

2003 Sharpe Award Winners

Financial Innovation, Market Participation, and Asset Prices	431
Laurent Calvet, Martín Gonzalez-Eiras, and Paolo Sodini	
Economic Sources of Gain in Stock Repurchases	461
Konan Chan, David Ikenberry, and Inmoo Lee	
Optimum Centralized Portfolio Construction with Decentralized Portfolio Management	481
Edwin J. Elton and Martin J. Gruber	
Limited Stock Market Participation and Asset Prices in a Dynamic Economy	495
Hui Guo	
Negotiation and the IPO Offer Price: A Comparison of Integer vs. Non-Integer IPOs	517
Daniel J. Bradley, John W. Cooney, Jr., Bradford D. Jordan, and Ajai K. Singh	
Initial Public Offerings in Hot and Cold Markets	541
Jean Helwege and Nellie Liang	
Why Do IPO Underwriters Allocate Extra Shares when They Expect to Buy Them Back?	571
Donghang Zhang	
The Effect of Transaction Size on Off-the-Run Treasury Prices	595
David F. Babbel, Craig B. Merrill, Mark F. Meyer, and Meiring de Villiers	
Do Indirect Investment Barriers Contribute to Capital Market Segmentation?	613
George P. Nishiotis	
Limited Partnerships and Reputation Formation	631
Jarl G. Kallberg, Crocker H. Liu, and Anand Srinivasan	

MANAGING EDITORS

Hendrik Bessembinder
University of Utah

Stephen Brown
New York University

Paul Malatesta
University of Washington

ASSOCIATE EDITORS

Warren Bailey

Cornell University

Geert Bekaert

Columbia University

Zhiwu Chen

Yale University

Jeffrey Coles

Arizona State University

Jennifer Conrad

University of North Carolina

Larry Dann

University of Oregon

Philip Dybvig

Washington University in St. Louis

Wayne Ferson

Boston College

Michael Fishman

Northwestern University

Robert Goldstein

Washington University in St. Louis

Mark Grinblatt

University of California, Los Angeles

Avraham Kamara

University of Washington

Jonathan Karpoff

University of Washington

Josef Lakonishok

University of Illinois,
Urbana-Champaign

Francis Longstaff

University of California, Los Angeles

Ananth Madhavan

Barclays Global Investors

Ronald Masulis

Vanderbilt University

John McConnell

Purdue University

Robert McDonald

Northwestern University

Wayne Mikkelson

University of Oregon

Maureen O'Hara

Cornell University

Neil Pearson

University of Illinois,
Urbana-Champaign

Jeffrey Pontiff

Boston College

Matthew Richardson

New York University

Jay Ritter

University of Florida

Pedro Santa-Clara

University of California, Los Angeles

Paul Schultz

University of Notre Dame

Chester Spatt

Carnegie-Mellon University

Hans Stoll

Vanderbilt University

Ralph Walking

Ohio State University

Ivo Welch

Yale University

David Yermack

New York University

Guofu Zhou

Washington University in St. Louis

STAFF: **Martha (Marty) Auvil**, Editor; **Susan Huot**, Office Manager

Gloria Young, Editorial Associate

The Journal of Financial and Quantitative Analysis (ISSN 0022-1090), School of Business Administration, University of Washington, 115 Lewis, Box 353200, Seattle, WA 98195-3200, is published quarterly in March, June, September, and December by the University of Washington School of Business Administration in cooperation with the David Eccles School of Business at the University of Utah and the Leonard N. Stern School of Business at New York University. POSTMASTER: Send address changes to Journal of Financial and Quantitative Analysis, School of Business Administration, University of Washington, Seattle, WA 98195-3200. Periodicals postage is paid at Seattle, Washington.

Copyright 2004, School of Business Administration, University of Washington

PHONE: (206) 543-4598
FAX: (206) 616-1894
E-MAIL: jfqa@u.washington.edu
URL: <http://www.jfqa.org>

University of Washington
School of Business Administration
115 Lewis Box 353200
Seattle, WA 98195-3200 USA

VOL. 39, NO. 3, SEPTEMBER 2004

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 School of Business Administration.

For specific information concerning subscriptions, submissions, single-copy orders, missing issues, permission to reprint, or advertising, write, call, fax, or e-mail the JFQA office.

SUBMISSIONS

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. Send manuscripts via e-mail in PDF, Word, or LaTeX with a \$200 submission fee for subscribers (\$260 for non-subscribers) to the Managing Editors. Checks must be payable to the JFQA in U.S. dollars for deposit in a U.S. bank. VISA, MasterCard, and American Express are accepted. 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

Subscriptions, which must be prepaid and renewed annually, start with the next available issue unless otherwise requested. Checks or money orders must be payable to the JFQA in U.S. dollars for deposit in a U.S. bank. VISA, MasterCard, and American Express are accepted. Use the subscription form at the back of this issue or print the form from the JFQA Web site. Upon request, electronic subscriptions are available in PDF files. Claims for missing issues must be made within six months of the date of publication.

Annual Subscription Fees:

Library or Firm	U.S. \$130
Outside U.S.A.	U.S. \$140
Individual	U.S. \$60
Outside U.S.A.	U.S. \$70
Student (with verification)	U.S. \$25
Outside U.S.A.	U.S. \$30
Airmail (additional)	U.S. \$40

Announcing the Winners of the JFQA 2003 William F. Sharpe Best Paper Award

The William F. Sharpe Award for Scholarship in Financial Research recognizes researchers who, through their articles published in the JFQA, have most contributed to our understanding of important areas of financial economics. Nominees for the Sharpe Award are chosen by a vote of JFQA readers and Associate Editors; the winner(s), who receive a \$5,000 cash prize, is (are) selected by the Associate Editors.

The winners of the Sharpe Award for JFQA papers published in 2003 are

Magnus Dahlquist, *Stockholm Institute for Financial Research*

Lee Pinkowitz, *Georgetown University*

René M. Stulz, *Ohio State University*

Rohan Williamson, *Georgetown University*

“Corporate Governance and the Home Bias”

March 2003, Vol. 38, No. 1, pp. 87–110

Please join us in congratulating Professors Dahlquist, Pinkowitz, Stulz, and Williamson for their accomplishments.

Hendrik Bessembinder

Stephen Brown

Paul Malatesta

JFQA Managing Editors