

JFQA

JOURNAL OF

FINANCIAL AND QUANTITATIVE ANALYSIS

Is Carbon Risk Priced in the Cross Section of Corporate Bond Returns?

Tinghua Duan, Frank Weikai Li, and Quan Wen

Does Central Bank Tone Move Asset Prices?

Maik Schmeling and Christian Wagner

Retail Trading and Return Predictability in China

Charles M. Jones, Donghui Shi, Xiaoyan Zhang, and Xinran Zhang

Overlapping Ownership Along the Supply Chain

Kayla M. Freeman

Stakeholder Value: A Convenient Excuse for Underperforming Managers?

Ryan Flugum and Matthew E. Souther

Directors: Older and Wiser, or Too Old to Govern?

Ronald Masulis, Cong Wang, Fei Xie, and Shuran Zhang

Merger-Driven Listing Dynamics

B. Espen Eckbo and Markus Lithell

Time Variation in the News–Returns Relationship

Paul Glasserman, Fulin Li, and Harry Mamaysky

The Effect of Takeover Protection in Quiet Life and Bonding Firms

Eliezer M. Fich, Jarrad Harford, and Adam S. Yore

Corporate Venture Capital and Firm Scope

Yifei Zhang

Borrowing Stigma and Lender of Last Resort Policies

Yunzhi Hu and Hanzhe Zhang

Incentivizing Investors for a Greener Economy

Nam Nguyen, Alejandro Rivera, and Harold H. Zhang

Information Spillover and Corporate Policies: The Case of Listed Options

Gennaro Bernile, Jianfeng Hu, Guangzhong Li, and Roni Michaely

Predictability Puzzles

Bjørn Eraker

Firm Size, Capital Investment, and Debt Financing over Industry Business Cycles

Praveen Kumar and Vijay Yerramilli

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. 1 | February 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. 1, FEBRUARY 2025

Is Carbon Risk Priced in the Cross Section of Corporate Bond Returns?	1
Tinghua Duan, Frank Weikai Li, and Quan Wen	
Does Central Bank Tone Move Asset Prices?	36
Maik Schmeling and Christian Wagner	
Retail Trading and Return Predictability in China	68
Charles M. Jones, Donghui Shi, Xiaoyan Zhang, and Xinran Zhang	
Overlapping Ownership Along the Supply Chain	105
Kayla M. Freeman	
Stakeholder Value: A Convenient Excuse for Underperforming Managers?	135
Ryan Flugum and Matthew E. Souther	
Directors: Older and Wiser, or Too Old to Govern?	169
Ronald Masulis, Cong Wang, Fei Xie, and Shuran Zhang	
Merger-Driven Listing Dynamics	209
B. Espen Eckbo and Markus Lithell	
Time Variation in the News–Returns Relationship	258
Paul Glasserman, Fulin Li, and Harry Mamaysky	
The Effect of Takeover Protection in Quiet Life and Bonding Firms	295
Eliezer M. Fich, Jarrad Harford, and Adam S. Yore	
Corporate Venture Capital and Firm Scope	336
Yifei Zhang	
Borrowing Stigma and Lender of Last Resort Policies	374
Yunzhi Hu and Hanzhe Zhang	
Incentivizing Investors for a Greener Economy	406
Nam Nguyen, Alejandro Rivera, and Harold H. Zhang	
Information Spillover and Corporate Policies: The Case of Listed Options	447
Gennaro Bernile, Jianfeng Hu, Guangzhong Li, and Roni Michaely	
Predictability Puzzles	482
Bjørn Eraker	
Firm Size, Capital Investment, and Debt Financing over Industry Business Cycles	524
Praveen Kumar and Vijay Yerramilli	

MANAGING EDITORS

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

ADVISORY EDITORS

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

ASSOCIATE EDITORS

George Aragon Arizona State University	Travis Johnson University of Texas at Austin	Zacharias Sautner University of Zürich
Warren Bailey Cornell University	Pab Jokitasthira Southern Methodist University	Paul Schultz University of Notre Dame
Turan Bali Georgetown University	Marcin Kacperczyk Imperial College London	Mikhail Simutin University of Toronto
Alice Bonaimé University of Arizona	Jonathan Karpoff University of Washington	Denis Sosyura Arizona State University
Murillo Campello University of Florida	Francis Longstaff University of California at Los Angeles	Chester Spatt Carnegie Mellon University
Riccardo Colacito University of North Carolina at Chapel Hill	Nadya Malenko Boston College	Kumar Venkataraman Southern Methodist University
Jeffrey Coles University of Utah	Ronald Masulis University of New South Wales	Yuhai Xuan University of California at Irvine
Zhi Da University of Notre Dame	John McConnell Purdue University	David Yermack New York University
Olivier Dessaint INSEAD	Robert McDonald Northwestern University	Scott Yonker Cornell University
Vivian Fang University of Minnesota	R. David McLean Georgetown University	Lu Zhang Ohio State University
Zhenyu Gao Chinese University of Hong Kong	Darius Palia Rutgers University	Xiaoyan Zhang Tsinghua University
Todd Gormley Washington University in St. Louis	Neil Pearson University of Illinois at Urbana-Champaign	Guofu Zhou Washington University in St. Louis
Allaudeen Hameed National University of Singapore	Jeffrey Pontiff Boston College	
Jie He University of Georgia	David Reeb National University of Singapore	PRODUCTION EDITOR
Po-Hsuan Hsu National Tsing Hua University	Matthew Ringgenberg University of Utah	Wendy Katz University of Washington
Jiekun Huang University of Illinois at Urbana-Champaign	Bryan Routledge Carnegie Mellon University	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.

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
URL: 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. 1, FEBRUARY 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

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

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. Elsewhere in the world, subscription fees are payable in U.K. pounds sterling: 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; 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/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.