

FINANCIAL MARKETS RESEARCH CENTER

Owen Graduate School of Management

Vanderbilt University

Nashville, TN 37203

Conference on Corporate Behavior and Financial Markets

April 10-11, 2003

Investors have a strong interest in assessing the true value of companies. Yet the recent evidence indicates that many companies – particularly those in the technology sector – were overvalued in the 1998-2000 bubble. Can the overvaluation be ascribed to accounting misdeeds, to the failure of analysts to do their job, or just to irrational exuberance? Can financial markets provide more effective discipline of managers? Do institutional investors play a sufficiently aggressive role in monitoring companies and their management? Is disclosure by companies of their operations sufficient to the needs of investors? How important are accounting rules for proper valuation of companies? Does bad accounting lead to stock market mis-valuation? Does disclosure of bad accounting lead to stock price reactions? How important are key analysts in the valuation of companies? Do executive compensation arrangements provide perverse incentives? What is the relation between executive compensation and earnings reports and stock prices? Can financial markets discipline corporations or must more responsibility be put on the board of directors? Does poor corporate governance have a stock price effect? Can changes in regulation increase the effectiveness of market discipline – for example, would elimination of short sale restrictions help limit bubbles? Is the new issues market working properly or should changes be considered in the way companies raise equity capital?

On day one of the conference, participants will provide evidence and discussion of the above issues. On day two, the conference will deal with recent developments in securities markets, futures markets and option markets.

Participants include academics, industry leaders and regulators. Expenses of academic presenters will be reimbursed. Attendance is by invitation.

The conference is sponsored by the Financial Markets Research Center and by a special grant from the New York Stock Exchange.

The conference takes place all day Thursday, April 10, and half day Friday, April 11, followed by the Dewey Daane Invitational Tennis Tournament.

Conference hotel: Loews Vanderbilt Plaza Hotel, 2100 West End Avenue

Conference locations

- Thursday, April 10: Caterpillar Financial Building, 2120 West End Avenue, 2nd floor Auditorium
- Thursday dinner: Loew Vanderbilt Plaza Hotel
- Friday, April 11: Owen Graduate School of Management, Averbuch Auditorium

More information

Contact Pat Scott at 615-322-3671, pat.scott@owen.vanderbilt.edu. For more information on the Financial Markets Research Center, check the website, <http://mba.vanderbilt.edu/fmrc/>.

Thursday, April 10, 2003: Caterpillar Financial Building (8:00 AM – 5:00 PM)

8:00 AM – 8:50 AM	Continental Breakfast
8:50 AM – 9:00 AM	Welcome. Hans Stoll, Owen School. James Beard, President, CAT Financial.
9:00 AM – 9:30 AM	Harvey Goldschmid, Commissioner, Securities and Exchange Commission.
9:45 AM – 10:45 AM	Accounting and the stock market. Chair: Richard Lindsey, President, Bear Stearns Securities Corp. Shredded Reputation: The Cost of Audit Failure. Paul Chaney, Owen School (with Kirk Philipich). Robert Fisher, Economist, Securities and Exchange Commission. Accounting Standards: Principles or Rules?
10:45 AM – 11:15 AM	Break
11:15 AM – 11:45 AM	Susan Bies, Governor, Federal Reserve Board. How good is our corporate governance system?
12:00 PM – 1:00 PM	Luncheon
1:15 PM – 2:45 PM	Investment Banking, the IPO Market and Analysts. Chair: James Cochrane, Senior V.P., New York Stock Exchange. Venture capital investments by IPO underwriters: certification or conflict of interest? Ronald Masulis (with Xi Li). Jay Ritter, University of Florida. What should be changed in the IPO market? Leslie Boni, University of New Mexico. How serious are analysts' conflicts of interest?

- 2:45 PM – 3:15 PM Break
- 3:15 PM – 3:45 PM John Biggs, Chairman and CEO, TIAA-CREF (Retired). How can corporations be more effectively monitored?
- 4:00 PM – 4:45 PM Corporate Governance. Chair: Craig Lewis, Owen School.
Corporate Governance and Accounting Scandals. Anup Agrawal, University of Alabama (with Sahiba Chadha).
Robert Thompson, Vanderbilt Law School. Commentary.

Thursday Evening, April 10, 2003: Loews Vanderbilt Plaza Hotel

- 6:15 PM Cocktails
- 7:15 PM Dinner

Friday Morning, April 11, 2003: Loews Vanderbilt Plaza Hotel

- 7:15 AM – 8:30 AM Financial Markets Research Center Advisory Board Meeting and breakfast

Friday, April 11, 2003: Averbuch Hall, Owen School (8:00 AM – 1:00 PM)

- 8:00 AM – 8:45 AM Continental Breakfast
- 8:45 AM – 10:15 AM Developments in equities markets. Chair: Thomas Peterffy, Chairman, Interactive Brokers.
Larry Harris, Chief Economist, Securities and Exchange Commission. Challenging problems in securities market structure.
Adena Friedman, Executive Vice President, NASDAQ. Developments in NASDAQ.
Paul Bennett, Chief Economist, New York Stock Exchange. Developments in equities markets.
David Krell, CEO, International Securities Exchange. Option markets versus equities markets.
William Rainer, CEO, OneChicago. Single stock futures.
- 10:15 AM – 10:45 AM Break
- 10:45 AM – 12:00 PM Developments in futures and options markets. Chair: James Klingler, Senior Vice President, Eclipse Capital.

John Damgard, President, Futures Industry Association. Structure of futures market clearing.

Sharon Brown-Hruska, Commissioner, Commodity Futures Trading Commission. Current regulatory issues in futures markets.

Richard DuFour, EVP, Chicago Board Options Exchange, Developments in Option Markets.

Jack Gaine, President, Managed Funds Association. Regulation of hedge funds.

12:00 PM – 1:00 PM Luncheon

Friday, April 11, 2003: Post Conference Activities

2:00 PM – 5:00 PM Dewey Daane Invitational Tennis Tournament – Belle Meade Club

2:00 PM – 4:00 PM Hike around Radnor Lake led by Ron Masulis