

European Summer Symposium in Financial Markets (ESSFM)

Study Center Gerzensee, 17-28 July 2006

Programme

Week One (Corporate Finance)

Sessions Format

Tuesday and Thursday

- Speakers: 20 minutes
- Discussants: 15 minutes
- Open discussion: 5 minutes

Monday, Wednesday and Friday

- Speakers: 30 minutes
- Discussant: 20 minutes
- Open discussion: 20 minutes

Evening Sessions

- Anybody who cares to will be able to present their work in the informal evening sessions.
- Presentations: approx. 30 minutes depending on demand
- Bring your slides!

Monday 17 July

Focus Session: CEO Compensation

Chair: TBA

09:00 – 09:30 **Does Backdating Explain the Stock Price Pattern Around Executive Stock Option Grants?**

Randall Heron (Kelley School of Business, Indiana University)
*Erik Lie (University of Iowa)

09:30 – 10:00 **Inside Debt**

Alex Edmans (MIT Sloan School of Management)

10:00 – 10:30 **You Can't Take It With You: Sunset Provisions for Equity Compensation When Managers Retire, Resign, or Die**

Sandeep Dahiya (Georgetown University)
*David Yermack (New York University)

Discussant: Patrick Bolton (Columbia University)

Tuesday 18 July

Chair: TBA

Session I: Banking

09:10 – 09:50 **The Making of an Investment Banker: Macroeconomic Shocks, Career Choice, and Lifetime Income**
Paul Oyer (Stanford University)

Discussant: Vicente Cuñat (Universitat Pompeu Fabra)

09:50 – 10:30 **Credit Market Constraints and Financial Networks in Late Victorian Britain**
Fabio Braggion (Tilburg University)

Discussant: Luc Laeven (IMF and CEPR)

10:30 – 11:00 Coffee Break

11:00 – 11:40 **The Impact of Organizational Structure and Lending Technology on Banking Competition**
*Hans Degryse (CentER, Tilburg University and Katholieke Universiteit Leuven)
Luc Laeven (International Monetary Fund and CEPR)
Steven Ongena (CentER, Tilburg University and CEPR)

Discussant: Jose Maria Liberti (London Business School)

11:40 – 12:20 **The Role of Policies Supporting New Firms: An Evaluation for Germany After Reunification**
Susanne Prantl (WZB)

Discussant: Steven Ongena (CentER, Tilburg University and CEPR)

Wednesday 19 July

Focus session: Politics and Finance (org. Antoinette Schoar)

Chair: TBA

09:00 – 09:30 **Politically-Connected CEOs and Corporate Outcomes: Evidence from France**

Antoinette Schoar (Massachusetts Institute of Technology, MIT and CEPR)

09:30 – 10:00 **Fixing Market Failures or Fixing Elections? Agricultural Credit in India**

Shawn Cole (Massachusetts Institute of Technology, MIT)

10:00 – 10:30 Coffee Break

10:30 – 11:00 **Tracing the Impact of Bank Liquidity Shocks: Evidence from an Emerging Market**

Asim Khwaja (Harvard University)

*Atif Mian (University of Chicago)

11:00 – 11:30 **The Role of Party-Politics in Banking: Evidence From Bank Runs**

Raj Iyer (University of Amsterdam)

Discussant: Serguei Guriev (New Economic School, CEFIR Moscow and CEPR)

Thursday 20 July

The Organization of Finance

Chair: TBA

08:30 – 09:10 **The Ownership of Ratings**

Antoine Faure-Grimaud (London School of Economics and CEPR)

*Eloïc Peyrache (HEC School of Management)

Lucía Quesada (University of Wisconsin)

Discussant: Jos van Bommel (Said School of Business, Oxford University)

09:10 – 09:50 **Optimal Regulation of Auditing**

Marco Pagano (Università di Napoli Federico II and CEPR)

Giovanni Immordino (Università di Salerno and CSEF)

Discussant: Ulf Axelsson (Swedish Institute for Financial Research)

09:50 – 10:30 **The Dynamics of Optimal Risk Sharing**

Patrick Bolton (Columbia)

Discussant: Phillip Bond (University of Pennsylvania)

10:30 – 11:00 Coffee Break

- 11:00 – 11:40 **The Law and Economics of Self Dealing**
 Simeon Djankov (World Bank and CEPR)
 Rafael La Porta (Dartmouth College)
 *Florencio López-de-Silanes (University of Amsterdam)
 Andrei Shleifer (Harvard University)
- Discussant: Augustin Landier (Stern School of Business, New York University)
- 11:40 – 12:20 **Trusting the Stockmarket**
 *Luigi Guiso (Ente Luigi Einaudi, Rome and CEPR)
 Paola Sapienza (Northwestern University, NBER and CEPR)
 Luigi Zingales (Harvard University, NBER and CEPR)
- Discussant: Daniel Ferreira (SITE, Stockholm School of Economics)

Friday 21 July

The Microstructure of Bond Markets (org. Bruno Biais)

- Chair: TBA
- 09:00 – 09:30 **Dealer Intermediation and Price Behavior in the Aftermarket for New Bond Issues**
 Richard C. Green (Tepper School of Business, Carnegie Mellon University)
 Burton Hollifield (Tepper School of Business, Carnegie Mellon University)
 *Norman Schürhoff (Université de Lausanne)
- 09:30 – 10:00 **Transparency and Liquidity: a Controlled Experiment on Corporate Bonds**
 Michael A. Goldstein (Babson College)
 *Edith Hotchkiss (Boston College)
 Erik Sirri (Babson College)
- 10:00 – 10:30 Coffee Break
- 10:30 – 11:00 **Liquidity & Price Discovery in the European Corporate Bond Market**
 Bruno Biais (IDEI, CRG, GREMAQ, Université de Toulouse and CEPR)
 *Fany Declerck (IDEI, CRG, GREMAQ, Université de Toulouse)
- 11:00 – 11:30 **The Microstructure of the Bond Market in the 20th Century**
 Bruno Biais (IDEI, Université des Sciences Sociales de Toulouse and CEPR)
- Discussant: Ailsa Röell (Columbia Business School and CEPR)

Week Two (Asset Pricing)

Sessions Format

Monday, Wednesday, and Friday

- Speaker: 35 minutes
- Discussant: 15 minutes
- Open discussion: 10 minutes

Evening Sessions

- Anybody who cares to will be able to present their work in the informal evening sessions.
- Presentations: approx. 30 minutes depending on demand
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Monday 24 July

08:30 – 09: 30	Does Information Drive Trading in Option Strategies? Rüdiger Fahlenbrach (Ohio State University) *Patrik Sandås (University of Virginia)
Discussant:	Tarun Ramadorai (University of Oxford and CEPR)
09:30 – 10:30	Liquidity Risk Premia in Corporate Bond Markets *Frank de Jong (Tilburg University) Joost Driessen (University of Amsterdam)
Discussant:	Nicolae Garleanu (Wharton School of Management, University of Pennsylvania)
10:30 – 11:00	Coffee Break
11:00 – 12:00	The Levered Equity Risk Premium, Credit Spreads and Learning: A Unified Framework *Harjoat Bhamra (University of British Columbia) Lars-Alexander Kühn (University of British Columbia) Ilya Strebulaev (Stanford University)
Discussant:	Bernard Dumas (INSEAD and CEPR)

Tuesday 25 July

Focus Session:	Market Microstructure and Speculative Bubbles
Organizer:	Albert Sidney Pete Kyle (Duke University, University of Maryland)
08.30-09.30	Modelling Speculative Trading: Issues for Future Research *Albert Sidney Pete Kyle (Duke University, University of Maryland)
09.30-10.30	Carry Trades and Speculative Dynamics *Guillaume Plantin (Carnegie Mellon University) Hyun Song Shin (Princeton University and CEPR)

10.30-11.00	Coffee Break
11.00-12.00	Risk in Dynamic Arbitrage: Price Effects of Convergence Trading *Péter Kondor (London School of Economics)

Wednesday 26 July

08:30 – 09:30	Down or Out: Assessing the Welfare Costs of Household Investment Mistakes Laurent Calvet (HEC School of Management) John Campbell (Harvard University) *Paolo Sodini (Stockholm School of Economics)
Discussant:	Joël Peress (INSEAD)
09:30 – 10:30	Is the Price of Money Managers Too Low? *Gur Huberman (Columbia University)
Discussant:	Antonio Mele (London School of Economics)
10:30 – 11:00	Coffee Break
11:00 – 12:00	Relative Wealth Concerns and Financial Bubbles Peter DeMarzo (Stanford University) *Ron Kaniel (Duke University) Ilan Kremer (Stanford University)
Discussant:	Johan Walden (University of California, Berkeley)

Thursday 27 July

Focus Session:	Time-Series and Cross-Sectional Predictability
Organizer:	Pietro Veronesi (University of Chicago and CEPR)
08.30-09.30	Cash Flow Risk, Discount Risk, and the Value Premium *Tano Santos (Columbia Business School) Pietro Veronesi (University of Chicago and CEPR)
09.30-10.30	The Cross-Section of Foreign Currency Risk Premia and Consumption Growth Risk *Hanno Lustig (University of Chicago, UCLA) Adrien Verdelhan (Boston University)
10.30-11.00	Coffee Break
11.00-12.00	Investments and Returns *Vito Gala (The University of Chicago, GSB)

Friday 28 July

08:30 – 09:30

Ambiguity and Asset Prices: An Experimental Perspective

*Peter Bossaerts (Caltech and CEPR)
Paolo Ghirardato (Università di Torino and Collegio Carlo Alberto)
Serena Guarnaschelli (McKinsey)
William Zame (University of California, Los Angeles)

Discussant:

Fabio Trojani (University of St. Gallen)

09:30 – 10:30

Money Illusion and Housing Frenzies

Markus Brunnermeier (Princeton University)
*Christian Julliard (London School of Economics)

Discussant:

Otto van Hemert (NYU and SIFR)

10:30 – 11:00

Coffee Break

*denotes Speaker

Organizers:

Philippe Bacchetta (Study Center Gerzensee, Université de Lausanne and CEPR)
Magnus Dahlquist (Stockholm Institute for Financial Research and CEPR)
David Thesmar (HEC School of Management and CEPR)