

The Director's View

George J. Papaioannou, Ph.D.

International stock cross-listings comprise an important component of the global financial markets. **The motives of firms to cross-list and how stock exchanges capture this demand are worth considering in light of recent regulatory developments.** Each year, companies around the world decide to cross-list as a means of entering the international market for trading their shares or raising capital. In most cases, a cross-listing is executed through the establishment of a depositary receipt (DR) program. As of the end of 2004, there were 1,858 sponsored DR programs from 73 countries. Firm demand for DR programs is based on the expectation of creating value for their equity, which they would otherwise fail to capture if traded only in their home market. From the standpoint of stock exchanges, attracting DR programs helps them increase their sources of income and enhance their stature as international securities markets. **Consequently, stock exchanges need to consider the advantages they supply to foreign listers in order to compete effectively in the DR market.**

Surveys of DR issuers as well as academics have identified several, rather obvious, goals associated with the initiation of DR programs. Prominent among these goals are: broadening the investor base, raising issuers' profiles, and increasing stock liquidity. The potential benefit from achieving these goals is reduced cost of capital for the issuer's equity and, hence, an increase in share value. In most cases, the "price" foreign listers must pay (beyond the listing fees) to enjoy these advantages include additional informational disclosure, adherence to stricter accounting reporting standards and compliance to tighter corporate governance rules. For firms with severe agency (i.e., corporate governance) and information asymmetry problems in their home country, joining a market that helps mitigate the impact of these problems is a value-enhancing strategy. Indeed, academic research has shown that such firms achieve superior valuation upon establishing DR programs in the United States, where stock markets are known to have stricter standards for information reporting and disclosure and corporate governance.

Stock exchanges must also consider investor preferences. Institutional investors, for example,

are more concerned with liquidity, measured by the cost and speed of order execution. The usual presumption – not always validated in practice – is that these well-informed investors are more likely to detect value destruction because of managerial and insider self-dealing or gaps in information flow. To these investors, liquidity is valuable because it allows timely exit from positions before prices adjust downward. On the other side, for retail (and less well-informed) investors, the most valuable service stock exchanges can offer is value certification, that is, the assurance that "what you see is what you get."

Consequently, stock exchanges around the world need to give serious thought to how liquidity, composition of investor base and value certification affect their competitive position in the market for foreign listings in the form of DR programs. Some recent developments are useful in shedding some light on this conundrum. Starting in the mid-1990s, there was a rush to establish markets for start-ups and growth-oriented companies. In this case, much attention was paid to trading systems (usually electronic), with less concern for corporate governance issues. Many of these markets failed or did not meet initial expectations. A striking case was the fate of Easdaq. By the time of its takeover by Nasdaq-Europe, a series of scandals, relating to disinformation or accounting reporting, had erased 211 billion euros of share value from investors' portfolios. It would seem that regulatory correction in favor of greater information transparency and stricter corporate governance is the right response.

The Sarbanes-Oxley Act (SOX) was the most drastic type of regulatory correction drafted in response to corporate scandals in the United States. However, SOX compliance has significantly raised the cost of public stock ownership in the United States. Its critics argue that incremental benefits do not match incremental costs for all listed firms. Voluntary firm delistings to avoid the presumed net cost have already been reported. These delistings have also spread to the DR segment. In countries with strong ownership concentration, the presumptions are that insider (usually family-based) groups can reap additional wealth through expropriation of cash flow and

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The Merrill Lynch Center Mission Statement:

"Established to promote and facilitate faculty and student study in the field of international financial services and markets and to communicate knowledge to the academic and business communities."

various perks or through suboptimal financing and investment decisions. Unless these insiders expect to gain from their access to international capital (through an American DR program) more than the private gains they must give up, listing their stock on a market with stricter corporate governance rules is not a profitable decision from their private welfare standpoint. Not only is SOX more expensive to comply with, it also takes away (in theory at least) more of the insider's discretion for self-dealing. The cumulative incremental cost can prove to be too high to leave any net gains for such insiders. The rational response should then be a decline in future foreign cross-listings in the United States.

What stock exchanges must recognize is that their eligibility criteria and listing standards in

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conjunction with their comparative advantages in trading costs and liquidity have different value consequences to different prospective listers. That, in the end, determines each stock exchange's clientele.

A Message From the Editor

Professor Gioia P. Bales, Merrill Lynch Center Administrator

During the 2005-2006 academic year, the Merrill Lynch Center will celebrate its 10th year of operation. Indeed, much has been accomplished during the last decade. It is appropriate, therefore, that the content of this issue of our newsletter reflects the breadth of these endeavors and the strides we have made in fulfilling our ultimate objective: the dissemination of knowledge on international financial services and markets to our constituents – faculty, students and the business community.

Our very successful business conference series on the design, development and marketing of financial services and products continued in May 2005 as the Merrill Lynch Center presented its fourth program titled "International Investments: Opportunities in the Equity and Bond Markets." Three consecutive panels, composed of leading business practitioners, discussed an array of topics, including: ADRs; global online trading; emerging market investment; and regulatory issues. Preceding the conference, an executive breakfast featured Dr. José M. Barrionuevo, a well-known emerging markets economist, as the keynote speaker. Please see page 5 for details regarding this program.

This academic year our business conference will be substituted by a three-day program on risk management. On April 27-29 2006, the Merrill Lynch Center, in conjunction with the Hofstra Cultural Center, will present "Managing Risk in Financial Institutions: From Theory to Practice." An impressive list of academicians and practitioners will explore current theoretical and practical aspects of risk management within financial institutions. For more information regarding this event, including registration, please see box on the right.

Many different facets of the Merrill Lynch Center have contributed to its success. The business and academic advisory boards remain valuable resources to its operation. Much of the success of our past programs is due in no small part to the inspiration and generosity of these fine individuals and the institutions they represent. We are proud to present a thoughtful essay on globalization by Mr. Coleman Fung, chief executive officer of OpenLink and a member of our Business Advisory Board (see pages 3 and 4). We also profile recent research by Merrill Lynch associates, another valuable center resource, on page 7. In addition, the activities of Hofstra's Scott Skodnek Business Development Center, a Merrill Lynch Center collaborator, are reviewed on page 6. Finally, on November 22, 2005, the Trading Room of the Frank G. Zarb School of Business was formally opened. This laboratory will undoubtedly prove to be an invaluable resource to Hofstra students, faculty and the Merrill Lynch Center (see page 8).

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MARK YOUR CALENDAR

April 27-29, 2006

HOFSTRA CULTURAL CENTER

AND THE

**MERRILL LYNCH CENTER FOR THE STUDY OF
INTERNATIONAL FINANCIAL SERVICES AND MARKETS**

OF THE

FRANK G. ZARB SCHOOL OF BUSINESS

present

Managing Risk in Financial Institutions: From Theory to Practice

In response to changes in the economic and regulatory environment, the theory and practice of risk management have evolved significantly during the last 15 years. The purpose of this conference is to bring together academicians and practitioners to explore current theoretical and practical aspects of risk management within financial institutions.

We are very proud to announce that **Anthony Saunders**, The John M. Schiff Professor of Finance at New York University's Stern School of Business, will be The Joseph G. Astman Distinguished Conference Scholar and the luncheon keynote speaker on Friday, April 28. In addition, **Charles Smithson**, of Rutter Associates, a well known risk management expert, has agreed to be our keynote speaker at the conference banquet on Thursday evening, April 27. The following sessions have already been scheduled:

- Managing Risk
- Hedging Instruments
- Credit Risk and Securitization
- Regulations and Capital Adequacy
- Modeling
- Operational Risk and Technology
- Best Practices in Risk Management
- Risk Aggregation and Enterprise Risk Management
- Risk and Performance

Visit our Web site at www.hofstra.edu/MLC
for details regarding the conference and registration information.

A Carnival Mirror's Reflection: Globalization at the Limit

by Coleman Fung

Coleman Fung is Chief Executive Officer of OpenLink, a trading and risk management software provider headquartered on Long Island. Mr. Fung also serves as a member of the Merrill Lynch Center Business Advisory Board.



Although more than half of OpenLink's revenue is generated overseas, I often take the benefits of globalization for granted. The almost-free global flows of capital, products, services, and production capacities have not only transformed billions of lives but also,

more subtly, challenged many traditional economic and social principles. As a risk management professional, I would like to take a stretched or exaggerated view – as if it were reflected in a carnival mirror – on a number of potential risk factors that may affect the future course of globalization, and how these seemingly unrelated factors are interacting with one another.

Challenges Faced by Globalization at the Limit

The rapid innovations in technology and financial markets have made significant and positive contributions to globalization today. I believe the same pace of new developments within both these areas will continue to fuel this process unabated. However, the current success of globalization is not without its share of challenges. As advanced as both technological and financial infrastructures are, the corresponding social, political, environmental, and economical foundations are far less developed and prepared for the current and future challenges posed by globalization. The combination of this imbalanced process with the rapid rise of China and India – both with a seemingly unlimited supply of human capital and emerging, insatiable demands for the world's limited resources – may accelerate the globalization process to its final, perhaps unstable stage: **globalization at the limit.**

One of the greatest contributions of globalization is the process of rapid wealth creation through job migrations, from developed to developing countries. For developed countries like the United States, the key benefits of globalization are mainly economic-based, from easy access to inexpensive goods and lower inflation rates, to increased flexibility in investment opportunities, and more efficient deployment of capital. For many developing countries, however, the social benefits of globalization are at least as important as the economic ones. These remarkable benefits include higher standards of living, greater economic opportunities and mobility, and improved basic human services. Yet, these developing coun-

tries also struggle with a host of social (and environmental) problems associated with globalization, from massive migration of the population, rapid changes – or breakdowns – in the traditional social structure, widening income inequality, demand for political reforms, and other social issues. Nevertheless, as we enter a new phase of globalization with the rise of two sleeping giants, we must begin to prepare for the emerging social challenges right here in America.

Development of China and India: Impact on the United States

Consider the Economic Diversity of China and India

Some experts have argued that the rise of China and India will pose challenges similar to those that the United States dealt with when Japan and Germany grew quickly after the war. However, besides the population factor, we must consider another critical factor: the economic diversity in China and India. In Japan or Germany, the degree of economic diversity was more limited when compared to these other two countries. As the Japanese and German economies grew quickly, the standard of living went up, more or less, at the same pace for the entire population. Eventually, the labor “arbitrage conditions” between the United States and these rising economies disappeared within a relatively short period of time. Besides, the size of the American economy was significantly more flexible and larger; as a result, we were able to accommodate the rapid rise of Japan and Germany with only minor, manageable impacts on job migrations within the United States. **We should not expect the same adjustment process to take place today because of the high degree of economic diversity in China's and India's populations.** This diversity is also sustainable for the foreseeable future for both countries, and will pose a bigger challenge to our job creation/migration environment as their human capital advances. This is especially true in the high-end, knowledge-based areas (e.g., chip designers and software engineers), while the low-end sectors of the labor market continue to displace unskilled workers worldwide (e.g., textile workers).

Impact on the U.S. Job Market ... The Disappearance of the Middle Class

What would happen to the U.S. job market in the long run? Let's use a new gadget, the iPod Nano from Apple, as an example. Apple designed the product in California, using processing chips designed, manufactured, and tested in Taiwan;

flash memory chips designed and manufactured in South Korea; with software written in India; and the actual music player made in China. What a shining poster-child for globalization, especially with Apple profiting the most! But, if we project a carnival mirror's reflection from this example far out in the future to cover a wider range of products and services, a worst-case scenario emerges: only a few “top-of-the-food-chain” jobs, like the designer positions at Apple, will thrive in the United States, but many well-paid, mid- and high-level technical and service jobs will gradually disappear from the U.S. job market. How likely will new, well-paid jobs be created to replace these “old” ones? After all, the U.S. economy is the most flexible and efficient, and we have survived countless economic challenges from Japan, Germany, and other countries. No one will know for sure. **But, if these new-age jobs don't materialize in numbers large enough to replace those displaced, the future U.S. job market will become very polarized: a few high-paid jobs against a large backdrop of low-paid, service-oriented jobs.** And how will the American middle class survive in this scenario?

As the most competitive, dynamic, flexible, and efficient economy in the world, how does the United States ensure that our hallmarked “creative destruction” capability is “tough” enough for these big challenges coming from China, India and elsewhere? Is anyone – from our federal and state governments, corporations and universities, to local school systems and communities – really prepared for them? For example, companies, such as Intel Corporation, often complain that America is falling behind in education, but they will be quick to move production facilities off shore (e.g., to Malaysia in the case of Intel) when local tax breaks are not generous enough. What a conundrum! If this trend continues, the middle class will suffer the most and slowly disappear. If the middle class were to disappear, what would happen to our much-treasured system of democracy? And, with such a not-so-bright future, how will our children and grandchildren pay off the trillions of dollars in debt we are still accumulating rapidly from our current consuming binge?

Elimination of the Special Interest Virus

The main problems in the United States are manifestations of its short-term political focus and the unfortunate fact that the current U.S. political ecosystem is infected with the *special interest virus*. Given these two problems, is our government capable of developing a consistent,

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A Reflection ...

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unbiased, long-term approach to globalization and potential solutions to deal with its benefits and challenges? What happened after the North American Free Trade Agreement was inked? Did the federal government monitor or conduct any research on the actual economic and social impacts as jobs migrated in and out of the United States? Do we know what worked according to plan and what didn't so that we can learn from this experience and prepare for future agreements?

The sad reality for any free trade agreement is that it is not based on the visionary benefits and the foundation efforts that we must invest in order to better prepare our own citizens, especially those taking on most of the direct impact (losing their jobs) for such benefits. Instead, the focus has been on short-term gains championed by the favored special interest groups of the day. Instead of proactively and openly discussing and managing the issues of job losses, retraining programs and how to fund them, and the associated benefits of any given trade agreement, our government is usually so bogged down by special interest politics that there is no room for visionary and creative thinking! And here's a scary thought: given how far global finance has transformed the process of globalization, what if one day U.S. corporate interests – with their relentless pursuit of high profit growth and returns for both U.S. and foreign investors – diverge from our “national” (not political) interests? But then again, it may not be as big a problem because the political challenges for China and India are much more challenging than ours, from creating jobs for millions of new workers, protecting inefficient jobs against global competition, investing in basic human services and physical infrastructures, and lifting millions of citizens out of poverty, to maintaining social order and many other tough tasks.

Importance of Environmental Capital

Finally, we come to the environmental and economical challenges posed by globalization. The list of environmental problems is long: from global warming, water shortage, pollution, chemical contamination, depletion of natural resources, over-fishing, soil erosion and deforestation, to overgrazing and many other environmental problems. Although many political and scientific debates on these problems are still waging, can anyone honestly think that the earth's complex, self-recycling ecosystem is well balanced and in perfect health?

From a financial risk management perspective, the core problem of all environmental issues is that these natural resources (e.g., water) and intangible environmental factors (e.g., air

quality) are either mispriced or completely not priced in by market forces. For the sake of rapid economic development, this great economic arbitrage has resulted – where environmental capital are completely taken for granted as free resources since the dawn of the Industrial Revolution. It was probably true that when Adam Smith developed his classic economic principles, the vastness of the earth's resources dwarfed the size of the human population and its emerging consumption rate. Therefore, Mr. Smith did not identify the importance of environmental capital needed for any production. Unfortunately, this one-dimensional, relentless pursuit for profits continues today in the United States as well as in many developing countries. Given our legendary, voracious appetite, imagine how much more taxing it will be to earth's fragile but all-important recycling system to add two more giant consuming engines – China and India – as the same process of globalization carries on for another quarter of a century!

As an eternal optimist, I do believe long-term, strategic solutions to critical problems associated with globalization can be found so that it will be a win-win situation for all, and with potential conflicts avoided. But someone must lead this challenging endeavor. Will the lone superpower, the United States, wake up and hear the call?

A Crazy Solution: Enlightened Investors

There are two main goals for this investor-centric effort, and I will discuss these goals in the reverse order. **The second goal is to develop new, comprehensive economic models – “greenomics” – that take into account all capital, including environmental capital and intangible factors (e.g., air quality, water utilization efficiency, effective pollution management, etc.).** Instead of relentlessly pursuing “one-dimensional” growth in every economic activity, investors must demand that we develop more sophisticated, multi-dimensional valuation models that can calculate *quality-adjusted* growth and return values. For example, the preparation of a business plan for a high-tech medical imaging device containing significant amounts of lead and mercury must include the total cost of securing both lead and mercury “exposure certificates.” As these new models are implemented over time, the final cost of products will rise because of the added environmental capital. I believe the increased cost will actually be a good development: it will slow down our insatiable appetite and encourage companies to better leverage the limited environmental capital by making and selling higher-quality products. In fact, the measure of wealth will be enriched (pun intended) and the meaning redefined by these new models! And we will be richer after all.

However, before we can apply these new, multi-dimensional valuation models, we will need

a common, transparent, and market-based modeling and pricing framework for all natural resources, including the intangible factors. We need to extend our current market-based risk management framework and incorporate this environmental capital into the total picture. In other words, in addition to market, credit, operational and physical/volumetric risks, we need to complete the new framework with “green” risks. But we will have plenty of research and politicking work to do in order to extend and refine this type of model for all environmental capital.

Finally, the main goal of this investor-centric effort is to implement one new but minor SEC compliance: *Special Interest Funding Disclosure*. Although this is very U.S.-specific, the same principle can be applied to other regions of the world. Obviously, the key objective is to cut off the funding sources to these special interest groups. I believe investors are our only hope; and they must demand full disclosure and ask tough questions on dubious activities.

The Reemergence of the Superpower

Without the *special interest* virus, our political system will quickly recover to its robust form and start to attract a new generation of concerned and inspired citizens back to government. And, hopefully, our current and future national interests will stay aligned with those of U.S. corporations and investors. With new energy, we will be able to objectively manage difficult issues and problems associated with globalization and search for rigorous solutions, from creating new, globalization-correct education curriculum, supporting incentives for job creation opportunities, providing re-training programs for globalization-displaced workers, to developing new disciplines of “greenomics” and the associated green risks. As a true superpower, the United States must take the lead in such reforms.

However, if we fail to eliminate the special interest virus, our political system will be in jeopardy. At that juncture – dealing with a compromised political system in a contaminated environment – where do investors go to realize and enjoy their super-sized returns?

"International Investments: Opportunities in the Equity and Bond Markets" Conference Held at Hofstra University, May 9, 2005

by Professor Gioia P. Bales, Merrill Lynch Center Administrator

On May 9, 2005, the Merrill Lynch Center for the Study of International Financial Services and Markets held its fourth annual business conference on the design, development and marketing of financial services and products. The focus of this year's program was international investments and the opportunities in the equity and bond markets. Drs. Anoop Rai and Wi Saeng Kim, Hofstra finance professors and Merrill Lynch Center associates, co-directed this conference, which featured 10 leading practitioners sharing their expertise on a range of topics on global investments.

An executive breakfast at the Hofstra University Club preceded the conference. The Merrill Lynch Center was proud to present Dr. José M. Barrionuevo, head of emerging markets strategy and economics at Barclays Capital, as its keynote speaker. Dr. Barrionuevo, who has a wealth of experience in the emerging markets, including tenures at the International Monetary Fund, Chase Manhattan Securities and Lehman Brothers, titled his talk "The End of a Beautiful World?: Global Challenges and Emerging Opportunities." Dr. Barrionuevo encouraged the audience, which included business professionals, Hofstra faculty and administrators, to ask questions at the end of his presentation.



Robert Ripin, Lovells; Hasung Jang, Asian Institute of Corporate Governance; Wi Saeng Kim, Hofstra University; Scott Green, Weil, Gotshal & Manges, with George Papaioannou.

In the second session, attention turned to the international bond markets. Yvette Klevan of Lazard Asset Management began the discussion with her talk on the performance and prospects for overseas bond investments. The second speaker, John Donofrio of Citigroup Global Markets Inc., focused on the benefits of investing in emerging markets. John Schwartzman, a Hofstra University adjunct professor of finance and former head of fixed-income markets at Citigroup, took a broader perspective, discussing the impact of deficits and the declining dollar on interest rates in the global bond markets.



Dr. José M. Barrionuevo of Barclays Capital presents his keynote address at the executive breakfast.

The important issues of investor protection and regulation were the focus of the third session. Scott Green, of Weil, Gotshal & Manges LLP, opened with an analysis of accounting and governance issues after the Sarbanes-Oxley Act. This discussion dovetailed with the talk by



Dr. Kyehwa Lee, Samsung Economic Research Institute, presents at the conference. Other panelists include (from left) John Longo, The MDE Group; Julio Lugo, The Bank of New York; and George Hoguet, State Street Global Advisors.



Dr. George Papaioannou (center) presents awards to Drs. Anoop Rai and Wi Saeng Kim, conference co-directors.



Andrew Spieler, session moderator, introduces (from left) James Donofrio, Citigroup Global Markets; John Schwartzman, Hofstra University; and Yvette Klevan, Lazard Asset Management.

The breakfast discussion was a very appropriate introduction to the three-session conference that followed at the Scott Skodnek Business Development Center. The first session, "Investing in the International Equity Markets," featured four speakers. The first speaker, Julio Lugo of The Bank of New York, discussed ADRs as a vehicle for foreign investment. John Longo of the MDE Group followed with his perspective on current and future trends in global online trading. Dr. Kyehwa Lee continued with this theme in her talk on online securities trading in Korea. George Hoguet of State Street Global Advisors closed the session with an interesting analysis of the Asian equity markets titled "Does Growth in Output Lead to Superior Returns?"

Robert Ripin of Lovells, on U.S. regulation of international companies. Finally, the conference ended with an examination of Asian corporate governance issues by Hasung Jang of the Asian Institute of Corporate Governance.

Scott Skodnek Business Development Center Welcomes David Neeleman, Uncle Wally and Keith Mason

by Richard V. Guardino, Jr., Vice President for Business Development and Executive Dean, Center for Suburban Studies and Judith Tyne, Assistant Dean, Scott Skodnek Business Development Center

The Scott Skodnek Business Development Center (BDC) continues to provide interesting programs with a focus on business and economic development to Long Island businesses and government entities. In this issue of the newsletter, we are pleased to highlight several new projects.

- **Operation Downtown seminars** provide management skills to business owners. On May 12, David Neeleman, Chairman and CEO of JetBlue Airways, was the keynote speaker and discussed "A Success Story: The History of JetBlue"; and on September 15, Wally Amos, founder of Uncle Wally's Muffins, presented his "Do It" philosophy. On November 17, Keith Mason was the keynote speaker and discussed how to "Sell More ... Now!"
- **A regional economic impact study** of Long Island MacArthur Airport was conducted to determine the impacts of the airport on the surrounding areas. A second study will examine the indirect impacts of the airport that result from spending by the users of aviation services. The total economic impact of the airport for 2005 will include all new construction costs and the indirect and induced impacts.
- **A strategic marketing plan** was completed for the revitalization of Syosset's downtown business area. Recommendations to improve the vitality of the downtown and add to the quality of life grew directly from the data collected from surveys completed by residents and business owners.
- **The QuickBooks Training Certificate Program** provides skills for utilizing the computer software program to create and customize a complete recordkeeping system. Workshops were held in October and will be scheduled in April.
- **Training in Microsoft Outlook Express and QuickBooks** was offered to Nassau Library Systems' staff demonstrating a variety of uses for e-mail and acquainting them with the many ways to manage their recordkeeping activities.

Highlights of existing programs at the BDC include:

Chase is a new sponsor of the **Distinguished Lecture Series**, joining sponsors PricewaterhouseCoopers, The Town of Hempstead Industrial Development Agency and Ruskin Moscou Faltischek, P.C. Six lectures are presented each year, bringing together the elite of Long Island's business community.



Stuart Rabinowitz, President of Hofstra University; David Neeleman, Chairman/CEO, Jet Blue Airways; M. Patricia Adamski, Senior Vice President for Planning and Administration, Hofstra University; Richard V. Guardino, Jr., and Dr. Herman A. Berliner, Provost and Senior Vice President for Academic Affairs, Hofstra University.

The **Entrepreneurship Certificate Program** provides assistance to persons interested in starting and expanding businesses and improving their likelihood for success. Participants attend a series of workshops that teach "nuts and bolts" skills. They also receive training that enables them to complete a business plan through a series of assignments. Seminars are scheduled in September and April.

Hofstra students under the direction of Dr. Elaine Sherman conduct **public opinion polls** five times a year to measure the views of Nassau and Suffolk County residents toward public issues selected by News 12 of Long Island.

More than 200 Winthrop University Hospital employees participated in **on-site customized training** for the 2004/2005 **Leadership Development Certificate Program**. Modules were developed in leadership, communication, strategic planning, time and project management, marketing and competitive strategies. Funds were awarded to Winthrop by HempsteadWorks, the Town of Hempstead's one-stop employment system. In addition, 13 high school students participated in this Leadership Development Certificate Program. Hofstra President Stuart Rabinowitz welcomed students to Hofstra, and Kate Murray, supervisor, Town of Hempstead, presented certificates. The agenda included attending a New York Jets' practice in the VIP section and listening to Terry Bradway's strategies for leadership training.

Business seminars that provide attorneys with continuing legal education are coordinated for Brown Raysman Millstein Felder & Steiner, LLP.

The Economic Report by Irwin Kellner explores economic trends and global issues and is published six times a year by the BDC.

For additional information on the Scott Skodnek Business Development Center, call Judith Tyne, assistant dean, at (516) 463-5285.

The following Hofstra faculty serve as Merrill Lynch Center associates for the 2005-2006 period:

A. Sinan Cebenoyan, Ph.D.
Finance

David Flynn, Ph.D.
Management, Entrepreneurship, and General Business

Nancy White, Ph.D.
Finance

Richard Jones, Ph.D.
Accounting, Taxation, and Legal Studies in Business

Ahmet Karagozoglu, Ph.D.
Finance

Wi Saeng Kim, Ph.D.
Finance

Steven Krull, Ph.D.
Finance

Laura Lally, Ph.D.
Business Computer Information Systems and Quantitative Methods

Keun Lee, Ph.D.
Marketing and International Business

Esmeralda Lyn, Ph.D.
Finance

Susan Lorde Martin, J.D.
Accounting, Taxation, and Legal Studies in Business

Rusty Mae Moore, Ph.D.
Marketing and International Business

James Neelankavil, Ph.D.
Marketing and International Business

Ehsan Nikbakht, Ph.D.
Finance

Anoop Rai, Ph.D.
Finance

Jeffrey Seltzer, J.D.
Law

Elaine Sherman, Ph.D.
Marketing and International Business

Elizabeth Venuti, Ph.D.
Accounting, Taxation, and Legal Studies in Business

K.G. Viswanathan, Ph.D.
Finance

Edward Zychowicz, Ph.D.
Finance

Merrill Lynch Center Hosts Round-table Discussions at Hofstra University

During the 2002-2003 academic year, the Merrill Lynch Center began a series of round-table discussions. These discussions feature a panel of Hofstra University faculty who share their viewpoints on two very timely topics: corporate responsibility and the state of economic globalization. To maximize participation by Hofstra students, especially those at the graduate level, we have coordinated these programs with the Hofstra University Career Center. The following round-table has been scheduled for the 2005-2006 academic year:

- On Wednesday, March 29, 2006, the Merrill Lynch Center will host its fourth annual round-table discussion on "The State of Economic Globalization" from 6 to 8:30 p.m. in the Scott Skodnek Business Development Center.

For information on this event, please contact the Merrill Lynch Center.

Merrill Lynch Center Awards

One of the primary objectives of the Merrill Lynch Center is to facilitate faculty and student research in the area of international financial services and markets. We also endeavor to include students in our activities, including participation in conferences and round-table discussions. Continuing this tradition, the Merrill Lynch Center bestowed the following award during the 2004-2005 academic year:

- **Best M.B.A./M.S. Thesis or Paper Award** was presented to Seema Menon, a Hofstra University graduate student, for her study, "Foreign Currency Risk Management Practices in U.S. Multinationals: An Extension."

The associates of the Merrill Lynch Center represent Hofstra faculty from a wide range of disciplines. Each of our 20 associates is committed to contributing to the study of one specialization within the field of international financial services and markets. Their responsibilities include: maintaining current familiarity within their area; moderating round-table discussions; and initiating and organizing programs – such as seminars and symposiums – that enhance the understanding and expand the knowledge base in their areas.

Specializations include:

- Emerging Markets
- International Investments
- Derivatives
- Law and Regulation
- Information Technology
- International Economics
- Marketing of Financial Services
- International Banking
- Accounting for International Markets and Services
- Management and Organization of Financial Services
- International Investment Banking

Spotlight on Research by Merrill Lynch Center Associates

RICHARD JONES

Associate Professor, Accounting,
Taxation and Legal Studies in Business

and Spreads in KOSPI 200 Contract," with Cetin Ciner and Wi Saeng Kim, forthcoming in the *Review of Futures Markets*.

"Rules for Multijurisdictional Practice: A Time for a Change," *North East Journal of Legal Studies*, vol. 13, pp. 61-77 (2005).

ELIZABETH VENUTI

Associate Professor, Accounting,
Taxation and Legal Studies in Business

"Relative Performance of Bid-Ask Spread Estimators: Futures Markets Evidence," with Amber Anand, forthcoming in the *Journal on International Financial Markets, Institutions & Money*.

JAMES NEELANKAVIL

Professor, Marketing and International Business

"Accounting and Reporting for Financial Instruments: International Developments," *The CPA Journal*, February 2005.

"Strategic Tools for Innovation and Their Impact on the Long-Term Success of Modern Corporations," with Mahesh Chandra and John Ullmann, *Annual Review of Communications*, vol. 58, Fall 2005.

"Developments in International Standards Setting: Equity-Based Compensation," *The CPA Journal*, November 2004.

WI SAENG KIM

Special Associate Professor, Finance

GEORGE PAPAIOANNOU

C.V. Starr Distinguished Professor of Finance
and Investment Banking

AHMET KARAGOZOGLU

Associate Professor, Finance

"What is so special about the Korean Futures Market? Investigation of Trading Volume, Volatility and Spreads in KOSPI 200 Contract," with Cetin Ciner and Ahmet Karagozoglu, forthcoming in the *Review of Futures Markets*.

SUSAN LORDE MARTIN

Professor, Accounting, Taxation and Legal
Studies in Business

"The Value Consequences of ADR Programs: Cost of Capital or Operating Performance Effects," with Cynthia Campbell and Anoop Rai, presented at the annual meeting of the Multinational Finance Society, Athens, Greece, July 2005.

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Frank G. Zarb School of Business

ACTIVITIES REPORT: 2004-2005

October 13, 2004

Lunch & Learn

Topic: *Pension Funding: The Retirement Challenge*

Moderator: Dr. Edward Zychowicz,
Zarb School of Business

December 1, 2004

Third Annual Roundtable on Corporate Governance and Responsibility

Topic: *Disclosure and Transparency: Truths, Half-Truths, and the Ticker Tape*

Moderator: Dr. Sinan Cebenoyan,
Zarb School of Business

Panelists: Dr. George Papaioannou, Dr. Richard Jones, Dr. Steven Krull, Dr. James Neelankavil,
Zarb School of Business

February 23, 2005

Third Annual Roundtable on The State of Economic Globalization

Topic: *The Globalization Challenge for Europe*

Moderator: Dr. George Papaioannou,
Zarb School of Business

Panelists: Dr. Rusty Mae Moore, Zarb School of Business; Dr. Carolyn Dudek, Hofstra College of Liberal Arts and Sciences; Dr. Shawn Thelen,
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May 9, 2005

Fourth Annual Business Conference on The Design, Development and Marketing of Financial Services and Products

Topic: *International Investments: Opportunities in the Equity and Bond Markets*

Co-Directors: Dr. Anoop Rai and Dr. Wi Saeng Kim,
Zarb School of Business

Executive Breakfast Keynote Speaker:
Dr. José Barrionuevo, Barclays Capital

Speakers: Julio Lugo, The Bank of New York; John Longo, The MDE Group; George Hoguet, State Street Global Advisors; Kyehwa Lee, Samsung Economic Research Institute; Yvette Klevan, Lazard Asset Management; James Donofrio, Citigroup Global Markets, Inc.; John Schwartzman, Zarb School of Business; Scott Green, Weil, Gotshal & Manges LLP; Robert Ripin, Lovells; Hasung Jang, Asian Institute of Corporate Governance.

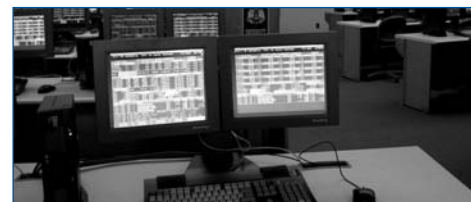
Session Moderators: Dr. Nancy White, Dr. Andrew Spieler, Dr. Elizabeth Venuti, Zarb School of Business

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