

JOURNAL OF FINANCIAL AND QUANTITATIVE ANALYSIS

VOL. 22, NO. 1, MARCH 1987

UNIVERSITY OF WASHINGTON GRADUATE SCHOOL OF BUSINESS ADMINISTRATION
PUBLISHED JOINTLY WITH THE WESTERN FINANCE ASSOCIATION

Price Changes of Related Securities: The Case of Call Options and Stocks	1
Mihir Bhattacharya	
Performance Incentive Fees: An Agency Theoretic Approach	17
Laura T. Starks	
Short-Term Compensation Contracts and Executive Decisions: The Case of Commercial Banks	33
David F. Larcker	
Seasonality in Canadian Stock Prices: A Test of the "Tax-Loss-Selling" Hypothesis	51
Seha M. Tinic, Giovanni Barone-Adesi, and Richard R. West	
New Evidence on the Value Additivity Principle	65
Malcolm R. Burns	
The Delivery Option on Forward Contracts	79
Miles Livingston	
Risk and Inflation	89
Eric C. Chang and J. Michael Pinegar	
Unit Roots Tests: Evidence from the Foreign Exchange Futures Market	101
John Doukas and Abdul Rahman	
The Relation between Price Changes and Trading Volume: A Survey	109
Jonathan M. Karpoff	

Alfred N. Page, Managing Editor

ASSOCIATE EDITORS

Gordon Alexander, University of Minnesota

Paul Asquith, Harvard University

Douglas T. Breeden, Duke University

Stephen J. Brown, Yale University

Nai-Fu Chen, University of Chicago

George Constantinides, University of Chicago

Larry Dann, University of Oregon

Douglas W. Diamond, University of Chicago

Peter A. Frost, University of Washington

Robert Geske, University of California, Los Angeles

Michael R. Gibbons, Stanford University

Chi-Fu Huang, Massachusetts Institute of Technology

Robert A. Jarrow, Cornell University

George Kaufman, Loyola University

Paul Malatesta, University of Washington

Ronald Masulis, Southern Methodist University

Edward Rice, University of Washington

Eduardo Schwartz, University of British Columbia

Jay Shanken, University of Rochester

Clifford W. Smith, University of Rochester

Martha M. Auvil, Editor

Gloria L. Young, Editorial Assistant

Kelly D. Foy, Office Manager

The *Journal of Financial and Quantitative Analysis* is published by the Graduate School of Business Administration, University of Washington, Seattle, Washington 98195, in conjunction with the Western Finance Association. Regular issues are published in March, June, September, and December. Second-class postage is paid at Seattle, Washington.

The views and opinions expressed are those of the authors and do not necessarily reflect those of the Graduate School of Business Administration of the University of Washington or of the Western Finance Association.

Manuscripts submitted for publication and correspondence relating to editorial matters should be addressed to Professor Alfred N. Page, Managing Editor, *Journal of Financial and Quantitative Analysis*, Graduate School of Business Administration, Mackenzie Hall, DJ-10, University of Washington, Seattle, Washington 98195. Manuscripts are to be sent in triplicate with a \$30 submission fee for Western Finance Association members (\$45 for nonmembers).

Copyright 1987, Graduate School of Business Administration, University of Washington

Journal of Financial and Quantitative Analysis—ISSN 0022-1090

Correspondence relating to advertising, subscriptions, billing, single-copy orders, missing issues, permission to reprint, and change of address should be addressed to Kelly D. Foy, Office Manager, *Journal of Financial and Quantitative Analysis*, Graduate School of Business Administration, Mackenzie Hall, DJ-10, University of Washington, Seattle, Washington 98195.

Correspondence pertaining to the Western Finance Association should be sent to Professor Michael Joehnk, College of Business, Arizona State University, Tempe, Arizona 85281.

Subscription rates are as follows:

Individual	\$30.00/yr.
Outside U.S.A., add for foreign mail (U.S. funds)	\$ 5.00/yr.
Firm or Library	\$45.00/yr.
Outside U.S.A., add for foreign mail (U.S. funds)	\$ 5.00/yr.
Student	\$20.00/yr.
(with letter from Department Chairman)	

Subscriptions will not be accepted for less than a full year. Some back issues are in stock and are available at \$9.00 per copy. Out-of-print issues may be obtained from Xerox University Microfilms International, 300 North Zeeb Road, Ann Arbor, Michigan 48106. Claims for missing issues must be made within six months of the date of publication. A subscription to the *Journal of Financial and Quantitative Analysis* automatically entitles the subscriber to membership in the Western Finance Association.

**WESTERN FINANCE ASSOCIATION
1986/87 Executive Committee**

Gerald Bierwag , President	University of Arizona
Robert Litzenberger , President-elect	University of Pennsylvania
Bradford Cornell , Vice President	University of California, Los Angeles
Michael Joehnk , Secretary-Treasurer	Arizona State University
Alan Kraus , Past President	Queens University
Alfred Page , Managing Editor, <i>JFQA</i>	University of Washington
Richardson Petit , Director	University of Washington
Mark Rubinstein , Director	University of California, Berkeley
Willard Carleton , Director	University of Arizona
Larry Dann , Director	University of Oregon

POSTMASTER: Send address changes to *Journal of Financial and Quantitative Analysis*, Graduate School of Business Administration, Mackenzie Hall, DJ-10, University of Washington, Seattle, Washington 98195.