INSTITUT LOUIS BACHELIER
CENTRE D'INNOVATION FINANCIERE

Europlace Institute of Finance
Institut Europlace de Finance

La FONDATION du RISQUE

3rd Financial Risks INTERNATIONAL FORUM

RISK DEPENDENCIES

Paris, March 25 & 26, 2010

Amundi ASSET MANAGEMENT

CRÉDIT AGRICOLE CORPORATE & INVESTMENT BANK

KPMG

LARGE RISK in INSURANCE
Research Chair AXA/FdR

NATIXIS

With the Support of:
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Thursday - March 25, 2010

08h00 / 08h30 **REGISTRATION**

08h30 / 08h45 ***WELCOME ADDRESS*** by **Pierre SIMON,** *President, Chambre de commerce et d'industrie de Paris (CCIP)*
and **Jean LAURENT**, *Chairman, FINANCE INNOVATION and Europlace Institute of Finance (EIF)*

08h45 / 10h00 ***PLENARY SESSION I - Natixis***

Guest speaker: **Michael PYKHTIN,** *Federal Reserve Board*
"Counterparty Credit Risk Analytics"

Panel Session: ***"Managing Correlation Risk"***

Chairman: **Michel CROUHY,** *Head of Research & Development, Natixis Corporate and Investment Bank*

Frédéric ABERGEL, *Professor, Ecole Centrale de Paris*
Laurent DOMINGOS, *Deputy Head CIB - EQD Research Clients, Models Deployment and Usage, BNP Paribas*
Gérald NOËL, *Head of the Equity Correlation Desk, Natixis*
Tarik SMIRES, *Financial Engineer, KPMG*

10h00 / 10h15 ***COFFEE BREAK***

10h15 / 11h30 ***PARALLEL SESSIONS***

Parallel session 1: ***Correlation***

Chairman: **Stéphane CREPEY,** *University Evry Val d'Essonne*

"Using Local Correlation Models to Improve Option Hedging"
Adil REGHAI, *Natixis*

"Riding on Smiles"
Martino GRASSELLI, *Università di Padova and ESILV,*
José DA FONSECA, *Auckland University of Technology, ESILV and Zeliade Systems*

"Dynamic Correlation Hedging in Copula Models for Portfolio Selection"
Denitsa STEFANOVA, *VU University Amsterdam,*
Redouane ELKAMHI, *University of Iowa, Henri B. Tippie, College of Business, Iowa*

Parallel session 2: ***Contagion***

Chairman: **Alexander HERBERTSSON,** *University of Gothenburg*

"Liaisons Dangereuses: Increasing Connectivity, Risk Sharing, and Systematic Risk"
Stefano BATTISTON, *ETH-Zentrum,* Domenico DELLI GATTI, *Università del Sacro Cuore,* Mauro GALLEGATI, *Università Politecnica delle Marche,* Bruce GREENWALD, *Columbia Business School,* Joseph STIGLITZ, *Columbia University.*

"Contagion in Financial Networks: A Random Graph Model"
Gabrielle DEMANGE, *Paris School of Economics,*
Jacomo CORBO, *The Wharton School of Business*

"Modeling of Contagious Credit Events and Risk Analysis of Collateralized Debt Obligations"
Suguru YAMANAKA, *University of Tokyo,* Masaaki SUGIHARA, *University of Tokyo,* Hidetoshi NAKA GAWA, *Hitotsubashi University*

11h30 / 12h30 ***PARALLEL SESSIONS***

Parallel session 3: ***Collaterized Debt Obligation***

Chairman: **Antoine FRACHOT,** *GENES*

"Pricing CDOs with State Dependent Stochastic Recovery Rates"
Jean-Paul LAURENT, *Lyon University,* Salah AMRAOUI, Laurent COUSOT *and* Sébastien HITIER, *BNP Paribas*

"Loan Servicers'Incentives and Optimal CDOs"
Henri PAGES, *French Central Bank*

Discussant: **Ersnt EBERLEIN,** *University of Freiburg*

Parallel session 4: ***Validation of Risk Measures***

Chairman: **Alain MONFORT,** *CREST, French Central Bank and Maastricht University*

"The Pernicious Effects of Contaminated Data in Risk Management"
Christophe PERIGNON, *HEC Paris,*
Laurent FRESARD, *HEC Paris,* Anders WILHELMSSON, *Lund University, Sweden*

"Ranking the Predictive Performances of Value-at-Risk Methods"
Emrah SENER, *Özyegin University,* Sayad BARONYAN, *Özyegin University, Imperial College London*

Discussant: **Jérôme BRUN,** *Société Générale*

12h30 / 14h00 ***LUNCH***

14h00 / 15h15

PLENARY SESSION II: Crédit Agricole CIB / Amundi

Guest speaker: **Damiano BRIGO,** *FitchSolutions & Imperial College*
"Credit Models Pre - and In-Crisis :The Importance of Properly Accounting for Extreme Scenarios in Valuation"

Panel Session: *"Managing Liquidity Risk"*

Chairman: **Jean-Michel LASRY**, *Senior Scientific Adviser, Crédit Agricole CIB*

Marie BRIERE, *Head of Fixed Income, Forex and Volatility Strategy, Amundi*
Jean-François DANDÉ, *Partner, Treasury & Capital Markets, KPMG*
Pascal GIBART, *Head of Risk Quants, Crédit Agricole CIB*
Charles-Albert LEHALLE, *Head of Quantitative Research, Crédit Agricole Cheuvreux*

15h15 / 16h30

PARALLEL SESSIONS

Parallel session 5: *Dynamic Correlation*

Chairman: **Jean-Michel ZAKOIAN,** *CREST and Lille 3 University*

"Heavy Tails and Currency Crises"
Stefan STRAETMANS, *Maastricht University,*
Philipp HARTMANN, *European Central Bank (ECB),*
Casper G. de VRIES, *Erasmus University Rotterdam*

"State-Dependent Dependencies: A Continuous-Time Dynamics for Correlations"
Christoph BECKER *and* Wolfang SCHMIDT, *Frankfurt School of Finance & Management*

"(Re)correlation: A Markov Switching Multifractal Model with Time Varying Correlations"
Julien IDIER, *French Central Bank and Paris I University*

Parallel session 6: *Copulas*

Chairman: **Raphaël DOUADY,** *Riskdata*

"New Prospects on Vines"
Pierre-André MAUGIS *and* Dominique GUEGAN, *Paris I University*

"Modelling Extreme Dependence for Multivariate Data"
Damien BOSC, *AXA IM,* Alfred GALICHON, *Ecole Polytechnique*

16h30 / 17h00

POSTER SESSION I ***(see last page)***

17h00 / 18h00

PARALLEL SESSIONS

Parallel session 7: *Management under VaR Control*

Chairman: **Christophe PERIGNON,** *HEC Paris*

"Inflation-Hedging Portfolios in Different Regimes"
Marie BRIERE, *Solvay Brussels School of Economics and Management, Amundi,*
Ombretta SIGNORI, *Amundi*

"Optimal Investment and Capital Management Decisions for a Non-Life Insurance Company"
Selim MANKAÏ, *University Paris X,* Catherine BRUNEAU, *Université Paris X, ESSEC*

Discussant: **Christian-Yann ROBERT,** *CREST*

Parallel session 8: *Counterparty Risk*

Chairman: **Gilles PAGES,** *Paris VI University*

"Counterparty Risk on a CDS with Joint Defaults and Stochastic Spreads"
Behnaz ZARGARI, *University Evry Val d'Essonne, Sharif University of Technology,* Stéphane CREPEY *and* Monique JEANBLANC, *University Evry Val d'Essonne, CRIS Consortium*

"CVA Computation for Counterparty Risk Assessment in Credit Portfolios"
Samson ASSEFA, *University Evry Val d'Essonne, CRIS Consortium,* Tomasz R. BIELECKI, *Illinois Institute of Technology,* Stéphane CREPEY *and* Monique JEANBLANC, *University Evry Val d'Essonne, CRIS Consortium*

Discussant: **Areski COUSIN,** *ISFA, Lyon University*

Friday - March 26, 2010

08h00 / 08h30 ***REGISTRATION***

08h30 / 09h30 ***PARALLEL SESSIONS***

Parallel session 9: *Regulation*

Chairman: **Ulrich HEGE,** *HEC Paris*

"Proposed Indicators for Macro-Prudential Supervision of The Banking System in the Cemac Zone"
Jules TINANG NZESSEU, *Bank of Central African States (BEAC),* Séverin-Yves KAMGNA *and* Christian TSOMBOU KINFAK, *Sub-Regional Institute of Statistics and Applied Economics*

"Improved Modeling of Double Default Effects in Basel II – An Endogenous Asset Drop Model Without Additional Correlation"
Sebastian EBERT *and* Eva LÜTKEBOHMERT, *Bonn Graduate School of Economics*

Discussant: **Laurent CLERC,** *French Central Bank*

Parallel session 10: *Granularity*

Chairman: **Mathieu ROSENBAUM,** *Ecole Polytechnique*

"Regularizing Portfolio Optimization"
Imre KONDOR, *Collegium Budapest,* Susanne STILL, *University of Hawaï*

"Sector Concentration Risk in SME Credit Portfolios: A Multifactor Approach"
Joël PETEY *and* Michel DIETSCH, *LARGE Strasbourg University*

Discussant: **Frédéric ABERGEL,** *Ecole Centrale Paris*

09h30 / 10h20 ***SPECIAL SESSION***

INVITED TALK 1, Organized by AXA Chair "Large Risk in Insurance"

LARGE RISK in INSURANCE
Research Chair AXA/FdR

Chairman: **Christian GOURIEROUX,** *CREST and University of Toronto*
Guest speaker: **Alexander J. McNEIL,** *Heriot Watt University*
"Multivariate Stress Testing for Solvency II"

Discussant: **Arthur CHARPENTIER,** *Rennes 1 University*

Parallel session 11: *Macrofinance*

Chairman: **Fulvio PEGORARO,** *French Central Bank and CREST*

"Learning from Stock Prices and Economic Growth" **Joel PERESS,** *INSEAD*

"The Credit Spread Cycle with Matching Frictions" **Fabien TRIPIER,** *Nantes University,* Kevin E. BEAUBRUN-DIANT, *University Paris-Dauphine*

Discussant: **Bertrand VILLENEUVE,** *CREST – University Paris-Dauphine*

10h20 / 10h35 ***COFFEE BREAK***

10h35 / 11h35 ***PARALLEL SESSIONS***

Parallel session 12: *Capital Requirement*

Chairman: **Patrice PONCET,** *ESSEC Business School*

"Basel II and The Value of Bank Differentiation" **Ulrich HEGE,** *HEC Paris, Eberhard FEESS, Frankfurt School of Finance and Management*

"Capital Requirements and Taxpayer Put Option Values For The Major US Banks"
Ernst EBERLEIN, Albert-Ludwigs-*Universität Freiburg,* Dilip B. MADAN, Robert H. Smith *School of Business, University of Maryland.*

Discussant: **Henri PAGES,** *French Central Bank*

Parallel session 13: ***Portfolio Management under Contagion***

Chairman: **Jean-Paul LAURENT,** *Lyon University*

"The Risk of Joint Liquidation and Portfolio Choice: Diversity Instead of Diversification"
Wolf WAGNER, *Tilburg University*

"Optimal Portfolio Choice with Contagion Risk and Restricted Information"
Christoph MEINERDING *and* Nicole BRANGER, *Westfälische Wilhelms-University Münster,* Holger KRAFT, *Goethe University*

Discussant: **Henri PAGES,** *French Central Bank*

11h35 / 12h30 ***SPECIAL SESSION***

INVITED TALK 2, Organized by AXA Chair "Large Risk in Insurance"

Chairman: **Michael ROCKINGER,** *CREST, Swiss Finance Institute and University of Lausanne*
Guest speaker: **Jin-Chuan DUAN,** *National University of Singapore*
"Clustered Defaults"

Discussant: **Jean-Paul LAURENT,** *Lyon University*

Parallel session 14: ***Risk Measure and Basket Default Swap***

Chairman: **Monique JEANBLANC,** *University Evry Val d'Essonne*

"Towards a Well-Diversified Risk Measure: A DARE Approach"
Patrick KOUONTCHOU, *Variances and Paris I University,* Bertrand MAILLET *and* Benjamin HAMIDI, ABN AMRO *and Paris I University*

"Pricing Basket Default Swaps in a Tractable Shot-Noise Model"
Alexander HERBERTSSON, *University of Gothenburg,* Jiwook JANG, *Macquarie University,* Thorsten SCHMIDT, *Leipzig University*

Discussant: **Benoit ROGER,** *Société Générale*

12h30 / 13h00 ***POSTER SESSION 2*** ***(see last page)***

13h00 / 14h30 ***CLOSING COCKTAIL***

Poster Session I

Chairman: **Bertrand VILLENEUVE,** *CREST - University Paris-Dauphine*

Pricing and Hedging Basis Risk Under No Good Deal Assumption,
Laurence CARASSUS *and* Emmanuel TEMAM, *Paris VII University*

Scenario-Based Operational Risk Measurement with Multiple Dependent Experts'Opinions,
Georges HÜBNER, *HEC Management School, University of Liege, Maastricht University and Gambit Financial Solutions,* Jean-Philippe PETERS, *HEC Management School, University Liege and Entreprise Risk Services at Deloitte Luxembourg*

Wild Bootstrap Inference on Long-Run Linkages between The CDS and Credit Spreads,
Silika PROHL *and* Rajna GIBSON, *Swiss Banking Institute, University of Geneva*

Global Housing Market Contagion,
Olfa KAABIA *and* Catherine BRUNEAU, *Paris X University,* Robert VERMULEN, *University of Luxembourg and Maastricht University*

Is There a Correlation Between Sovereign Rating Dynamic and Financial Markets? An Event Study Analysis at the Level of The CEE Countries,
Petre BREZEANU *and* Cristina-Maria TRIANDAFIL, *National Bank of Roumania*

Correlation under Stress in Normal Variance Mixture Models,
Natalie PACKMAN, *Frankfurt School of Finance & Management,* Michael KALKBRENER, *Deutsche Bank AG*

The Black-Litterman Model: Wrong Views versus Opportunity Cost,
Ghislain YANOU, *Paris I University*

A Centile Regression Approach for Crisis Analysis,
Benjamin HAMIDI, Eric JONDEAU, *HEC Lausanne,* Bertrand MAILLET, *Paris I University*

Asymmetric CAPM Dependence for Large Dimensions: The Canonical Vine Autoregressive Model,
Alfonso VALDESOGO, *University of Luxembourg,* Andreas HEINEN, *Carlos III University,*

Expected Returns Across Time Scales,
Christophe BOUCHER *and* Bertrand MAILLET, *ABN AMRO and Paris I University*

A Representation of The Credit Dependency Using Marginal Probability of Defaults,
Cyril PAPADACCI *and* Olivier TOUTAIN, *Moody's*

Risk Asymptotics of Large Portfolios,
Mesrop JANUNTS, *Cass Business School, University of Neuchatel,* Eric JONDEAU, *HEC Lausanne and Swiss Finance Institute*

Poster Session 2

Chairman : **Frédéric ABERGEL,** *Ecole Centrale Paris*

Multi-Factor Econometric Nelson-Siegel Model for Interest Rates
Julien TURC, Sandrine UNGARI, *Société Générale,* Changyin HUANG, *Ecole Polytechnique*

Information Flow between Stock Return and Trading Volume: The Tunisian Stock Market,
Kais TISSAOUI *and* Chaker ALOUI, *International Finance Group and University of Tunis*

Computing VaR and CVaR using Stochastic Approximation and Adaptive Unconstrained Importance Sampling,
Noufel FRIKHA, Gilles PAGES *and* Olivier BARDOU, *University Pierre and Marie Curie, GDF SUEZ*

A Spot Stochastic Recovery Extension of the Gaussian Copula,
Jérôme MAETZ, Norddine BENNANI, *Barclays Capital*

The Extreme Value-at-Risk and the Time Horizon,
Lanciné KOUROUMA, Denis DUPRE *and* Gilles SANFILIPPO, *University Pierre Mendes-France*

Copula Structural Shift Identification,
Henry PENIKAS, Boris BRODSKY *and* Irina A. SAFARYAN, *State University, Moscow*

Foreign Banks, Corporate Strategy and Financial Stability: Lessons from The River Plate,
Michael BREI, *Bank for International Settlements and University Evry Val d'Essonne,* Carlos WINOGRAD, *Paris School of Economics and University Evry Val d'Essonne*

Are Banking Systems Increasingly Fragile? Investigating Financial Institution' CDS Returns Extreme Co-Movements,
Dima RAHMAN, *ECONOMIX – CNRS*

Modeling Dependence Using Skew t-Copulas: Bayesian Inference and Application,
Quan GAN, *University of Sydney,* Michael SMITH, *University of Melbourne,* Robert KOHN, *University of New South-Wales*

On Break-Even Correlation : The Way to Price Structured Credit Derivatives by Replication,
Jean-David FERMANIAN, *BNP-Paribas & CREST,* Olivier VIGNERON, *JP-Morgan*

Extreme Asymmetric Volatility, Leverage, Feedback and Asset Prices,
Sofiane ABOURA, *University Paris-Dauphine, DRM Finance,* Niklas WAGNER, *Passau University*

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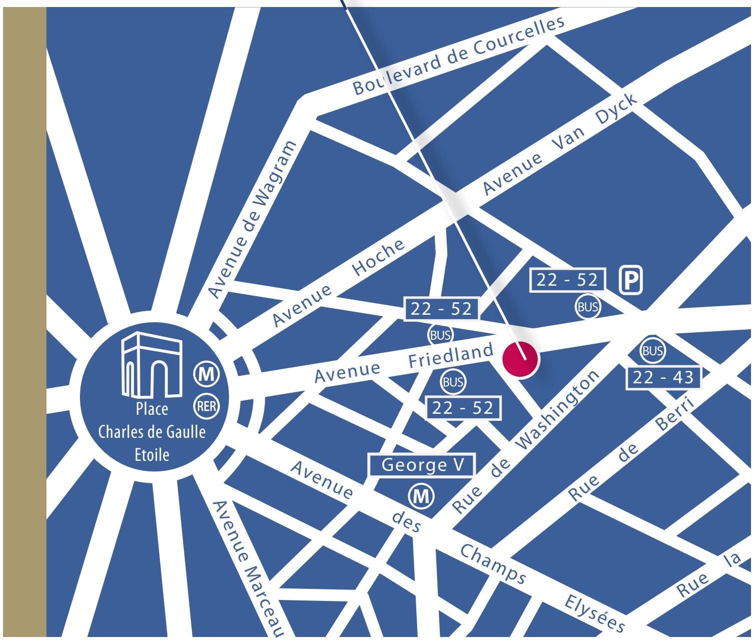

Registration On line

Please register by March 19, 2010

on the web site: www.institutlouisbachelier.org/risk10/

Click on "Registration"

By fax

Please use the registration form and fax it to:

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