

# **A Three-Year Report (2002 - 2005)**

by

## **The K.J. Luke Chair of International Finance and Banking**

June 2005

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# **A Three-Year Report (2002 – 2005)**

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## **The K.J. Luke Chair**

**of**

## **International Finance and Banking**

This report summarizes the Luke Chair's activities for the past three academic years, July 2002 – June 2005. The organization of this report is shown below:

- Outreach Activities
- Academic Research Activities
- Teaching Activities
- Service Activities

### **I. Outreach Activities**

To strengthen working relations with public and private sector institutions and to increase the visibility of the University of Hawaii, the Luke Chair has been continuing his outreach activities in his personal capacity as well as through the Asia-Pacific Financial Markets (FIMA) Research Center, for which he serves as Executive Director. His outreach activities are categorized into three components: (i) the programs centered around the Asian Shadow Financial Regulatory Committee (ASFRC); (ii) policy research and delivery of speeches for multilateral developmental organizations; and (iii) policy research and delivery of speeches for both public and private sector institutions.

- The Asian Shadow Financial Regulatory Committee: The creation of the ASFRC represents the most significant achievement by the Luke Chair during the past 3-year period. He serves as the chair of a 14-member ASFRC comprised of leading scholars/experts on Asian financial markets policy issues.
- Multilateral Developmental Organizations: The Luke Chair has been continuing his policy research work to meet the demands of multilateral developmental Organizations, including: the Asian Development Bank (ADB), Asian Development Bank Institute (ADBI), Asia-Pacific Economic Cooperation (APEC), Association of South East Asian Nations (ASEAN) + 3 (China, Japan, and Korea), Pacific Economic Cooperation Council (PECC), Organization for Economic Cooperation and Development (OECD), and the World Bank.
- Other Public and Private Sector Institutions: The Luke Chair's policy research work and lectures have been in big demand from both public and private sector institutions such as U.S. Central Intelligence Agency, Malaysian Securities Commission, Indonesian Capital Market Supervisory Agency, Hong Kong Monetary Authority, Korea Stock Exchange, Financial News Inc. of Korea, etc.

## A. Asian Shadow Financial Regulatory Committee

1. The Luke Chair was elected as the Chairman of a 14-member ASFRC which is represented by 12 countries at the inaugural meeting held in July 2004 in Taipei, Taiwan. This committee is a part of the Global Shadow Financial Regulatory Committees which include the committees of United States, Europe, Japan, Latin America, and Asia.
2. The ASFRC is a group of independent experts on economic policy issues relevant to financial markets and the financial industry of the Asia-Pacific region. ASFRC members are independent of any of the members' affiliated institutions. The policy recommendations of the ASFRC are its own. Typically, ASFRC tries to translate concepts drawn from academic literature into concrete policy recommendations.
3. ASFRC members meet twice a year to study, critique, and make recommendations on policy issues affecting the region as well as individual economies.
4. The UH FIMA Research Center serves as the Secretariat of the ASFRC. An updated list of ASFRC members is shown on page 3.
5. Past and Future ASFRC Activities

### a. *1<sup>st</sup> Meeting*

- Dates: July 10-12, 2004
- Theme: "Financial Market Integration in the Asia-Pacific Region"
- Place: Taipei, Taiwan
- Host: National Taiwan University

### b. *2<sup>nd</sup> Meeting*

- Dates: January 15-17, 2005
- Theme: "Implementation Issues of Revised Capital Standards (Basel II) for Banks in Asia"
- Place: Hong Kong
- Host: Hong Kong University of Science and Technology

### c. *3<sup>rd</sup> Meeting*

- Dates: July 9-11, 2005
- Theme: "The Impact of Institutional Investors on Corporate Governance."
- Place: Kuala Lumpur, Malaysia
- Host: Universiti Sains Malaysia

## An Updated List of ASFRC Members

### Country Members

- China: Gang Fan (Ph.D., Chinese Social Science Research Institute)  
Secretary General, National Economic Research Institute
- Hong Kong: K. C. Chan (Ph.D., University of Chicago)  
Professor of Finance and Dean, School of Business and Management, Hong Kong University of Science & Technology  
  
Leslie Young (Ph.D., Oxford University)  
Professor of Finance and Executive Director, Asia-Pacific Institute of Business, Chinese University of Hong Kong
- China/Hong Kong: Anthony F. Neoh (QC, SC, University of London Law School)  
Visiting Professor of Peking University and Advisory Board Member of the China Securities Regulatory Commission
- Indonesia: Hadi Soesastro (Ph.D., Rand Graduate School)  
Executive Director, Centre for Strategic & International Studies
- Japan: Juro Teranishi (Ph.D., Hitotsubashi University)  
Professor of Economics and Research Director, Center for Economic Institutions, Hitotsubashi University
- Korea: Sang-Yong Park (Ph.D., NYU)  
Professor of Finance, Yonsei University
- Malaysia: See Yan Lin (Ph.D., Harvard University)  
Pro-Chancellor, Universiti Sains Malaysia  
Former Deputy Governor, Bank Negara Malaysia
- Philippines: Maria Socorro Gochoco-Bautista (Ph.D., Columbia University)  
Professor of Economics, University of the Philippines
- Singapore: David K. Ding (Ph.D., University of Memphis)(To be confirmed)  
Head, Division of Banking and Finance  
Professor of Finance, Nanyang Technological University
- Taiwan: Chen-Min Hsu (Ph.D., Johns Hopkins University)  
Professor of Economics, National Taiwan University
- Thailand: Chalongsob Sussangkarn (Ph.D., University of Cambridge)  
President, Thai Development Research Institute
- U.S. & Korea: S. Ghon Rhee (Ph.D., Ohio State University)  
K. J. Luke Distinguished Professor of Finance and Executive Director, Asia-Pacific Financial Markets Research Center, University of Hawaii

### Invited Member

- Netherlands: Harald Benink (Ph.D., Maastricht University)  
Professor of Finance, Erasmus University Rotterdam and Senior Research Associate, Financial Markets Group, London School of Economics and Chairman, European Shadow Financial Regulatory Committee

d. *2005 Global Shadow Financial Regulatory Committees Meeting*

- Dates: October 29-31, 2005
- Theme: "Ageing, Pension, and Finance"
- Place: Seoul, Korea
- Hosts: Asian Shadow Financial Regulatory Committee  
Korea Securities Research Institute

e. *4<sup>th</sup> Meeting*

- Dates: January 2006
- Theme: To be determined
- Place: Honolulu, Hawaii
- Host: The UH FIMA Research Center

**B. Outreaching Activities: Multilateral Developmental Organizations**

Listed below is the summary of the Luke Chair's outreaching activities for multilateral developmental organizations.

**1. Pacific Economic Cooperation Council Finance Forum Conference**

a. *Inaugural Conference (2002)*

- In collaboration with the Korea National Committee for Pacific Economic Cooperation, Chinese Taipei Pacific Economic Cooperation Committee, and the East-West Center, the UH FIMA Research Center organized the inaugural PECC Finance Forum Conference on August 12-13, 2002, in Honolulu, Hawaii.
- The main theme of the Conference was "Regional Financial Cooperation" and "Challenges of Regulatory Reforms for Financial Institutions Development."
- The conference was attended by 43 delegates representing 15 PECC member countries, including Australia, Brunei, Canada, Chile, China, Chinese Taipei, Hong Kong, Japan, Korea, Malaysia, New Zealand, Peru, Singapore, Thailand, and the United States of America. Major multilateral financial institutions also participated in the Conference. They are: Asian Development Bank, Bank for International Settlements, International Monetary Fund, Organization for Economic Co-Operation and Development, and the World Bank.
- The report of the PECC Finance Forum was presented at the 9<sup>th</sup> APEC Finance Ministers Meeting in Los Cabos, Mexico, on September 5-6, 2002.

b. *2<sup>nd</sup> Conference (2003)*

- The Second Annual Conference of the PECC Finance Forum was held in Huahin, Thailand, on July 7-9, 2003. The conference was co-organized by:

(i) Korean National Committee for Pacific Economic Cooperation; (ii) Chinese Taipei Pacific Economic Cooperation Committee; (iii) Thailand National Committee for Pacific Economic Cooperation; and (iv) Fiscal Policy Research Institute of the Ministry of Finance, Thailand.

- The four major themes of the Conference were: (i) Financial and Monetary Cooperation in East Asia; (ii) Developing Regional Bond Markets; (iii) Financing Small and Medium Size Companies; and (iv) Risk Management in the Banking Sector of APEC Economies.
- The Luke Chair presented two policy research reports:
  - i. The Structure and Characteristics of East Asian Bond Markets
  - ii. The Asian Bond Bank: A Good Idea to Explore for Credit Enhancements
- At this conference, the Luke Chair proposed the creation of the Asian Bond Bank modeled after the municipal bond banks as a means of implementing enhancement programs based on the second report above.

c. *3<sup>rd</sup> Conference (2004)*

- The 3<sup>rd</sup> PECC Finance Forum Conference was held in Santiago, Chile on June 20-21, 2004. The Conference was attended by 70 participants representing 18 APEC economies, APEC Bankers Advisory Council, International Monetary Fund, OECD, and the World Bank.
- The main theme of the Conference was “Institution-Building in a World of Free and Volatile Capital Flows: PECC Perspectives” with three focus areas: (i) Strengthening International Financial Architecture: Global and Regional; (ii) Strengthening Domestic Financial Systems; and (iii) Strengthening Capacity-Building in Development of Bond Markets.
- The Luke Chair presented a paper entitled “Domestic Policy Challenges of Managing Capital Inflows.” His paper focused on policy issues related to sterilization of capital inflows facing central banks in the Asia-Pacific region. The Luke Chair highlighted adverse consequences of having less-developed government bond markets when central banks conduct sterilization as part of open market operations. When government debt markets do not function adequately, the degree of conflicts between monetary policy and fiscal policy implementation deepens.

**D. Biennial General Meeting of the Pacific Economic Cooperation Council International (2003 and 2005)**

- At the request of the PECC International, the Luke Chair organized a seminar entitled “Creating a Regional Bond Market: Is It Necessary and Feasible? What Would be the Roadmap?” in conjunction with the 2003 PECC Biennial General Meeting held in Brunei Darussalam on August 31-September 1, 2003.
- Again at the request of the PECC International, the Luke Chair is currently organizing a special session on “Impediments to Inter- and Intra-Regional Investment in Asian Bonds” in conjunction with the 2005 PECC Biennial General Meeting to be held in Seoul, Korea on September 5-7, 2005.

### **3. The APEC Finance Ministers’ Meeting Process**

#### *a. The 10<sup>th</sup> APEC Finance Ministers’ Meeting*

- The Luke Chair participated in the 10<sup>th</sup> APEC Finance Ministers Meeting (FMM) that was held in Phuket, Thailand on September 4-5, 2003 as a member of the PECC Finance Forum.
- This was the first time in the 10-year history of the APEC FMM, representatives of private sector organizations such as the APEC Financiers’ Group, the APEC Business Advisory Group, and PECC Finance Forum were invited to participate to present their policy recommendations on financial market policy issues.

#### *b. 16<sup>th</sup> APEC Finance Ministers’ Technical Working Group Meeting*

- The Luke Chair participated in the 16<sup>th</sup> APEC Finance Ministers’ Technical Working Group (TWG) Meeting on July 10-12, 2003, in Huahin, Thailand. The TWG Meeting was to prepare policy recommendations and to draft resolutions to be adopted by APEC Finance Ministers when they meet in Phuket, Thailand, on September 4-5, 2003, for their 10th Annual Meeting.
- On behalf of the PECC Finance Forum, the Luke Chair presented summary recommendations on the creation of regional bond markets at the TWG Meeting.

#### *c. The 18<sup>th</sup> APEC Finance Ministers’ Technical Working Group Meeting*

- The Luke Chair participated in the 18<sup>th</sup> APEC Finance Ministers’ Technical Working Group Meeting which was held on June 23-26, 2004 in Arica, Chile, as the head of PECC Finance Forum delegation.
- The APEC FM TWG Meeting prepares for the 11<sup>th</sup> APEC Finance Ministers Meeting to be held in September 2004 in Santiago. The meeting had the two policy themes: (i) Fiscal discipline in the presence of volatile capital inflows; and (ii) Institution building for regional and global financial structure.
- The Luke Chair presented a consolidated report entitled “Institution-Building in a World of Free and Volatile Capital Flows: PECC Perspectives.”

d. *The 20<sup>th</sup> APEC Finance Ministers' Technical Working Group Meeting*

- The Luke Chair will participate in the 20<sup>th</sup> APEC Finance Ministers' Technical Working Group Meeting to be held on June 16-18, 2005 in Kwangjoo, Korea on behalf of the PECC Finance Forum. He will present a policy research paper on "Impediments to Impediments to Cross-Border Investments in Asian Bonds" (co-authored with Douglas Arner and Paul Lejot of the University of Hong Kong Law School).

**4. Organization for Economic Cooperation and Development<sup>1</sup>**

a. *6th OECD Round Table (2004) on Capital Market Reforms in Asia*

- The Luke Chair served as the lead speaker at the 6th Round Table on Capital Market Reforms in Asia organized by the Organization for Economic Co-Operation (OECD) on September 28-29, 2004 in Tokyo, Japan.
- In his presentation entitled "Mutual Fund Scandals in the U.S. Market: Causes and Reform Measures," the Luke Chair presented an overview of global mutual fund industry, current status of the U.S. mutual fund industry with a special focus on on-going scandals, and various reform measures undertaken by the U.S. authorities.
- The majority of participants were chairs, deputy chairs, or commissioners of capital market regulatory agencies of the Asia-Pacific region. In addition, 30 Tokyo Seminar participants who are mid-level managers of capital market regulatory agencies in the region were also present at the Round Table.

b. *5<sup>th</sup> OECD Round Table (2003) on Capital Market Reforms in Asia*

- The Luke Chair served as a lead speaker to present "Short Sale Regulations: Facts and Myths" with a background paper entitled *Short Sales Constraints: Good or Bad News for the Stock Market* at the 5<sup>th</sup> Round Table on Capital Market Reforms in Asia organized by the OECD on November 19-20, 2003 in Tokyo, Japan.
- This Roundtable was organized in collaboration with the Asian Development Bank Institute.

**5. The APEC Finance and Development Program**

a. *APEC Finance and Development Program 2004 Annual Forum*

- The Luke Chair served as a keynote speaker at the APEC Finance and Development Program 2004 Annual Forum held in Sanya, Hainan Province, China on November 27-28, 2004.

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<sup>1</sup> The Luke Chair's participation in the 4<sup>th</sup> OECD Round Table in 2002 is not included in this report because it occurred in April 2002. The Luke Chair will also speak at the 7<sup>th</sup> OECD Round Table to be held in October 2005.

- This meeting was attended by 95 participants from 15 APEC member economies, International Monetary Fund, and World Bank.
- The meeting program consisted of three major topics: (i) Reform and efficiency of financial institutions; (ii) Financial supervision and stability; and (iii) Regional cooperation and financial innovation. The Luke Chair's keynote address, "Regional Co-Operation for Asian Bond Markets," was delivered at the session focusing on the last topic.

*b. APEC Workshop on Developing Corporate Bond Market in APEC Economies (2004)*

- The Luke Chair delivered a keynote address "An Overview of Corporate Bond Markets and Policy Issues" at an APEC Workshop on developing corporate bond market in APEC economies scheduled on August 6-8, 2004 at the Shanghai National Accounting Institute.
- In his keynote speech, the Luke Chair presented an overview of corporate bond markets in the APEC economies and identified several areas of policy reforms to further develop corporate bond markets in the region.

*c. APEC Conference on Government Market Development (2003)*

- The Luke Chair delivered a keynote address entitled "Government Bonds as Monetary Policy Instrument & Coordination Issues between Public Debt Management and Monetary Policy" at the APEC Conference co-hosted by Bank Indonesia and World Bank held on December 11-12, 2003 in Bali, Indonesia.
- The Luke Chair's speech focused on the role of government bond markets in open market operations and potential conflicts between government debt management and monetary and fiscal policies.
- The conference was attended by approximately 100 participants from 15 APEC member countries. Most of the participants were mostly mid- and senior-level staff members from central banks of APEC member countries.

**6. Asian Development Bank**

- The Luke Chair served as a senior consultant for the Asian Development Bank's Regional Economic Monitoring Unit (REMU) for a one-month period from October 1-30, 2004 in Manila, Philippines. During this period, he completed an inaugural issue of the *Asian Bond Monitor*, which will be a semi-annual report to be submitted to the ASEAN+3 Finance Ministers by the ADB.
- The Luke Chair was assisted by ADB's AsianBondonLine Program and REMU staff in collecting up-to-date data and statistics on local currency bond markets of selected ASEAN+3 economies, including: China, Indonesia, Japan, Korea, Malaysia, Singapore, and Thailand. The report was comprised of three major parts: (i) Development of Asian Local Currency Markets; (ii) Post-Crisis Major Reforms; and (iii) Market Liquidity: Remaining Challenges and Lessons to Learn.

The report will be embargoed until it is presented at the ASEAN+3 Deputies Meeting in Tokyo on November 10-12, 2004. The first report was officially released in November 2004.

- The Luke Chair participated in the 33<sup>rd</sup>, 36<sup>th</sup>, and 37<sup>th</sup> annual meetings of the Board of Governors of the Asian Development Bank held in Honolulu (2000), Shanghai (2003), and Jeju Island, Korea (2004), respectively.

#### **7. ASEAN + 3 (China, Japan, and Korea)**

- The Luke Chair delivered a keynote address “Regional Bond Market Initiatives: Immediate Concerns and Proposed Solutions” at the 2004 ASEAN+3 Workshop on Developing Asian Bond Market scheduled at the Shanghai National Accounting Institute on August 3-5, 2004.
- The workshop was organized by the Chinese Ministry of Finance and the APEC Finance and Development Program. Participants in the workshops are mid- to senior-level officials from central banks and ministries of finance of ASEAN + 3 and APEC economies. The total number of participants in the two workshops was approximately 82.
- In his presentation, the Luke Chair stressed that the motivations for the Asian Bond Market Initiatives by the ASEAN+3 and Asian Bond Fund Initiatives by 11 Members of the Executives’ Meeting of East Asia and Pacific Central Banks (EMEAP) were understandable but misguided. He shared his concerns about the Asian Bond Market Initiatives under the following reasons:

#### **8. World Bank**

- The Luke Chair is completing a joint research report entitled “Regulation over Margin Transactions: From the Perspective of Emerging Markets” with a World Bank research staff with a target completion in June 2005.
- This report contains the survey results of organized stock exchanges of 75 countries on margin transaction practices.

#### **9. Asian Development Bank Institute**

- The Luke Chair will speak at the Asian Development Bank Institute-organized conference on “Developing Bond Markets in APEC: Toward Greater Public-Private Sector Regional Partnership” to be held in Tokyo, Japan on June 21-22, 2005.
- His speech will focus on policy recommendations for eliminating legal and institutional impediments to cross-border investments in Asian bonds.

## **C. Outreaching Activities: Public and Private Sector Institutions**

### **1. The Bo'ao Forum for Asia Annual Conference 2003**

- The Luke Chair delivered a speech entitled “Regional Bond Markets: Rationale and Roadmap,” at the Second Annual Conference of the Bo’ao Forum for Asia on November 2, 2003 in Bo’ao, Hainan Province, China. The session the Luke Chair served as a lead speaker was entitled “Searching for a Breakthrough in Asian Financial Cooperation.”
- The Bo’ao Forum for Asia was founded in February 2001. Bo’ao was chosen as the permanent headquarters of the Forum. This year’s theme was “Asia Searching for Win-Win: Development through Cooperation.” Using the Bo’ao Forum for Asia, it appears that China wants to play the role of a big brother for the Asian economies especially in promoting regional economic integration. Perhaps, China is in a position to do so because it provides a huge consumer market for Asian exporters and manufacturing companies.

### **2. U.S. Central Intelligence Agency**

- The Asia-Pacific, Latin America, and Africa (APLAA) Division of the U.S. Central Intelligence Agency invited the Luke Chair to conduct two back-to-back seminars on the following two topics on March 26, 2004, at its Langley Headquarters.
  - a. Regional Bond Markets: Rationale, Concerns and Roadmap
  - b. The Chinese Government Bond Market: Opportunities and Challenges
- The APLAA Division provides the National Security Council under the Office of the President with extensive policy research reports along with other divisions under the CIA Department of Information. The CIA routinely invites academicians in selected research areas of its interest. At his presentations, both CIA and State Department officers were present.

### **2. Financial News Inc. of Korea<sup>2</sup>**

#### *a. 6<sup>th</sup> Seoul International Financial Forum (2005)*

- The Luke Chair delivered a speech “A Primer on the U.S. Pension Systems” at the 6<sup>th</sup> Seoul International Financial Forum held in Seoul on April 27 -28, 2005. The Financial News Inc. is the main organizer of the Forum and ABN-AMRO and the UH FIMA Research Center are the co-organizers.
- The main theme of this Forum was “Issues on Retirement Pension and Asset Management.” This theme was timely because the Korean version of Employee Retirement Income and Security Act (ERISA) was enacted in December 2004

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<sup>2</sup> The FNNews is the third largest daily economic newspaper which is competing with Maeil Economic News and Hankuk Economic News. This Forum is one of a number of ambitious programs the Financial News undertake to increase its visibility and market share in the Korean economic newspaper market.

and detailed rules and regulations are being prepared by the Ministry of Finance and Economy and the Ministry of Labor for the Korean ERISA with a target implementation in December 2005.

b. *5<sup>th</sup> Seoul International Financial Forum (2004)*

- The Luke Chair delivered a keynote address entitled “Challenges and Opportunities in Managing Foreign Exchange Reserves” at the 5<sup>th</sup> Seoul International Financial Forum hosted by the Financial News Daily Corporation, ABN-AMRO, and the UH Asia-Pacific Financial Markets (FIMA) Research Center.<sup>3</sup>
- His speech focused on policy issues facing East-Asian economies because of increasing capital inflows which are composed of: (i) trade surplus; (ii) foreign direct investments; (iii) portfolio investments; (iv) private credits; (v) official level capital inflows; and (v) speculative “hot money.”
- Asian economies have capital inflows in all components except the official level capital inflows. With capital inflows amounting to \$150 - 190 billion, all East-Asian economies engage in sterilization as part of their open market operations. The sterilization of capital inflows is a challenging task because of less-developed government bond markets and administered interest rates. As central banks engage in intense sterilization, the amount of FX reserves keep cumulating because they buy foreign currencies by selling central bank notes (Korea’s Monetary Stabilization Bonds; China’s PBOC Notes; Indonesia’s Central Bank Bills) to commercial banks.

c. *The 4<sup>th</sup> Seoul International Financial Forum (2003)*

- The Luke Chair delivered his keynote address entitled “Can Seoul Serve as an International Financial Center?” at the 4<sup>th</sup> Seoul International Financial Forum hosted by the Financial News Daily Corporation (FNNews) of Korea on May 15, 2003. In his speech, the Luke Chair emphasized that Korean financial market regulators must shift away from the costly merit-based regulatory approach that is typical of traditional, top-down regulatory regimes and embrace the disclosure-based regulatory approach that is consistent with market-based regulation widely adopted by advanced capital markets. Due to its merit-based regulatory philosophy, the Korean financial market and bank assets are small and the degree of globalization of the banking sector is extremely low.
- The theme of the Conference was “The Road to Financial Hub in North-East Asia: An Opportunity and Challenge.” It was attended by about 250 professionals from the Korean financial services industry.

**4. Securities Commission, Malaysia**

- At the invitation of the Securities Commission (SC) of Malaysia, the Luke Chair conducted a seminar on “Why Do We Need Regional Bond Markets?” on July 16,

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<sup>3</sup> Beginning in 2004, the UH FIMA Research Center served as a co-organizer of the Forum.

2003. Approximately 40 people from SC, Bank Negara Malaysia (Central Bank), and the Malaysian Ministry of Finance were at the presentation.

#### **5. Capital Market Supervisory Agency of Ministry of Finance**

- The Luke Chair conducted a seminar on “Earnings Management of U.S. Listed Companies in connection with Initial Public Offerings (IPOs) and Seasoned Equity Offerings (SEOs)” at the Capital Market Supervisory Agency of the Indonesian Ministry of Finance on July 3, 2002. In his presentation, the Luke Chair explained that persistent long-term underperformance of IPO and SEO firms in the U.S. new issues market is attributed to earnings manipulations prior to the offering of new issues.
- Over 110 senior- and mid-level professional staff members of BAPEPAM were present at the lecture and BAPEPAM Chairman Herwidayatmo moderated this presentation session.

#### **6. Jakarta Stock Exchange**

- At the Jakarta Stock Exchange, the Luke Chair delivered a one-hour lecture on the impact of trading methods on market volatility and liquidity. Approximately 150 JSX professional staff and invited member company representatives were present at the lecture.
- In his presentation, the Luke Chair recommended that the Jakarta Stock Exchange adopt a call market trading method to determine opening and closing prices. Both Hong Kong and Singapore Stock Exchanges (which used continuous auction method only) recently implemented the call market method to determine opening and closing prices in August 2000 and March 2002, respectively.<sup>4</sup>

#### **7. Kuala Lumpur Stock Exchange, Malaysia**

- The Luke Chair conducted a seminar on the “Surveillance and Advance Warning System” which is based on a joint study (co-authored with Rosita P. Chang and Dr. Mansor Mhd. Isa of the University of Malaya) on July 15, 2003. The goals of this study included: (i) promoting an understanding of the return, volatility, trading behavior of KLSE-Listed Stocks; (ii) improving the quality of inputs into the KLSE’s advance warning and surveillance system; and (iii) defining the statistical parameters that would enhance KLSE’s advance warning and surveillance function.
- KLSE’s senior management and its surveillance & investigation department staff were at the presentation.

#### **8. Hong Kong Committee for Pacific Economic Cooperation**

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<sup>4</sup> The Jakarta Stock Exchange adopted the call market method to determine opening and closing prices in 2005.

- The Luke Chair was invited by the Hong Kong Committee for Pacific Economic Cooperation to serve as its luncheon speaker on March 23, 2004.
- The luncheon was attended by 40 people from the Hong Kong government, its financial services industry executives, and academicians. His speech touched on various Asian Bond Market Initiatives currently undertaken by APEC, ASEAN+3, PECC Finance Forum, Executives' Meeting of East Asia and Pacific Central Banks (EMEAP).

#### **9. APEC Mexico Panel on Asset Securitization and Credit Guarantee**

- At the invitation of the Mexican Ministry of Finance and Public Credits, the Luke Chair visited Mexico City, Mexico on October 13 – 17, 2003 as a member of the APEC Mexico Panel, to have meetings with government agencies, government development banks, and private sector financial institutions.
- This Mexico Expert Panel on Asset Securitization and Credit Guarantee was created by the Hong Kong Monetary Authority. This Panel was created under the APEC Initiative to assist the Mexican Government in developing securitization and market-based credit guarantee system.<sup>5</sup> The major objectives of the APEC Initiative are: (i) to promote understanding and awareness of the importance of securitization and credit guarantees to bond market development in the region; and (ii) to assist APEC economies identify and take concrete steps to remove impediments to the development of securitization and credit guarantee markets.
- The final reported was completed and submitted to the Mexican authorities in June 2004.

#### **10. Hong Kong Monetary Authority**

- The Luke Chair served as a speaker at the Second High-Level Policy Dialogue on Development of Securitization and Credit Guarantee Markets co-organized by the Hong Kong Monetary Authority, the Korean Ministry of Finance and Economy, and the World Bank on March 22, 2004.
- This program was one of financial market development initiatives adopted by the APEC Finance Ministers in Los Cabos, Mexico in 2002 and the inaugural Dialogue was held in Seoul, Korea in June 2003.

#### **11. Asian Bankers Association**

- The Luke Chair spoke at the Inaugural Meeting of the Advisory Group on APEC Financial System Capacity-Building on September 5, 2003 in Phuket, Thailand.
- The invitation was extended by the Asian Bankers Association (ABA) and the Thai Bankers' Association. Both organizations were the organizers of this

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<sup>5</sup> Similar panels were created for China and Thailand by the HKMA.

Inaugural Meeting scheduled in conjunction with the 9<sup>th</sup> APEC Financiers' Group Meeting on September 4, 2003.

- His presentation was to provide academic perspectives on the financial system capacity building. In his speech, the Luke Chair emphasized the importance of the collaboration between business (mostly banking sector) and academia in knowledge creating activities in terms of academic and policy research and introduced the FIMA Research Center's programs.

## II. ACADEMIC RESEARCH ACTIVITIES

The Luke Chair's research activities are comprised of the following five areas:

- Managing Editor of the *Pacific-Basin Finance Journal*;
- Academic research work;
- Supervision of Ph.D. Dissertation Research; and
- External Academic Service

### A. Managing Editor of the *Pacific-Basin Finance Journal*

- The K. J. Luke Chair serves as Managing Editor of the *Pacific-Basin Finance Journal*. Published five times a year, the Journal provides a specialized forum for theoretical and empirical research on capital markets of the Asia-Pacific region. It is the leading academic journal specializing in the Asia-Pacific capital markets.<sup>6</sup> Dr. Kalok Chan of the Hong Kong University of Science and Technology assists the Luke Chair as a co-editor. A total of 42 leading academicians from 15 countries serve on the editorial board. Dr. Edward Kane of Boston College, Dr. Richard W. Role of UCLA, and Dr. Rene M. Stulz of Ohio State University are serving as Advisory Editors.
- During the 3-year period, a total of 89 manuscripts were published in 15 issues under the Luke Chair's editorship. The acceptance ratio remained at around 7% to 9%. The Journal Office receives on average 380 manuscripts per year.

<u>Issue No.</u>	<u>No. of Ms. Published</u>
Issue 13.2 (2005):	6 manuscripts
Issue 13.1 (2005)	5 manuscripts
Issue 12.5 (2004):	6 manuscripts
Issue 12.4 (2004):	5 manuscripts
Issue 12.3 (2004):	5 manuscripts
Issue 12.2 (2004):	6 manuscripts
Issue 12.1 (2004):	5 manuscripts
Issue 12.5 (2003):	4 manuscripts

<sup>6</sup> It is the only Asia-focused academic journal included in the top 40 list of finance and economics journal ranked globally [Oltheten, Theoharakis, and Travlos, 2005, Faculty Perceptions and Readership Patterns of Finance Journals: A Global View, *Journal of Financial and Quantitative Analysis* (March 2005)]. The *Journal* is ranked no. 11 by academicians in Australia and New Zealand and no. 22 by academicians in Asia.

Issue 12.4 (2003):	8 manuscripts
Issue 12.3 (2003):	7 manuscripts
Issue 12.2 (2003):	6 manuscripts
Issue 12.1 (2003):	6 manuscripts
Issue 12.5 (2002):	6 manuscripts
Issue 12.4 (2002):	7 manuscripts
Issue 12.3 (2002):	7 manuscripts
<u>15 issues:</u>	<u>89 manuscripts</u>

- All registered participants in the annual meetings of the Asian Finance Association become subscribers of the *Journal*.

## **B. Academic Research Work**

### **1. Academic Papers**

“Where Does Price Discovery Occur for Stocks Traded in Multiple Markets? Evidence from Hong Kong and London” (co-authored with Sumit Agarwal and Chunlin Liu), forthcoming in *Journal of International Money and Finance*.

“Do Macroeconomic Factors Subsume Market Anomalies in Long Investment Horizon?” (with Pin-Huang Chou and Jane-Sue Wang), forthcoming in *Managerial Finance*.

“Price Limit Performance: Evidence from Transaction Data and the Limit Order Book,” (with Soon-Huat Chan and Kenneth Kim), *Journal of Empirical Finance* 12 (2005), 269-290.

“Taxes, Keiretsu Affiliation, and Income-Shifting,” (co-authored with Jeffrey Gramlich and Piman Limpaphayom), *Journal of Accounting and Economics* 37 (2004), 203-228.

“The Wealth Effect of Foreign Investor Presence: Evidence from the Indonesian Stock Market,” (co-authored with Mamduh Hanafi) *Management International Review* 44 (2004), 157-171.

“Index-Futures Arbitrages in Japan” (co-authored with Y. Peter Chung and Jun-Koo Kang), in *The Japanese Finance: Corporate Finance and Capital Markets in Changing Japan*, Volume 4 (Amsterdam: North-Holland, 2003), pp. 173-197.

“A Retrospective Evaluation of the Pacific-Basin Finance Journal: 1993-2002,” (co-authored with Kalok Chan and G. Andrew Karolyi), *Pacific-Basin Finance Journal* 10 (2002), 497-516.

### **2. Policy Research Papers**

“The Structure and Characteristics of East Asian Bond Markets,” in *Developing Regional Bond Markets in East Asia* (edited by Yung Chul Park and Takatoshi Ito)(Canberra, Australia: Australian National University Pacific Asia Press, 2004), 112-128.

“The Asian Bond Bank: A Good Idea to Explore for Credit Enhancement” (co-authored with Gregory R. Stone) in *Developing Regional Bond Markets in East Asia* (edited by Yung Chul Park and Takatoshi Ito) (Canberra, Australia: Australian National University Asia Pacific Press, 2004), 145-159.

“Further Reforms of the JGB market for the promotion of regional bond markets,” in *Designing Financial Systems in East Asia and Japan* (edited by Joseph P. H. Fan, Masaharu Hanazaki, and Juro Teranishi)(London: RourledgeCurzon, 2004), pp. 316-333.

“The Reasons and Methods for Creating a Regional Bond Market,” in *Proceedings of 2003 Boao Forum for Asia* entitled Asia Searching for Win-Win, Development through Cooperation (Kowloon, Hong Kong: Boao Forum for Asia, 2004).

### **3. Academic Papers under Progress**

The following papers are under final revision to submit to academic journals in the areas of finance and accounting:

- “The Impact of Interbank and Capital Market Competition on Relationship Banking: Evidence from the Japanese Experience,” (co-authored with Donald R. Fraser and G. Hwan Shin).
- “An Anatomy of the Magnet Effect: Evidence from Korea Stock Exchange High Frequency Data” (co-authored with Yan Du and Qianqiu Liu).
- “The Impact of Trading Method on Volatility and Market Manipulation: New Evidence from the Singapore Exchange” (co-authored with Rosita P. Chang, Greg R. Stone and Tony Ning Tang).
- “The 1997 Nasdaq Reforms and Preferenced Trading” (co-authored with Tony Ning Tang).
- “The Trading Volume Migration of NYSE-Listed Stocks Following Decimalization (co-authored with Victor Huang and Ning Tang).
- “Earnings Management and the Performance of Seasoned Equity Offerings: Evidence from Japanese Issuers” (co-authored with Liming Guan and Daoping He).
- “Speculative Trading and Price Pressure: Shanghai Stock Index Effects without Index Funds” (co-authored with Victor Huang and Zhishu Yang).
- “Are Foreign Investors Too Aggressive in Trading? Evidence from Indonesia” (co-authored with Sumit Agarwal, Sheri Faircloth, and Chunlin Liu).

### **4. Policy Research Papers under Progress**

- Impediments to Cross-Border Investments in Asian Bonds (co-authored with Douglas Arner and Paul Lejot).

- Regulation over Margin Transactions: From the Perspective of Emerging Markets (co-authored with Tadashi Endo).

### C. Supervision of Ph.D. Dissertation Work

The Luke Chair has been supervising four Ph.D. candidates who specialize in finance. One student successfully completed his Ph.D. in May 2005.

#### 1. Dissertation Committee Chair

- Tony Ning Tang (2002-2005)
  - Dissertation Topic: Two Essays on Market Microstructure Issues
  - Final Defense: May 2005 (joining Wilfrid Laurier University, Canada)
- Greg R. Stone (2004-Present)
  - Dissertation Topic: Corporate Bankruptcy
  - Proposal Defense: May 2005
- Daphne Yan Du (2004-Present)
  - Dissertation Topic: Daily Price Limits
  - Proposal Defense: May 2005
- Crystal Chen (2004-Present)
  - Dissertation Topic: Short Sales
  - Proposal Defense: June 2005 (planned)

#### 2. Dissertation Committee Member

- Vilasinee Bunyasrie (2003-2005), Bangkok University
  - Dissertation Topic: Deposit Insurance Program in Thailand
  - Final Defense: April 2005

### D. Research Grants

- **2005 CBA Research Grant (\$17,500):** “The Effect of London Stock Exchange Market Reforms on the Market Quality of Trading Execution” (with Rosita P. Chang)
- **2005 CBA Faculty Research Productivity Grant (\$6,000)**
- **2005 CIBER Research Award (\$6,200):** “Are There Fads in IPOs? Evidence from an International Investigation” (with Daphne Yan Du and Tony Ning Tang)

- **2004 CIBER Research Award (\$4,000):** “The Impact of Trading Method Change in Singapore Stock Exchange” (with Greg Stone and Tony Ning Tang)
- **2004 CIBER Research Award (\$7,000):** “Seasoned Equity Offerings and Earning Management in Japan” (with Liming Gwan and Daoping He)

## **E. External Academic Work**

### **1. Paper Presentations at Academic Conferences**

The Luke Chair and his co-authors presented or will be presenting the following academic papers at various national and international conferences.

- “Earnings Management and the Performance of Seasoned Equity Offerings: Evidence from Japanese Issuers” (co-authored with Liming Guan and Daoping He) to be presented at the 2005 American Accounting Association Meeting, August 7-10, 2005 in San Francisco.
- “Trading Methods and Price Discovery: New Evidence from the Singapore Exchange” (co-authored with Gregory R. Stone and Tony Ning Tang) to be presented at the 2005 Asian Finance Association Annual Meeting in Kuala Lumpur, Malaysia and presented at the 2004 Securities and Financial Market Conference in Kaohsiung, Taiwan.
- “An Anatomy of the Magnet Effect: Evidence from the Korea Stock Exchange” (co-authored with Daphne Yan Du and Qianqiu Liu) to be presented at the 2005 Tsinghua University/MIT International Finance Conference in Kunming, China on July 6-8, 2005, the 2005 Korean Institute of Finance-hosted Conference on Financial Markets, on May 27-28, 2005, Seoul, Korea, and the 2005 Financial Management Association Annual Meeting in October 2005 in Chicago. An earlier version of this paper was presented at the Korea Stock Exchange in April 2004 and April 2005.
- “The New Order Handling Rules: Did They Promote Quote Competition on the NASDAQ Market?” presented at the 2004 Financial Management Association Meeting, October 5-7, 2004, New Orleans, LA.
- “Macroeconomic Factors, Asset Pricing Anomalies, Investment Horizons, and Stock Returns,” (co-authored with Pin-Huang Chou, Wen-Shen Li, and Jane Sue Wang) presented at the 15<sup>th</sup> Annual Meeting of the Asian Finance Association, July 12-14, 2004, Taipei, Taiwan.
- “Asian Financial Markets: Research Opportunities and Challenges” presented at the 2004 Malaysian Finance Association as a keynote speech on May 6, 2004.
- “Asian Financial Markets: Research Opportunities and Challenges” presented at the 2004 Malaysian Finance Association as a keynote speech on May 6, 2004.

- "Relation between Bank Monitoring and Firm Value Creation: a Survey," (co-authored with S. Hwan Shin), presented at the 2003 EWC/KDI Conference on Institutional and Policy Reforms to Enhance Corporate Efficiency in Korea, July 24-25, 2003, Honolulu, Hawaii.
- "The Relation of Earnings Management to Firm Size," presented at the Sung Kyun Kwan University on May 13, 2002, Seoul, Korea, Gaja Mada University on July 8, 2003, and Pusan National University on May 16, 2003 in Pusan, Korea.
- "Decomposing Overnight Price Reversals: Implications for Trading Strategies," (co-authored with Pin-Huang Chu and Robin K. Chou) presented at the 2002 APFA/PACAP/FMA Finance Conference, July 15-17, 2002, Tokyo, Japan.
- "The Impact of Interbank and Capital Market Competition on Relationship Banking Exposure: Evidence from the Japanese Credit Market" (co-authored with Donald R. Fraser, G. Hwan Shin), presented at the APEC/UH Special Conference on Corporate Governance on July 16, 2002, Tokyo, Japan.
- "The Wealth Effect of Foreign Investor Presence: Evidence from the Indonesian Stock Market," (co-authored with Mamduh Hanafi), presented at the PACIBER Annual Meeting on July 12, 2002 in Bali, Indonesia.

### III. TEACHING ACTIVITIES

#### A. Ph.D. Seminars

- The Luke Chair willingly spends an enormous amount of time with his Ph.D. students to guide their research to produce academic papers publishable in top-ranked journals because he believes that the research productivity is the only vehicle the University can increase its visibility and improve its national ranking.
- He would like to be in a position to place CBA-trained Ph.D.s at major research universities upon completion of their dissertation work. Naturally, he pushes his Ph.D. students to their intellectual limits on their research work. The placement of Tony Ning Tang at Wilfrid Laurier University of Canada is a good indication that his teaching and research philosophies pay off.<sup>7</sup> To promote research activities in the Finance Department, he created the K. J. Luke Working Paper Series to disseminate academic and policy research papers to outside constituency since 1999 and launched the finance seminar series since 2003.<sup>8</sup>
- In the academic year 2001-2002, the Luke Chair designed and taught two Ph.D. seminar courses: (i) Market Microstructure Issues in Asian Finance Markets; and (ii) Asian Finance. With the formal restructuring of the Ph.D. seminar courses in the finance area, he consolidated two courses into FIN 704 "Asian Finance" which is usually taken by Ph.D. students in the departments of accounting,

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<sup>7</sup> Wilfrid Laurier University is ranked no. 3 among Canadian universities in terms of research productivity.

<sup>8</sup> For details of these two programs, see the last section of this report.

finance, and economics.

- Under the re-designed CBA Ph.D. Program in International Management, the Luke Chair has been serving on the Ph.D. Executive Committee, representing the Finance Department.
- The Luke Chair has been serving as a graduate faculty member in the Department of Economics since October 1999 and a graduate faculty in South East Asian Study since Spring 2000.

## **B. MBA and Undergraduate Courses**

- The Luke Chair strongly believes that research and teaching complement each other. The synergy between research and teaching is particularly strong in the finance area. Hence, the Luke Chair always makes a conscientious effort to achieve the synergy between academic research, policy research, and teaching.
- For example, after the Luke Chair delivers a speech on the creation of a regional bond market in the Asia-Pacific region at an international finance conference for APEC Finance Ministers, he follows up with an academic research project using both the U.S. and Asian market data to suggest a roadmap to achieve it. He then incorporates research findings and policy recommendations from this research study in his course materials. While so doing, the Luke Chair knows that his students stay current with new developments in the finance area.
- When the Luke Chair joined the University in 1999, he set up two goals related to his teaching activities at the graduate level to capitalize on the unique position of the University. The first goal was to make the University the first academic institution in the world which offers Asian Finance courses at all three academic levels. The second goal was to launch a one-year Master of Science in Asian Finance (MSF) Program.
- He attained the first goal without much difficulty, for which he was grateful to the members of the Finance Department and his colleagues in the College of Business Administration. He designed and offered three Asian Finance courses: FIN444 (Undergraduate level)<sup>9</sup>; FIN645 (MBA Level); and FIN704 (Ph.D. level). As a result, the University became the first academic institution which offered Asian Finance courses at all three levels of academic programs.
- In addition, the Luke Chair spearheaded to create an Asian Finance track for the CBA's undergraduate finance majors to broaden their job market opportunities. This Asian Finance track is now one of five tracks offered by the Finance Department along with: (i) financial services and planning; (ii) corporate finance; (iii) real estate; and (iv) investment management.
- Throughout the proposal process, the Luke Chair and the finance area faculty members worked very hard to get the one-year MSF program approved at the

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<sup>9</sup> It was offered under course numbers FIN360 or FIN344 in 2000 and 2001, respectively.

University level. Despite enthusiastic endorsement by the Advisory Board of the MSF Program, the CBA Faculty Senate, the UH Graduate Division, and the President's Office, the UH Faculty Senate tabled the proposal for the MSF Program because of its concern on the allocation of net revenue from the MSF Program even though it had no reservations on the academic content of the proposed program.

- Even today, the Luke Chair believes that the proposed MSF Program is consistent with: (i) the University's mandate that the CBA provide a global and regional leadership role in business education; and (ii) the CBA's focus on international business and its desire to strengthen ties with the financial services industry of the Asia-Pacific region.

#### **IV. SERVICE ACTIVITIES**

The Luke Chair's internal and external service activities are geared to the promotion of academic research work.

##### **A. External Service**

###### **1. The Inaugural Asia-Pacific Corporate Governance Conference**

- The Luke Chair serves as a Program Co-Chair of the Inaugural Asia-Pacific Corporate Governance Conference hosted by the Hong Kong Baptist University on August 25-26, 2005 in Hong Kong.
- The Pacific-Basin Finance Journal will publish selected papers in a special issue in 2006.

###### **2. The APEC/UH Special Conference on Corporate Governance**

- The Luke Chair organized an APEC/UH Special Conference to bring together leading scholars in the area of corporate governance to share their research findings relevant to the corporate governance practices in the APEC region. This Conference was organized on July 16, 2002 in Tokyo, Japan in conjunction with the APFA/PACAP/FMA Finance Conference on July 15-17, 2002.
- A total of six academic papers on corporate governance issues in Japan, China, Korea, and Thailand were presented at this Special Conference.
- The Conference was organized in collaboration with the UH APEC Study Center, Hitotsubashi University of Japan, International University of Japan, Hong Kong University of Science and Technology, Korea Securities Research Institute, and the *Pacific-Basin Finance Journal*. The Conference was a huge success by attracting more than 100 participants, the biggest number among any special sessions offered at the APFA/PACAP/FMA Finance Conference.
- The selected papers were published in a special issue (Issue no. 11.3) of the *Pacific-Basin Finance Journal*.

### **3. 2002 APFA/PACAP/FMA Finance Conference**

- The UH FIMA Research Center was one of co-sponsors of the 2002 APFA/PACAP/FMA Finance Conference held in Tokyo, Japan, on July 15-17, 2002.
- At the request of the International University of Japan, the organizer of the Conference, the Luke Chair helped Dr. Takato Hiraki, Program Chair of the Conference, in organizing special sessions and fund-raising activities with Japanese financial institutions (Tokyo Stock Exchange, Daiwa Securities Co., Ltd., Toyo Keizai Inc., and Japanese Securities Dealers Association).
- The Conference was the joint annual meeting of the Asia-Pacific Finance Association (APFA) and the Pacific-Basin Financial Management (PACAP) Society in collaboration with the U.S. Financial Management Association. It was attended by 320 participants from the academia and the securities industry of Asia-Pacific countries, the United States, and Europe.

### **4. The Establishment of the Asian Finance Association**

- As a board member of the Pacific-Basin Financial Management (PACAP) Society and the 7-member Working Committee for Consolidation, the Luke Chair spearheaded the establishment of the Asian Finance Association (AsFA) by consolidating the PACAP Society and the Asia-Pacific Finance Association.
- The establishment of the AsFA was officially approved at its inaugural general membership meeting that was held during the APFA/PACAP/FMA Finance conference on July 15-17, 2002. As a result, all members of the AsFA became subscribers of *the Pacific-Basin Finance Journal* (PBFJ) and *the International Review of Finance*. In his capacity of Chief Editor of the PBFJ, the Luke Chair continued to serve on the AsFA's Board.

### **5. Ad Hoc Academic Paper Review**

- Journal of Financial Markets
- Journal of Financial Research
- Journal of Empirical Finance
- Journal of Business Finance & Accounting

### **6. Service for Academic Meetings and Association**

- Board Members of the Asian Finance Association: The Luke Chair attended the AsFA board Meeting on July 11, 2004 in Taipei, Taiwan, where the new president and board members of the AsFA were elected and the collaboration with the U.S. Financial Management Association was discussed.
- Program Committee, The 12th Conference on Securities and Financial Markets, December 19-20, 2004, Kaohsiung, Taiwan.

- Program Committee, 11<sup>th</sup> Annual Meeting of Global Finance Association, April 4-6, Las Vegas, Nevada.
- Program Committee, The 2003 Asian Finance Association Meeting, July 14-16, 2003, Taipei, Taiwan.
- Review Committee, The 14th Asian Finance Association Annual Meeting, July 14-16, 2003, Taipei, Taiwan.

## **7. Service for Academic Journals**

The Luke Chair has been serving as an Editorial Board Member for

*Yonsei University Journal of Management* (1996-Present);  
*Gadjah Mada University International Journal of Business* (1999-Present)  
*Yonsei University Journal of Management* (1996-Present); and  
*Journal of Accounting, Management, and Economic Research* (Journal Riset Akuntansi, Manajemen, Ekonomi) (2002-Present).

## **8. Organizing Committee Member of the Ohana Pacific Bank**

- The Luke Chair has been serving on a 12-member organizing committee for the establishment of the Ohana Pacific Bank in Honolulu, Hawaii.
- Once established as a state-chartered bank, this Bank will serve ethnic minority business communities (Koreans, Chinese, Filipinos, Viet Nameese, and Indonesians) in Hawaii. Its targeted launched date is March 2006.
- Its target launching date is March 2006.

## **9. Newspaper Columns**

The Luke Chair occasionally contributes articles in local and international newspapers.

- “Why the Asian Bond Market Initiatives Fizzle Out?” in *Financial News* (December 20, 2004).
- “Why Asia Must be Global on Financial Markets” in *Financial Times* (August 6, 2004).
- “Back to the Basics: Indonesian Capital Market Reforms” in *Honolulu Star-Bulletin* (August 9, 2002).
- “Can We Ask for a Level Playing Field in the Post-WTO China?” in *Honolulu Star-Bulletin* (March 15, 2002).
- “Is Hong Kong’s Currency Board System in Trouble?” in *Honolulu Star-Bulletin* (February 22, 2002).

- “Where is the U.S. Leadership in East Asia?” in *Honolulu Star-Bulletin* (February 8, 2002).
- “Can a Weakening Yen Help Japan?” in *Honolulu Star-Bulletin* (January 11, 2002).

## 10. University of Malaya

Served as External Examiner for the University of Malaya’s undergraduate and post-graduate programs for the Faculty of Business and Accountancy (1999-2003).

## B. Internal Service

### 1. Finance Area Research Workshop Series

Beginning of Spring 2003, the Luke Chair created the finance area research workshop series to promote research activities in the finance department. This Workshop Series is the only on-going academic seminar program within the College of Business Administration. Listed below are academic papers presented so far:

#### March 6, 2003

Presenter: Steve Foerster, University of Western Ontario  
 Title: Second Time Lucky? Underwriter Switching and the Performance of Withdrawn IPOs that Return to the Market (co-author: Craig Dunbar).

#### March 17, 2003

Presenter: Tony Tang, University of Hawaii  
 Title: 1997 Nasdaq Market Reforms. (Dissertation in progress)

#### March 31, 2003

Presenter: Caixing Liu, University of Hawaii  
 Title: The Effect of Firm Size on Earnings Management (co-authors: Yangseon Kim and S. Ghon Rhee)

#### April 7, 2003

Presenter: Victor Huang, University of Hawaii  
 Title: Do International Investors' Demand Curves for Stocks Slope Down Too? (co-authors: Rajesh Chakrabarti, Narayanan Jayaraman, Jinsoo Lee)

#### October 23, 2003

Presenter: Janusz Brzeszczynski, University of Lodz, Poland

Title: "Short-Term Dependencies Between Volatility of Currency, Money, and Capital Markets: The Case of Poland"

February 9, 2004

Presenter: David Whitcomb, Automated Trading Desk, LLC.  
Title: "Decimalization and impending NYSE market structure change: Implications for ECNs and the brokerage industry"

March 15, 2004

Presenters: Daphne Du and Crystal Chen, University of Hawaii  
Titles: "The Magnet Effect" (Daphne)  
"Short Sale Regulation" (Crystal)

April 12, 2004

Presenter: Qianqiu Liu  
Title of the Paper: "Estimating Betas from High-frequency Data"

January 20, 2005

Presenter: Warren Baiely of Cornell University  
Title: "Venturing Abroad: Foreign Investments of U.S. Individual Investors"

February 23, 2005

Presenters: Greg Stone and Tony Tang, University of Hawaii  
Titles: "Postbankruptcy: An Investigation into the Performance of Orphan Equities" (Greg)  
"Return Volatility and Market Methods: New Evidence from Singapore Stock Exchange" (Tony)

February 28, 2005

Presenter: Adri De Ridder of Centre for Banking and Finance, The Royal Institute of Technology in Stockholm  
Title: "Long-Run Abnormal Share-Price Performance and Share Repurchases: Evidence from Sweden"

March 14, 2005

Presenter: Cynthia Campbell of Iowa State University  
Title: "An Analysis of Quid-Pro-Quo Exchange of Outside Director: Defined Benefit Cash Pension Plans for Equity-Based Compensation"

April 18, 2005

Presenter: Mohamed Ariff of Monash University

Title: "A New Approach to Modeling Multi-Country Risk-Premium Using Panel Data Test Method" (co-authored with Vijaya B. Marisetty)

May 27, 2005

Presenter: Yilmaz Guney of University of Surrey (United Kingdom)  
Title: "Additional International Evidence on Corporate Cash Holdings" (co-authored with Aydin Ozkan of University of York and Neslihan Ozkan of University of Liverpool)

## **2. Visiting Scholar Program**

The Luke Chair invited scholars from abroad and from the mainland for joint research work:

- Dr. Cynthia Campbell, Co-Editor of Financial Review and Professor of Finance, Iowa State University to conduct a joint research on Earnings Management Prior to International Cross-Listing.
- Dr. Sung Pyo Chi, Kangnung National University (Korea): To conduct research on the convertible bond markets in the Asia-Pacific region.
- Dr. Woojin Kim, Korea Institute of Finance: To conduct research on corporate governance in the Korean banking sector.
- Dr. Mamduh Hanafi, Gadjadara University (Indonesia): To conduct research on Indonesian financial markets.

## **3. CBA Committee Work**

- Ph.D. Executive Committee (2002 – Present)
- CBA Research Committee (2005 – Present)