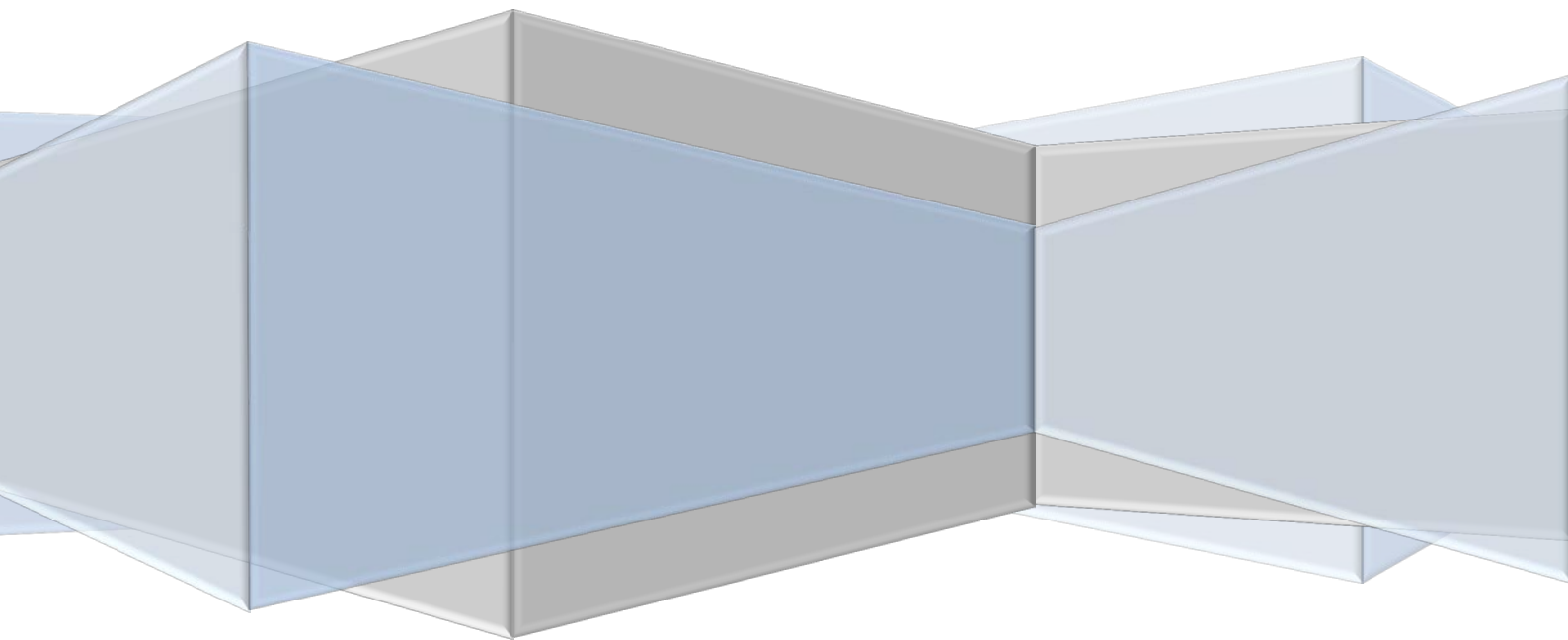


# The Centre for Applied Financial Studies

*Finance Research Day: The Market Microstructure Effects of  
the Rise of Dark Pools*

**21 November 2012**



# Finance Research Day Program

21 November 2012, WL2-47, City West

09:30am – 9:55am **Registration and Coffee**

9:55am – 10:00am **Petko Kalev**: Opening address

## **Session I Part 1: 10:00am – 11:20am (Session Chair: Professor Robert Elliott)**

10:00am – 10:40am **Andy Lian**: Consistent Pricing of S&P500 and VIX Options in Gatheral's Model

10:40am – 11:20am **Amy Kwan**: Trading Rules, Market Fragmentation and Competition for Order Flow

**11:20am – 11:30am Short Break**

## **Session I Part 2: 11:30am – 12:50pm (Session Chair: Professor Robert Elliott)**

11:30am – 12:10pm **Sean Foley**: Dark Trading on Public Exchanges

12:10pm – 12:50pm **Talis Putnins**: Dark Trading and Price Discovery

**12:50pm – 2:00pm Lunch**

## **Session II: 2:00pm – 3:10pm (Session Chair: Professor Petko Kalev)**

**Round Table Discussion:** *Current Developments in Capital Markets and Asset Management and Their Implications for Research in Finance*

**Panellists:** **Professor Alex Frino** — CEO CM CRC

**Professor David Gallagher** — MGSM

**Dr Kingsley Jones** — CEO Jevons Global Pty Ltd

**3:10pm – 3:30pm Coffee Break**

## **Session III: 3:30pm – 5:30pm (Session Chair: Professor Mervyn Lewis)**

3:30pm – 4:10pm **Eben van Wyk**: Short Selling and Over-Optimism: Do Short Sellers Profit on the Australian Stock Exchange?

4:10pm – 4:50pm **Petko Kalev**: Cash-Flow News, Discount-Rate News and the Co-Skewness Risk

4:50pm – 5:30pm **Guodong Yuan**: Regulatory Reform, Tax Aggressiveness, and Corporate Valuation: China's Experience

5:30pm – 5:35pm **Petko Kalev**: Closing Remarks

## **SESSION CHAIRS:**

**Professor Robert Elliott** received Bachelors and Masters Degrees from Oxford University, and his Ph.D. and D.Sc. from Cambridge University. He has held positions at Newcastle, Yale, Oxford, Warwick, Hull, Alberta, and visiting positions in Toronto, Northwestern, Kentucky, Brown, Paris, Denmark, Hong Kong and Australia. From 2001 to 2009 he was the RBC Financial Group Professor of Finance at the University of Calgary, Canada, where he is also an Adjunct Professor in both the Department of Mathematics and the Department of Electrical Engineering. Currently he is an Australian Professorial Fellow at the University of Adelaide and an Adjunct Professor with University of South Australia. Professor Elliott has authored nine books and over 450 papers. His book with PE Kopp "Mathematics of Financial Markets" was published by Springer in 1999 and has been reprinted three times. The Hungarian edition was published in 2000 and the second Edition was published in September 2004. An edition in China was published in 2010. Springer Verlag published his book "Binomial Methods in Finance", written with John van der Hoek, in the summer of 2005. He has also worked in signal processing and his book with L Aggoun and J Moore on "Hidden Markov Models: Estimation and Control" was published in 1995 by Springer Verlag and reprinted in 1997. A revised and expanded edition was printed in 2008. His book with L Aggoun "Measure Theory and Filtering" was published by Cambridge University Press in June 2004. His earlier book "Stochastic Calculus and Applications" was published by Springer in 1982 and a Russian translation appeared in 1986.

**Professor Petko S. Kalev** is a Professor in Finance and the Director of the Centre for Applied Financial Studies — School of Commerce, Division of Business at the University of South Australia. Professor Petko Kalev holds a PhD in Financial Econometrics from Monash University, a Master of Science in Statistics from the University of Melbourne and, a Bachelor of Science Degree in Mathematics from the University of Plovdiv. Petko Kalev worked at the Department of Accounting and Finance, Monash University (1999-2010) and in February 2010 he joined the University of South Australia. Professor Kalev is a prolific researcher who has published exclusively in international reputable finance journals. Over the last 10 years (2003–2012) Professor Kalev has presented over 40 refereed conference papers at international finance conferences and more than 50 seminar papers in leading Business Schools, Finance Departments and Financial Organisations in Australia, Europe, North and South America. As a main or solo supervisor, Professor Kalev has supervised 5 PhD students and 28 Honours students till completion. Professor Kalev has strong links with the finance industry. Currently he is a member of the SIRCA Research Committee. Petko has also performed several types of consultancies and expert witnessing. Professor Kalev is a member of FINSIA, FIRN, FMA and Q Group Australia.

**Professor Mervyn K Lewis, B.Ec (Hons), Ph.D., FASSA** Mervyn K. Lewis is Professor of Banking and Finance at the University of South Australia. Previously he was Midland Bank Professor of Money and Banking at the University of Nottingham. He was also a Consultant to the Australian Financial System Inquiry, Visiting Scholar at the Bank of England, inaugural Securities Commission-University of Malaya Visiting Scholar, and has been visiting

professor at the Universities of Cambridge, Melbourne, Vienna, Wuhan, Mauritius, Goettingen and Euromed Marseilles. He is a member of the ANZ Shadow Financial Regulatory Committee. In 1986 he was elected a Fellow of the Academy of the Social Sciences in Australia. Professor Lewis has authored or co-authored twenty-one books, 70 articles and 81 chapters. Recent volumes are *The Economics of Public Private Partnerships* (2005), *Reforming China's state-owned enterprises and banks* (2006), *Handbook of Islamic Banking* (2007), *Islamic Finance* (2007) and *Untangling the U.S. Deficit* (2007). His latest volume is *An Islamic Perspective on Governance* (2009) and he is currently working on a new book *Global Finance after the Crisis. The United States, China and the New World Order*.

#### **ROUND TABLE PANELLISTS:**

**Alex Frino** is a Professor of Finance at the University of Sydney. He has a PhD in Finance from the University of Sydney and a Master of Philosophy in Finance from Cambridge University. Alex has strong links with both capital markets industry and academia in Australia and internationally and is a major advocate and motivator for closer collaboration between the two. Alex has published more than 100 research papers and one book and he has held visiting appointments at the SFE and Credit Suisse First Boston. He is a Certified Practising Accountant and serves on the Disciplinary Tribunal of the ASX.

**David R. Gallagher** is a Professor of Management in Finance at the Macquarie Graduate School of Management. He previously held appointments at The University of New South Wales, The University of Texas at Austin and the University of Technology, Sydney. He has previously served as a visiting scholar with the Investment Company Institute in Washington D.C. Professor Gallagher's research interests and expertise are in the fields of investment management and capital markets. His research has led to industry and academic awards, together with competitively awarded research grants. He is an active participant in the industry, and has consulted widely. He also directs an investments program at the Capital Markets CRC Limited with substantial sponsorship from major institutional investor organizations. Dr Gallagher graduated with a Ph.D. in Finance from The University of Sydney Business School, and is an editorial board member of Finsia's journal, JASSA. He is an Editor of Accounting and Finance and previously served as deputy editor and area editor (Finance) of the Australian Journal of Management.

**Dr Kingsley Jones** is Founding Partner/CIO for Jevons Global, a global investment firm. He has been: Portfolio Manager for the Macquarie Global Thematic Fund; Global Head of Quantitative Trading Research and a member of the Australian Value team at AllianceBernstein LP; head of Quantitative Research at CFSB in Sydney; and a Quantitative Analyst at County Investment Management. Kingsley holds a PhD in Theoretical Physics from the University of Bristol (1990), and a BSc (hons) from ANU (1984), a CFA and is affiliate member of the MTA. He is a commentator on CNBC and inventor of the cost-basis theory of markets.

## **PRESENTERS:**

**Dr Guanghua (Andy) Lian**, Lecturer in Finance, School of Commerce, University of South Australia. Andy received his PhD in Mathematical Finance from the University of Wollongong in 2010, and Master degree in Finance from Huazhong University of Science and Technology, China. Before joining University of South Australia, Andy was lecturing at Auckland University of Technology, and undertaking postdoctoral research at the University of Adelaide. Andy's research interests focus on pricing volatility derivatives and modelling volatility surface, with several publications in Mathematical Finance, Journal of Futures Markets, Quantitative Finance, Decisions in Economics and Finance and among others. In addition he is completing examinations as a Chartered Financial Analyst (CFA), and holds a Certificate of Quantitative Finance.

**Dr Amy Kwan** recently graduated from the University of New South Wales with a PhD in Finance. Her dissertation, entitled 'Dark market fragmentation in U.S. equity markets' examines the drivers behind the recent growth of dark trading venues and the consequences for market quality. Amy has previously held research positions at the Australian Securities and Investments Commission, where she helped develop measures of market efficiency and integrity, and Nasdaq OMX, where she investigated the impact of dark trading. Amy's research interests are in market microstructure and corporate finance.

**Dr Talis Putnins** is the Chancellor's Postdoctoral Research Fellow in Finance at the UTS Business School in Sydney. Prior to his appointment at UTS he held positions at the Stockholm School of Economics in Riga and the Baltic International Centre for Economic Policy Studies. His main research interests include financial markets, market microstructure, and market manipulation. Tālis has a PhD from the University of Sydney and degrees in Finance and Engineering from the University of Adelaide, where he was awarded the University Medal.

**Mr Sean Foley** is a final year PhD student at the University of Sydney. Sean's thesis focusses on the integrity of capital markets, particularly the impacts of manipulative conduct. His research covers areas such as insider trading, closing price manipulation, high frequency trading and fleeting liquidity. One of his thesis chapters has been published as part of the UK Treasury Foresight project on "The Future of Computer Trading in Financial Markets". These papers focus on the regulation and impact of financial misconduct and regulation, with a particular emphasis on microstructure analysis.

**Mr Eben van Wyk** is currently Head of Quantitative Research at CIMB Securities (Australia) where he provides new quantitative stock selection ideas and models to equity fund managers. Initially Eben established an eight-year career path in active equity quant research, including four years as an analyst at BGI in London where he developed the investment models for a new statistical arbitrage hedge fund. Thereafter Eben took on systematic proprietary trading for three years in London and later in Sydney, trading European and Asian markets. After completing a B.Com Actuarial at Stellenbosch University in 1995 he qualified as a CFA in 2000 and later obtained a Distinction in MSc Finance at Birkbeck College, University of London (2004).

**Mr Guodong Yuan** is a PhD candidate from School of Commerce, supervised by Michael Burrow, and Ron McIver. His PhD thesis topic is 'Corporate income tax aggressiveness in China: regulatory environment, ownership impact and market valuation'. His work is on behavioural aspects related to China's income tax system, its regulatory environment and capital market. Guodong brings his accounting and financial educational background and working experience from China, and continues to explore aspects of China's financial markets with the help of his supervisors, colleagues and peers in Australia.