

Dear Colleagues

As the Founding Chief Editor, I am delighted to publish the very first issue of the *Journal of Capital Markets Studies (JCMS)*, which contains six excellent papers. We launched this journal because we believe there is a need for a medium that covers the wide breadth of capital markets. Our aim is to publish high-quality research in the areas of economics and finance with a specific focus on capital markets.

The *JCMS* will be the official publication of the Turkish Capital Markets Association (TCMA). TCMA is the non-profit self-regulatory professional organization of brokerage firms, banks and asset management companies in Turkey. TCMA's first and foremost objective is to contribute to the development of capital markets and expand the professional know-how in the industry. Other major goals of the Association include stimulating international dialogue and understanding of capital markets among academics, practitioners, investors and policymakers through various mediums. I would like to express my gratitude to TCMA chairman Mr İlhami Koc, and all Board members who have wholeheartedly supported our vision from day one. I would also like to thank the secretary general of TCMA, Mr İlkey Arıkan and his team, who have been most instrumental in getting this very first issue ready in time and continuously helped along the rigorous publication process. Without their endless help and assistance, this journal could not have come to life.

In order to best serve our purposes, we intend to invite scholars around the globe to submit their research to the *JCMS*. We have brought together a reputable editorial team to establish a solid foundation for our journal. Barry Eichengreen (University of California Berkeley), Shyam Sunder (Yale University School of Management), Paul Williams (North Carolina State University Raleigh), Reena Aggarwal (Georgetown University), Prem Sikka (University of Essex) Umit Erol (Bahcesehir University) and Mervyn E. King (International Integrated Reporting Council) are some of the distinguished academics that agreed to serve as the advisory board members. We strive to diversify our advisory body in terms of experience, affiliation and geography. It is our belief that through our contributors' respectable academic background and insight, the scope and impact of our journal will be further enhanced.

We propose to arm our readership with the latest research and commentary in all areas associated with the capital markets. We welcome empirical and policy-related manuscripts (articles, surveys and letters) as well as theoretical contributions from academics. The journal may contain a book reviews section.

Topics suitable for *JCMS* include, but are not limited to, financial institutions; financial instruments and financial innovation; financial decision making; valuation of financial assets; financial and non-financial information; corporate reporting and investment decision; capital market governance and sustainability; investor protection; financial literacy; financial standards and regulations; financial crime; market microstructure; financial risk management; financial engineering and derivatives; financial econometrics; Islamic finance; emerging markets studies; behavioral finance; international financial markets; international/regional



financial centers; capital markets technology and cybersecurity. We believe there is a broad global audience of academics and practitioners who will be interested in *JCMS*' content.

The first issue consists exclusively of invited research and conceptual papers of distinguished academics. We begin this issue with a piece of Shyam Sunder titled "Statistical studies of financial reports and stock markets". The author examines the existence of co-variation between financial reporting method and stock market data and argues that a change of accounting makes no difference to the price system. Shyam points out the significance of continued research on this issue.

The next paper, "Understanding sustainability for socially responsible investing and reporting" is co-authored by Paul Williams, Marianne Bradford and Julia Earp. The paper explores the forms of sustainability activities used by US companies and the extent of individuals' understanding of the sustainability measures. It is argued that stakeholders' comprehension of sustainability activities differs significantly from the generally accepted structure of the Global Reporting Initiative. The differences in perspective render efforts on SRI reporting a more complex issue.

Similar to Williams and his associates' efforts, Jennifer Riley and Eilon Taylor, analyze issues from the viewpoint of the investors in their paper titled "Leveling the playing field for less-sophisticated non-professional investors: does plain English matter?" The paper explores risk factors found in SEC 10Ks and evaluates how the format and wording of those factors influence investor behavior. The experimental research provides further evidence that plain English disclosures compensate for a lack of task-specific knowledge and increases credibility perceptions of management among less-sophisticated non-professional investors.

The next piece titled as "The performance of US-based emerging market mutual funds" co-authored by Halil Kiyamaz and Koray Simsek concerns professional investors. The paper examines the performance of US mutual funds that invest primarily in emerging market equities and bonds. In this regard, this study contributes to the scarce literature on these types of funds and provides a comprehensive performance assessment.

The following paper, Umit Erol's "Identifying the major reversals of the BIST-30 Index by extreme outliers" is an empirical attempt for the identification of the major reversals in the Borsa Istanbul broad market index BIST-30. The author originally makes use of the rate of change extremity as well as the use of wavelet decomposition for analysis.

The first issue concludes with "The Flash Crash: a review" written by Ali Akansu. The paper provides an overview of what happened in the financial markets within a few minutes on May 6, 2010 (the Flash Crash) and the collapse that followed with its historically unmatched impact. Even though underlying reasons that triggered the Flash Crash are well understood by traders, regulators and researchers, the author emphasizes that there are still crucially significant outstanding issues requiring more sophisticated policies, procedures and regulations to build more robust, fair and transparent financial markets.

We hope you enjoy the first issue of *JCMS*. Should you have any specific suggestions for future releases, please feel free to contact us. We value your input. Our e-mail addresses are provided below and *JCMS*'s website is available at: www.emeraldgroupublishing.com/services/publishing/jcms/index.htm

Güler Aras

Yildiz Technical University, Turkey

About the Editor-in-Chief

Güler Aras, PhD, CPA, is a Professor of Finance and Accounting at Yildiz Technical University, and the Founding Director of Center for Finance, Governance and Sustainability (CFGS) at YTU. Professor Aras is the Founding Chair of the "Integrated Reporting Network Turkey". She was a Visiting Professor at Georgetown University McDonough School of Business and she is the former Dean of the Faculty of Administrative and Economic Sciences and the former Dean of the Graduate School.

JCMS
1,1

4

Her research focus is on financial economy and financial markets with particular emphasis on the relationship between sustainability, corporate governance, corporate social responsibility and corporate financial performance. She has published more than 25 books and has contributed over 250 articles in academic, business and professional journals. She also edited several book collections and conference proceedings. Her latest books, *Sustainable Markets for Sustainable Business: A Global Perspective for Business and Financial Markets* (2015) and co-authored books *Transforming Governance* (2016) and *Corporate Behaviour and Sustainability: Doing Well by Being Good* (2017) published by Routledge. She is the Editor in Chief of *Journal of Capital Market Studies*, Editor of Routledge Book Series, *Finance, Governance and Sustainability: Challenges to Theory and Practice* and the Editor of Routledge book series *Corporate Social Responsibility*; she has also served as an Editor of *Social Responsibility Journal* and Emerald Development of Governance and Responsibility book series. Professor Aras has spoken extensively at professional and academic conferences and has served as a Consultant to number of governmental and commercial organizations such as Minister of Development, Undersecretary of Treasury and Minister of Labour and Social Security Employment in Turkey. Professor Aras is working with business closely and she is acting as an independent board member of several institutions and independent board member of "Turkish Capital Market Association (TCMA)".