lambertides

Does the Disposition Effect Matter in Corporate Takeovers? Evidence from Institutional Investors of Target Companies
Pengfei Ye

State Antitakeover Laws and Voluntary Disclosure
Yijiang Zhao, Arthur Allen, and Iftekhar Hasan


Dittmar, A., D. Li, and A. Nain, It Pays to Follow the Leader: Acquiring Targets Picked by Private Equity, Oct., 901–931.


Elliott, W. B., R. S. Warr, J. Koeter-Kant, and Ö. Öztekin, Equity Mispricing and Leverage Adjustment Costs, June, 589–616.


Flannery, M. J., S. S. Nikolova, and Ö. Öztekin, Leveraged Expectations and Bond Credit Spreads, Aug., 689–714.


(continued on next page)


Kim, D. H., and A. Orphanides, Term Structure Estimation with Survey Data on Interest Rate Forecasts, Feb., 241–244.


Koëter-Kant, J., R. S. Warr, W. B. Elliott, and Ö. Öztekin, Equity Mispricing and Leverage Adjustment Costs, June, 589–616.


Li, D., A. Dittmar, and A. Nain, It Pays to Follow the Leader: Acquiring Targets Picked by Private Equity, Oct., 901–931.


(continued on next page)
Volume 47 Index (continued)

Nain, A., A. Dittmar, and D. Li, It Pays to Follow the Leader: Acquiring Targets Picked by Private Equity, Oct., 901–931.
Nikolova, S. S., M. J. Flannery, and Ö. Öztekin, Leverage Expectations and Bond Credit Spreads, Aug., 689–714.
O’Connor, M., and T. Rafferty, Corporate Governance and Innovation, Apr., 397–413.
Ostdiek, B., and C. Kirby, It’s All in the Timing: Simple Active Portfolio Strategies that Outperform Naive Diversification, Apr., 437–467.
Öztekin, Ö., M. J. Flannery, and S. S. Nikolova, Leverage Expectations and Bond Credit Spreads, Aug., 689–714.
Öztekin, Ö., R. S. Warr, W. B. Elliott, and J. Koëter-Kant, Equity Mispricing and Leverage Adjustment Costs, June, 589–616.
Rafferty, M., and M. O’Connor, Corporate Governance and Innovation, Apr., 397–413.

(continued on next page)
Warr, R. S., W. B. Elliott, J. Koëter-Kant, and Ö. Öztekin, Equity Mispricing and Leverage Adjustment Costs, June, 589–616.
Submit manuscripts online at www.jfqa.org. Manuscripts must be double-spaced and single-sided on 8.5” × 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. 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 from the author. 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:


STATEMENT OF OWNERSHIP, MANAGEMENT, AND CIRCULATION

The Journal of Financial and Quantitative Analysis (ISSN 0022-1090) is published bimonthly (6 issues per year) by Cambridge University Press, a nonprofit organization located at 32 Avenue of the Americas, New York, NY 10013-2413, for the University of Washington Michael G. Foster School of Business, located at 370 Mackenzie Hall, Box 353200, Seattle, WA 98195-3200. The Managing Editors are Jarrad Harford and Paul Malatesta, Michael G. Foster School of Business, University of Washington, 370 Mackenzie Hall, Box 353200, Seattle, WA 98195-3200. There are no known bondholders, mortgagees, or other security holders owning or holding 1% or more of the total amount of bonds, mortgages, or other securities. The purpose, function, and nonprofit status of this organization and the exempt status for federal income tax purposes have not changed during the preceding 12 months. The annual subscription price for the Journal of Financial and Quantitative Analysis is $450 for institutions and $75/$85 for individuals. During the preceding 12 months, the average number of copies printed for each issue was 1,195; the average paid circulation 1,125; the average free distribution 13; the average number of copies distributed 1,138. Corresponding figures for the last issue before filing: total number of copies printed 1,321; total paid circulation 1,090; free copies distributed 13; total distribution 1,103. Average percent paid 99%; actual percent paid 99%.

I certify that the statements made by me above are correct and complete.

Helen Sunakawa

Business Manager

(This statement is for 2012.)
Aggregate Idiosyncratic Volatility  
Geert Bekaert, Robert J. Hodrick, and Xiaoyan Zhang

Corporate Governance, Finance, and the Real Sector  
Paolo Fulghieri and Matti Suominen

The Principal Principle  
Sanjiv R. Das

Effects of Bank Regulation and Lender Location on Loan Spreads  
Li Hao, Debarshi K. Nandy, and Gordon S. Roberts

Cash Flow and Discount Rate Risk in Up and Down Markets: What Is Actually Priced?  
Mahmoud Botshekan, Roman Kraeussl, and Andre Lucas

Information Content of Earnings Announcements: Evidence from After-Hours Trading  
Christine X. Jiang, Tanakorn Likitapiwat, and Thomas H. McLinsh

Modeling the Cross Section of Stock Returns: A Model Pooling Approach  
Michael O’Doherty, N. E. Savin, and Ashish Tiwari

Futures Cross-Hedging with a Stationary Basis  
Stefan Ankirchner, Georgi Dimitroff, Gregor Heyne, and Christian Pigorsch

Published online by Cambridge University Press