# JOURNAL OF FINANCIAL AND QUANTITATIVE ANALYSIS

Holding Horizon: A New Measure of Active Investment Management Chunhua Lan. Fabio Moneta. and Russ Wermers

Options Trading and Stock Price Informativeness Jie Cao, Amit Goyal, Sai Ke, and Xintong Zhan

Corporate Hiring Under COVID-19: Financial Constraints and the Nature of New Jobs Murillo Campello, Gaurav Kankanhalli, and Pradeep Muthukrishnan

Analyst Coverage and Corporate Environmental Policies Chenxing Jing, Kevin Keasey, Ivan Lim, and Bin Xu

Minimum Wage Hikes and Technology Adoption: Evidence from U.S. Establishments Xin Dai and Yue Qiu

Impact of Regulations on Firm Value: Evidence from the 2016 U.S. Presidential Election Santanu Kundu

Information in Financial Contracts: Evidence from Securitization Agreements Brent W. Ambrose, Yigiang Han, Sanket Korgaonkar, and Lily Shen

Does Shareholder Litigation Risk Cause Public Firms to Delist? Evidence from Securities Class Action Lawsuits Jonathan Brogaard, Nhan Le, Duc Duy Nguyen, and Vathunyoo Sila

Independent Director Tenure and Corporate Governance: Evidence from Insider Trading Meng Gao and Sheng Huang

Generalized Disappointment Aversion and the Variance Term Structure Mykola Babiak

ETF Ownership and Seasoned Equity Offerings Kevin P. Evans, Woon Sau Leung, Junqiu Li, and Khelifa Mazouz

The Effects of Foreign Acquisitions on the Value of Industry Peers Umit Yilmaz

The Use of Peer Groups in Setting Director Compensation: Competition for Talent Versus Self-Serving Behavior Sheng-Syan Chen, Cheng-Yi Chien, and Chia-Wei Huang

Convertible Debt Arbitrage Crashes Revisited Craig Lewis, Ben Munyan, and Patrick Verwijmeren

Credit Default Swaps, Fire-Sale Risk, and the Liquidity Provision in the Bond Market Massimo Massa and Lei Zhang Editors

Hendrik Bessembinder Ran Duchin Thierry Foucault Jarrad Harford Kai Li George Pennacchi <u>Steph</u>an 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. 59, NO. 4 June 2024





## 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. 59, NO. 4, JUI	JE 2024
Holding Horizon: A New Measure of Active Investment Management Chunhua Lan, Fabio Moneta, and Russ Wermers	1471
Options Trading and Stock Price Informativeness Jie Cao, Amit Goyal, Sai Ke, and Xintong Zhan	1516
Corporate Hiring Under COVID-19: Financial Constraints and the Nature of New Jobs	1541
Murillo Campello, Gaurav Kankanhalli, and Pradeep Muthukrishnan	1341
Analyst Coverage and Corporate Environmental Policies Chenxing Jing, Kevin Keasey, Ivan Lim, and Bin Xu	1586
Minimum Wage Hikes and Technology Adoption: Evidence from U.S. Establishments Xin Dai and Yue Qiu	1620
Impact of Regulations on Firm Value: Evidence from the 2016 U.S. Presidential Election	1659
Information in Financial Contracts: Evidence from Securitization Agreements Brent W. Ambrose, Yiqiang Han, Sanket Korgaonkar, and Lily Shen	1692
Does Shareholder Litigation Risk Cause Public Firms to Delist? Evidence from Securities Class Action Lawsuits Jonathan Brogaard, Nhan Le, Duc Duy Nguyen, and Vathunyoo Sila	1726
Independent Director Tenure and Corporate Governance: Evidence from Insider Trading Meng Gao and Sheng Huang	1760
Generalized Disappointment Aversion and the Variance Term Structure Mykola Babiak	1796
ETF Ownership and Seasoned Equity Offerings	1821
The Effects of Foreign Acquisitions on the Value of Industry Peers Umit Yilmaz	1849
The Use of Peer Groups in Setting Director Compensation: Competition for Talent Versus Self-Serving Behavior Sheng-Syan Chen, Cheng-Yi Chien, and Chia-Wei Huang	1886
Convertible Debt Arbitrage Crashes Revisited Craig Lewis, Ben Munyan, and Patrick Verwijmeren	1926
Credit Default Swaps, Fire-Sale Risk, and the Liquidity Provision in the Bond Market Massimo Massa and Lei Zhang	1963

## MANAGING EDITORS

Hendrik Bessembinder Arizona State University

Ran Duchin Boston College

## ADVISORY EDITORS

Stephen Brown New York University Mara Faccio Purdue University

Jarrad Harford

University of

Washington

**HEC** Paris

George Aragon Arizona State University

ASSOCIATE EDITORS

Warren Bailey Cornell University

Turan Bali Georgetown University

Alice Bonaimé University of Arizona

Murillo Campello Cornell University

**Riccardo Colacito** University of North Carolina at Chapel Hill

**Jeffrey Coles** University of Utah

Zhi Da University of Notre Dame

Olivier Dessaint INSEAD

Vivian Fang University of Minnesota

Zhenvu Gao Chinese University of Hong Kong

Todd Gormlev Washington University in St. Louis

Allaudeen Hameed National University of Singapore

Jie He University of Georgia

Po-Hsuan Hsu National Tsing Hua University

Jiekun Huang University of Illinois at Urbana-Champaign

Travis Johnson University of Texas at Austin

Pab Jokitasthira Southern Methodist University

Marcin Kacperczyk Imperial College London

Jonathan Karpoff University of Washington

Francis Longstaff University of California at Los Angeles

Nadya Malenko **Boston College** 

Ronald Masulis University of New South Wales

John McConnell Purdue University

Robert McDonald Northwestern University

R. David McLean Georgetown University

Darius Palia **Rutgers University** 

Neil Pearson University of Illinois at Urbana-Champaign

Jeffrev Pontiff **Boston College** 

David Reeb National University of Singapore

Matthew Ringgenberg University of Utah

**Bryan Routledge** Carnegie Mellon University

Kai Li University of British

University of Washington

Stephan Siegel

George Pennacchi University of Illinois at Urbana-Champaign

> Mark Grinblatt University of California at Los Angeles

> > Zacharias Sautner University of Zürich

Paul Schultz University of Notre Dame

Mikhail Simutin University of Toronto

Denis Sosyura Arizona State University

Chester Spatt Carnegie Mellon University

Kumar Venkataraman Southern Methodist University

Yuhai Xuan University of California at Invine

**David Yermack** New York University

Scott Yonker Cornell University

Lu Zhang Ohio State University

Xiaoyan Zhang Tsinghua University

Guofu Zhou Washington University in St Louis

PRODUCTION EDITOR Wendy Katz

University of Washington

BUSINESS MANAGER Susan Huot University of Washington

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. Periodicals Postage Paid at New York, NY and additional mailing offices. POSTMASTER: Send address changes to Journal of Financial and Quantitative Analysis, Cambridge University Press, One Liberty Plaza, 20th Floor, New York, NY 10006, USA.

Printed by Sheridan, a CJK Group Company

Copyright 2024, Michael G. Foster School of Business, University of Washington

Columbia Thierry Foucault



### JOURNAL OF FINANCIAL AND QUANTITATIVE ANALYSIS

PHONE: (206) 543-4598 FAX: (206) 616-1894 E-MAIL: jfqa@uw.edu URL: jfqa.org University of Washington Michael G. Foster School of Business 109 Founders Hall UW Box 353200 Seattle, WA 98195-3200 USA

VOL. 59, NO. 4, JUNE 2024

www.editorialmanager.com/ifga

#### 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

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). 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

For individuals or institutions interested in a single journal subscription in 2023, 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. Elsewhere in the world, subscription fees are payable in U.K. pounds sterling: journals@cambridge.org

#### 2024 Annual Subscription Fees

Volume 59: February, March, May, June, August, September, November, and December

Category	Access Type	Price
Institutions	Print & Electronic	£588/\$1037
Institutions	Electronic Only	£407/\$679
Institutions	Print Only	£607/\$1128
Individuals	Print & Electronic	£104/\$186
Individuals	Electronic Only	£64/\$113
Individuals	Print Only	£89/\$168
Students	Print 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; general enquiries from elsewhere should be addressed to the Cambridge office 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; enquiries regarding Spanish language translation rights (only) should be addressed to the Madrid office 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/australia.htm; enquiries regarding 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.

cambridge.org/jfqa