

# JFQA

## JOURNAL OF

## FINANCIAL AND QUANTITATIVE ANALYSIS

### Articles

#### Innovation Under Pressure

Heitor Almeida, Vyacheslav Fos, Po-Hsuan Hsu, Mathias Kronlund, and Kevin Tseng

#### Valuation and Long-Term Growth Expectations

Angel Tenguov, Josef Zechner, and Jeffrey Zwiebel

#### Cross-Border Property Rights and the Globalization of Innovation

Bo Bian, Jean-Marie Meier, and Ting Xu

#### Competition Shocks, Rival Reactions, and Stock Return Comovement

Eric de Bodt, B. Espen Eckbo, and Richard W. Roll

#### How Do Cash Windfalls Affect Entrepreneurship? Evidence from the Spanish Christmas Lottery

Vicente J. Bermejo, Miguel A. Ferreira, Daniel Wolfenzon, and Rafael Zambrana

#### The Valuation of Corporate Coupon Bonds

Jens Hilscher, Robert A. Jarrow, and Donald R. van Deventer

#### Investor Attention and Insider Trading

Sattar Mansi, Lin Peng, Jianping Qi, and Han Shi

#### Repurchases for Price Impact: Evidence from Fragile Stocks

Massimo Massa, David Schumacher, and Yan Wang

#### Nepotism in IPOs: Consequences for Issuers and Investors

François Degeorge and Giuseppe Pratobevera

#### Government Credit and International Trade

Hong Ru and Endong Yang

#### Debt Maturity and Investor Heterogeneity

Matthew Darst and Ehraz Refayet

#### Visible Hands: Professional Asset Managers' Expectations and the Stock Market in China

John Ammer, John Rogers, Gang Wang, and Yang Yu

#### Managerial Response to Shareholder Empowerment: Evidence from Majority-Voting Legislation Changes

Vicente Cuñat, Yiqing Lü, and Hong Wu

#### Predatory Lending and Hidden Risks

Sumit Agarwal, Gene Amromin, Itzhak Ben-David, and Douglas D. Evanoff

#### Foreign Exchange Order Flow as a Risk Factor

Craig Burnside, Mario Cerrato, and Zhekai Zhang

### Erratum

#### Foreign Exchange Order Flow as a Risk Factor – ERRATUM

Craig Burnside, Mario Cerrato, and Zhekai Zhang

### Editors

**Hendrik Bessembinder**

**Ran Duchin**

**Thierry Foucault**

**Jarrad Harford**

**Kai Li**

**George Pennacchi**

**Stephan Siegel**

Published by Cambridge University Press for the University of Washington Michael G. Foster School of Business in cooperation with the Arizona State University W. P. Carey School of Business, Boston College Carroll School of Management, HEC Paris, the University of British Columbia Sauder School of Business, and the University of Illinois at Urbana-Champaign Gies College of Business

VOL. 60, NO. 5 | August 2025



**CAMBRIDGE**  
UNIVERSITY PRESS

## JOURNAL OF FINANCIAL AND QUANTITATIVE ANALYSIS

A PUBLICATION OF THE UNIVERSITY OF WASHINGTON MICHAEL G. FOSTER SCHOOL OF BUSINESS IN COOPERATION  
WITH THE ARIZONA STATE UNIVERSITY W. P. CAREY SCHOOL OF BUSINESS, BOSTON COLLEGE CARROLL  
SCHOOL OF MANAGEMENT, HEC PARIS, THE UNIVERSITY OF BRITISH COLUMBIA SAUDER SCHOOL OF  
BUSINESS, AND THE UNIVERSITY OF ILLINOIS AT URBANA-CHAMPAIGN GIES COLLEGE OF BUSINESS

VOL. 60, NO. 5, AUGUST 2025

**Articles**

<b>Innovation Under Pressure</b> .....	2088
Heitor Almeida, Vyacheslav Fos, Po-Hsuan Hsu, Mathias Kronlund, and Kevin Tseng	
<b>Valuation and Long-Term Growth Expectations</b> .....	2121
Angel Tengulov, Josef Zechner, and Jeffrey Zwiebel	
<b>Cross-Border Property Rights and the Globalization of Innovation</b> .....	2159
Bo Bian, Jean-Marie Meier, and Ting Xu	
<b>Competition Shocks, Rival Reactions, and Stock Return Comovement</b> .....	2194
Eric de Bodt, B. Espen Eckbo, and Richard W. Roll	
<b>How Do Cash Windfalls Affect Entrepreneurship? Evidence from the Spanish Christmas Lottery</b> .....	2229
Vicente J. Bermejo, Miguel A. Ferreira, Daniel Wolfenzon, and Rafael Zambrana	
<b>The Valuation of Corporate Coupon Bonds</b> .....	2259
Jens Hilscher, Robert A. Jarrow, and Donald R. van Deventer	
<b>Investor Attention and Insider Trading</b> .....	2293
Sattar Mansi, Lin Peng, Jianping Qi, and Han Shi	
<b>Repurchases for Price Impact: Evidence from Fragile Stocks</b> .....	2334
Massimo Massa, David Schumacher, and Yan Wang	
<b>Nepotism in IPOs: Consequences for Issuers and Investors</b> .....	2367
François Degeorge and Giuseppe Pratobevera	
<b>Government Credit and International Trade</b> .....	2398
Hong Ru and Endong Yang	
<b>Debt Maturity and Investor Heterogeneity</b> .....	2431
Matthew Darst and Ehraz Refayet	
<b>Visible Hands: Professional Asset Managers' Expectations and the Stock Market in China</b> .....	2469
John Ammer, John Rogers, Gang Wang, and Yang Yu	
<b>Managerial Response to Shareholder Empowerment: Evidence from Majority-Voting Legislation Changes</b> .....	2500
Vicente Cuñat, Yiqing Lü, and Hong Wu	
<b>Predatory Lending and Hidden Risks</b> .....	2526
Sumit Agarwal, Gene Amromin, Itzhak Ben-David, and Douglas D. Evanoff	
<b>Foreign Exchange Order Flow as a Risk Factor</b> .....	2555
Craig Burnside, Mario Cerrato, and Zhekai Zhang	
<b>Erratum</b>	
<b>Foreign Exchange Order Flow as a Risk Factor – ERRATUM</b> .....	2583
Craig Burnside, Mario Cerrato, and Zhekai Zhang	

MANAGING EDITORS

<b>Hendrik Bessembinder</b> Arizona State University	<b>Jarrad Harford</b> University of Washington	<b>Kai Li</b> University of British Columbia	<b>Stephan Siegel</b> University of Washington
<b>Ran Duchin</b> Boston College	<b>Thierry Foucault</b> HEC Paris	<b>George Pennacchi</b> University of Illinois at Urbana-Champaign	

ADVISORY EDITORS

<b>Stephen Brown</b> New York University	<b>Mara Faccio</b> Purdue University	<b>Mark Grinblatt</b> University of California at Los Angeles
---	---	--

ASSOCIATE EDITORS

<b>George Aragon</b> Arizona State University	<b>Pab Jokitasthira</b> Southern Methodist University	<b>Denis Sosyura</b> Arizona State University
<b>Turan Bali</b> Georgetown University	<b>Jonathan Karpoff</b> University of Washington	<b>Chester Spatt</b> Carnegie Mellon University
<b>Alice Bonaimé</b> University of Arizona	<b>Doron Levit</b> University of Washington	<b>Philip Strahan</b> Boston College
<b>Murillo Campello</b> University of Florida	<b>Francis Longstaff</b> University of California at Los Angeles	<b>Kumar Venkataraman</b> Southern Methodist University
<b>Jeffrey Coles</b> University of Utah	<b>Song Ma</b> Yale University	<b>Sunil Wahal</b> Arizona State University
<b>Zhi Da</b> University of Notre Dame	<b>Nadya Malenko</b> Boston College	<b>Yuhai Xuan</b> University of California at Irvine
<b>Olivier Dessaint</b> INSEAD	<b>Ronald Masulis</b> University of New South Wales	<b>David Yermack</b> New York University
<b>Vivian Fang</b> University of Minnesota	<b>John McConnell</b> Purdue University	<b>Scott Yonker</b> Cornell University
<b>Joan Farre-Mensa</b> University of Illinois Chicago	<b>Robert McDonald</b> Northwestern University	<b>Feng Zhang</b> Southern Methodist University
<b>Zhenyu Gao</b> Chinese University of Hong Kong	<b>R. David McLean</b> Georgetown University	<b>Lu Zhang</b> Ohio State University
<b>Todd Gormley</b> Washington University in St. Louis	<b>Yihui Pan</b> University of Utah	<b>Xiaoyan Zhang</b> Tsinghua University
<b>Allaudeen Hameed</b> National University of Singapore	<b>Neil Pearson</b> University of Illinois at Urbana-Champaign	<b>Guofu Zhou</b> Washington University in St. Louis
<b>Jie He</b> University of Georgia	<b>Jeffrey Pontiff</b> Boston College	
<b>Erik Hjalmarsson</b> University of Gothenburg	<b>David Reeb</b> National University of Singapore	<b>PRODUCTION EDITOR</b> <b>Wendy Katz</b> University of Washington
<b>Gerard Hoberg</b> University of Southern California	<b>Matthew Ringgenberg</b> University of Utah	<b>BUSINESS MANAGER</b> <b>Susan Huot</b> University of Washington
<b>Christopher Hrdlicka</b> University of Washington	<b>Zacharias Sautner</b> University of Zürich	
<b>Po-Hsuan Hsu</b> National Tsing Hua University	<b>Paul Schultz</b> University of Notre Dame	
<b>Jiekun Huang</b> University of Illinois at Urbana-Champaign	<b>Mikhail Simutin</b> University of Toronto	
<b>Travis Johnson</b> University of Texas at Austin		

The Journal of Financial and Quantitative Analysis (ISSN 0022-1090), Michael G. Foster School of Business, University of Washington, 109 Founders Hall, UW Box 353200, Seattle, WA 98195-3200, is published 8 times a year in February, March, May, June, August, September, November, and December by Cambridge University Press, One Liberty Plaza, 20th Floor, New York, NY 10006/Cambridge University Press, University Printing House, Shaftesbury Road, Cambridge CB2 8BS, UK for the University of Washington Michael G. Foster School of Business in cooperation with the Arizona State University W. P. Carey School of Business, Boston College Carroll School of Management, HEC Paris, the University of British Columbia Sauder School of Business, and the University of Illinois at Urbana-Champaign Gies College of Business.

Copyright 2025, Michael G. Foster School of Business, University of Washington

JOURNAL OF FINANCIAL AND QUANTITATIVE ANALYSIS

PHONE: (206) 543-4598  
FAX: (206) 616-1894  
E-MAIL: [jfqa@uw.edu](mailto:jfqa@uw.edu)  
URL: [jfqa.org](http://jfqa.org)

University of Washington  
Michael G. Foster School of Business  
109 Founders Hall UW Box 353200  
Seattle, WA 98195-3200 USA

VOL. 60, NO. 5, AUGUST 2025

PURPOSE AND FOCUS

The Journal of Financial and Quantitative Analysis (JFQA) publishes theoretical and empirical research in financial economics. Topics include corporate finance, investments, capital and security markets, and quantitative methods of particular relevance to financial researchers. Opinions expressed in the JFQA are those of the authors and do not necessarily reflect those of the University of Washington Michael G. Foster School of Business. For submissions queries, please write, call, fax, or e-mail the JFQA office. For all other information related to the journal, please contact Cambridge Journals Customer Services: Cambridge University Press, One Liberty Plaza, 20th Floor, New York, NY 10006, USA.

SUBMISSIONS

[www.editorialmanager.com/jfqa](http://www.editorialmanager.com/jfqa)

It is JFQA policy to give prompt attention to all submitted manuscripts. Consistent with this policy, honoraria are paid to referees who provide timely reviews. Submit manuscripts online ([www.editorialmanager.com/jfqa](http://www.editorialmanager.com/jfqa)). Payment is required at the time of submission. Please consult the journal website for current submission details. Manuscripts are considered for publication on the understanding that they have not been previously published in whole or in part, and are not being simultaneously considered for publication elsewhere.

SUBSCRIPTIONS

[cambridge.org/jfqa](http://cambridge.org/jfqa)

For individuals or institutions interested in a single journal subscription in 2025, please contact Cambridge Journals Customer Services. In the U.S., Canada, or Mexico, subscription fees are payable in U.S. dollars: [journals\\_subscriptions@cambridge.org](mailto:journals_subscriptions@cambridge.org). Elsewhere in the world, subscription fees are payable in U.K. pounds sterling: [journals@cambridge.org](mailto:journals@cambridge.org)

2025 Annual Subscription Fees

Volume 60: February, March, May, June, August, September, November, and December

Category	Access Type	Price
Institutions	Electronic Only	£410/\$684
Individuals	Electronic Only	£64/\$114
Students	Electronic Only	£30/\$40

RIGHTS AND PERMISSIONS

All rights reserved. No part of this publication may be reproduced, in any form or by any means, electronic, photocopying, or otherwise, without permission in writing from Cambridge University Press. General enquiries from the USA, Mexico, and Canada should be addressed to the New York office of Cambridge University Press [cambridge.org/us/information/rights/contacts/newyork.htm](http://cambridge.org/us/information/rights/contacts/newyork.htm); general enquiries from elsewhere should be addressed to the Cambridge office [cambridge.org/uk/information/rights/contacts/cambridge.htm](http://cambridge.org/uk/information/rights/contacts/cambridge.htm); permission enquiries from Australia and New Zealand should be addressed to the Melbourne office [cambridge.org/uk/information/rights/contacts/australia.htm](http://cambridge.org/uk/information/rights/contacts/australia.htm); enquiries regarding Spanish language translation rights (only) should be addressed to the Madrid office [cambridge.org/uk/information/rights/contacts/madrid.htm](http://cambridge.org/uk/information/rights/contacts/madrid.htm). Photocopying information (for users in the USA): Copying for internal or personal use beyond that permitted by Sec. 107 or 108 of the U.S. Copyright Law is authorized for users duly registered with the Copyright Clearance Center (CCC), provided that the appropriate remittance is paid directly to: CCC, 222 Rosewood Drive, Danvers, MA 01923, USA. Specific written permission must be obtained for all other copying; contact the nearest Cambridge University Press office.