



International
FINANCIAL RESEARCH FORUM

Financial Risks
New Developments in Structured
Products & Credit Derivatives

Paris, March 27 - 28, 2008



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Thursday - March 27, 2008

08h00 ▶ 08h30..... **REGISTRATION**

08h30 ▶ 08h45..... **WELCOME ADDRESS** by **Pierre SIMON**, Chairman, Chambre de Commerce et d'Industrie de Paris (CCIP) and **Jean LAURENT**, Chairman, FINANCE INNOVATION & Europlace Institute of Finance (EIF)

08h45 ▶ 10h15..... **PLENARY SESSION I**

Guest speaker : **Michael GORDY**, Federal Reserve Washington
"Nested Simulation in Portfolio Risk Measurement"

Panel Session : **New Structured Products and Hybrid Products**

Chairman : **Michel CROUHY**, IXIS Corporate & Investment Bank

Frédéric ABERGEL, Centrale School, Paris

David BESANÇON, IXIS Corporate & Investment Bank

Andrey CHIRIKHIN, HSBC

Nicolas POURCELET, Lehman Brothers



10h15 ▶ 10h30..... **COFFEE BREAK**

10h30 ▶ 11h30..... **PARALLEL SESSIONS**

Parallel session 1 : **Pricing of Synthetic CDO**

Chairman : **Henri PAGES**, Banque de France

"Dynamic Pricing of Synthetic Collateralized Debt Obligations",

William PERRAUDIN, Robert LAMB,

Imperial College, London,

Astrid VAN LANDSCHOOT, Standard & Poors, London

"A Copula Based Model on the Term Structure of CDO Tranche",

Umberto CHERUBINI, Sabrina MULINACCI, Silvia

ROMAGNOLI, University of Bologna

Discussant : **Vincent LACOSTE**, ESSEC Business School

Parallel session 2 : **Pricing and Hedging CDO**

Chairman : **Bruno BOUCHARD-DENIZE**, Dauphine University and CREST

"On the Pricing of CDOs",

Raquel GASPAR, ISEG, Technical University of Lisbon,
Thorsten SCHMIDT, University of Leipzig

"Pricing and Hedging CDOs With Lévy Base Correlation",

Viktoriya MASOL, EURANDOM,
Wim SCHOUTENS, K.U.Leuven

Discussant : **Stéphane CREPEY**, Evry University

11h30 ▶ 12h30..... **PARALLEL SESSIONS**

Parallel session 3 : **Spread Analysis**

Chairman : **Jean-Paul DECAMPS**, Toulouse School of Economics

"Time Varying Default Risk Premia in Corporate Bond Markets",

Jan ERICSSON, Redouane ELKAMHI,
McGill University

"Credit and Liquidity Risk in Bond and CDS Markets",

Monika TRAPP, University of Mannheim

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

Parallel session 4 : **Leverage**

Chairman : **Guillaume BERNIS**, Natixis Asset Management

"Ownership Links, Leverage and Credit Risk",

Elisa LUCIANO, University of Torino,
Giovanna NICODANO, Collegio Carlo Alberto

"Leveraged Lévy Processes as Models for Stock Prices",

Yue XIAO, Dilip B. MADAN, The University of Maryland, College Park

Discussant : **Jérôme BRUN**, Société Générale

12h30 ▶ 14h00..... **LUNCH** hosted by **Christine LAGARDE***, French Minister for Economy, Finance and Employment

14h00 ▶ 15h30..... **PLENARY SESSION II :**

Guest speaker : **Jean-Paul LAURENT**, ISFA, Lyon University

“Hedging Default Risks of CDOs in Markovian Contagion Model”

Panel Session : Advances in Quantitative Modelling and Risk Management

Chairman : **Marek MUSIELA**, BNP PARIBAS

Guillaume AMBLARD, BNP Paribas

Ernest EBERLEIN, University of Freiburg

Nicole EL-KAROUI, Polytechnique School

Jean-Michel LASRY, Calyon



BNP PARIBAS

15h30 ▶ 16h30..... **PARALLEL SESSIONS**

Parallel session 5 : Contagion

Chairman : **Jean-Luc PRIGENT**, Cergy University

“Default Contagion in Large Homogeneous Portfolios”,

Alexander HERBERTSSON, School of Business,
Economics and Law Dep. of Economics, Göteborg University

“Contagion in Affine Default Processes”,

Pauline SCULLI, Angelos DASSIOS, London School of
Economics Risk and Stochastics Group

Discussant : **Serge DAROLLES**, Société Générale
Asset Management

Parallel session 6 : CDO pricing

Chairman : **Monique JEANBLANC**, Evry University

**“Advanced Credit Portfolio Modelling
and CDO Pricing”**,

Ernest EBERLEIN, Ersnt August VON HAMMERSTEIN,
University of Freiburg,
Rüdiger FREY, University of Leipzig

**“Single Sided Jump Models for Credit
Derivatives Pricing”**,

Henrik JONSSON, EURANDOM,
Wim SCHOUTENS, K.U.Leuven

Discussant : **Olivier VIGNERON**, BNP Paribas

16h30 ▶ 17h00..... **POSTER SESSIONS** I** (see last page)

17h00 ▶ 18h00..... **PARALLEL SESSIONS**

Parallel session 7 : Liquidity

Chairman : **Jean-François BOULIER**, Crédit Agricole
Asset Management

“How Liquid is the CDS Market?”,

Andreas FULOP, ESSEC Business School,
Laurence LESCOURRET, ESSEC Business School and CREST

“CDS Liquidity”,

Ronald SVERDLOVE, Long Island University,
Ren-Raw CHEN, Rutgers Business School,
Frank FABOZZI, Yale University

Discussant : **Gaëlle LE FOL**, Evry University and CREST

Parallel session 8 : Credit Risk Modelling

Chairman : **Alain MONFORT**, CNAM and CREST

**“An Empirical Investigation of an Intensity-Based Model
for Pricing CDO Tranches”**,

Peter FELDHÜTTER, Copenhagen Business School
Department of Finance

“Reduced Form Modelling for Credit Risk”,

Yann LECAM, French Treasury, Evry University,
Monique JEANBLANC, Evry University, Institut Europlace de Finance

Discussant : **Constantin MELLIOS**, Cergy University

18h00 ▶ 18h45..... **ROUND TABLE**

Organization and Developments of the Credit Markets: the View Point of Academics and Markets Professionals

Jean-François BOULIER, Crédit Agricole Asset Management,

Michel CROUHY, IXIS Corporate & Investment Bank

Nicolas POURCELET, Lehman Brothers

Jean-Charles ROCHET, Toulouse University

Pierre SIMON, Chambre de Commerce et d'Industrie de Paris (CCIP)

*To be confirmed

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Friday - March 28, 2008

08h00 ▶ 08h30.....**REGISTRATION**

08h30 ▶ 08h45.....**OPENING ADDRESS** by Jean-Paul REDOUIN, Vice Governor, Banque de France
 “The Economics of Structured Finance : A Central Banker Perspective”

08h45 ▶ 09h45.....**PLENARY SESSION III**

Guest speaker : Stephen SCHAEFER, London Business School and Ilva STREBULAIEV, Stanford University
 “Structural Models of Credit Risk are Useful: Evidence from Hedge Ratios on Corporate Bonds”

Panel Session : **New Challenges in Correlation Trading and Risk Management**

Chairman : Benjamin JACQUARD, CALYON



10h15 ▶ 10h30.....**COFFEE BREAK**

10h30 ▶ 11h30.....**PARALLEL SESSIONS**

Parallel session 9 : **Rating Methodology**

Chairman : Patrick GAGLIARDINI, University of Lugano and Swiss Finance Institute

“Choice of Rating Technology and Price Formation in Imperfect Credit Markets”,

Hannelore BRANDT, Vienna University of Economics of Economics and Business Administration,
 Engelbert J. DOCKNER, University of Vienna, Vienna Graduate School of Finance,
 Rainer JANKOWITSCH, Vienna University of Economics and Business Administration,
 Stefan PICHLER, Vienna University of Economics and Business Administration, Vienna Graduate School of Finance

“Bayesian Inference for Issuer Heterogeneity in Credit Ratings Migration”,

Ashay KADAM, Cass Business School Faculty of Finance,
 Peter LENK, Ross Business School, University of Michigan

Discussant : Fabian ASTIC, Moody’s

Parallel session 10 : **Risk Management**

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

“Backtesting Var with Estimation Risk”,

Jose OLMO, Department of Economics City University, London
 J.Carlos ESCANCIANO, Indiana University

“A Multi-start Timevarying Part Portfolio Insurance Strategy based on an Extended Expected CAViar Approach”,

Benjamin HAMIDI, Bertrand MAILLET, A.A.Advisors-QCG (ABN AMRO) and University of Paris-I,
 Jean-Luc PRIGENT, Cergy University

Discussant : Benjamin JACQUARD, CALYON

11h30 ▶ 12h30.....**PARALLEL SESSIONS**

Parallel session 11 : **Contagion between Markets**

Chairman : William PERRAUDIN, Imperial College

“Cointegration of Stock Markets using Wavelet Theory and Data Mining”,

Sanjeev PRABHAKAR, Indian Institute of Information Technology and Management

“Investigation of 1998 “Russian Contagion” for the Germany-Hungary pair of Interest Rates in a Reduced-Form Model”,

Peter LERNER, Syracuse University

Discussant : Fulvio PEGORARO, Banque de France and CREST

Parallel session 12 : **Structured Credit Products**

Chairman : Nizar TOUZI, Polytechnique School

“CPDOs: Modelling and Risk Analysis”,

Catherine JESSEN, Copenhagen University,
 Rama CONT, Center for Financial Engineering,
 Columbia University & CNRS, France

“A Comparative Analysis of Basket Default Swaps Pricing Using the Stein Method”,

Marian CIUCA, Dorinel-Marian BASTIDE, Eric BENHAMOU, Pricing Partners

Discussant : Boris LEBLANC, BNP Paribas

12h30 ▶ 14h00..... **LUNCH** hosted by **André LEVY-LANG**, Chairman, Risk Foundation

14h00 ▶ 15h30..... **PLENARY SESSION IV**

Guest speaker : **Christian GOURIEROUX**, CREST and University of Toronto
“Quadratic Stochastic Intensity and Prospective Mortality Tables”

Panel Session : Securitization in Insurance

Chairman : **Jean-Christophe MENIOUX**, AXA Group

Pierre-Emmanuel JUILLIARD, AXA Investment Managers

Dan OZIZMIR, Swiss Re

Guillaume PLANTIN, London School of Economics (LSE)

Laure SANTORI, Standard & Poors



15h30 ▶ 16h30..... **PARALLEL SESSIONS**

Parallel session 13 : **Operational loss, Cat. Risk**

Chairman : **Franck BANCEL**, ESCP-EAP

“The Determinants of Operational Losses”,

Anna CHERNOBAI, Syracuse University,
Philippe JORION, UC-Irvine

“By Force of Nature: The Catastrophe Bond Market and Katrina”,

Stephan DIECKMANN, Arizona State University

Parallel session 14 : **Default Correlation**

Chairman : **Franck MORAUX**, Rennes I University

“A New Approach for Measuring Credit Contagion”,

Jiwook JANG, Macquarie University

“Asset Correlation in Structured Finance Portfolios”,

Astrid VAN LANDSCHOOT, Standard & Poor's

Discussant : **Hervé BESNARD**, BNP Paribas

16h30 ▶ 17h00..... **POSTER SESSIONS** II** (see last page)

17h00 ▶ 18h00..... **PARALLEL SESSIONS**

Parallel session 15 : **Mortgage Risk**

Chairman : **André TIOMO**, Dexia and Paris XII University

“A New Modelling for Prepayments: Application to ABS”,

Vivien BRUNEL, SGAM,
Al Faïçal JRIBI, Société Générale Asset Management

“Correlation Hypotheses, and Contagion in the Subprime Crisis”,

Jean-Pierre LARDY, JPLC et Zeliade Systems,
Frederic PATRAS, Zeliade Systems

Discussant : **Bertrand VILLENEUVE**, Tours University,
CREST and Risk Foundation

Parallel session 16 : **Pricing Insurance Derivatives**

Chairman : **Christian GOLLIER**, Toulouse School of Economics

“Dam Rain and Cumulative Gain”,

Dorje C. BRODY, Imperial College London,
Lane P. HUGHSTON, Perimeter Institute, Canada,
Andrea MACRINA, King's College

“Approximate Derivative Pricing for Large Class of Homogeneous Assets”,

Patrick GAGLIARDINI, University of Lugano, Swiss Finance Institute,
Christian GOURIÉROUX, CREST (Paris), and University of Toronto

18h00 ▶ 18h15..... **CLOSING ADDRESS** by **Alain LECLAIR**, Chairman, French Asset Management Association (AFG)

18h15 ▶ 19h00..... **COCKTAIL**

* To be confirmed

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16h30 ▶ 17h00..... Chairman : **Christian GOURIÉROUX**, *CREST and University of Toronto*

“Pricing k -th-to-Default Swaps Under Default Contagion: The Matrix-Analytic Approach”

Alexander HERBERTSSON, *Holger ROOTZEN, School of Business, Economics and Law Dep. of Economics, Göteborg University*

“An Analysis of the True Notional Bond System Applied to the CBOT T-Bonds Futures”

Ramzi BEN-ABDALLAHY, *Hatem BEN-AMEUR, HEC Montréal, Michèle BRETON, CREF and GERAD, HEC Montréal*

“Credit Risk and Market Risk: Analysing US Credit”

Hayette GATFAOUI, *Rouen School of Management*

“Capital Protection: Modeling the CPPI Portfolio”

Alessandro CIPOLLINI, *Deutsche Bank AG (London) and University of Milan Dept. Of Mathematics*

“Credit Risk and Optimal Investment”

Marcelo CADENA, *Bonn Graduate School Of Economics University of Bonn*

“On Characteristics of Investment Projects Efficiency”

Efim BRONSHTEIN, *Ufa State Aviation Technical University*

“Interpreting the Smile in Credit Default Spread Options”

Krishnamurthy VAIDYANATHAN, *Quantum Phinance*

“Why do Banks Securitize Assets”

Alfredo MARTIN-OLIVIER, *Jesús SAURINA, Bank of Spain Financial Stability Department*

“A Structural Model for Sovereign Credit Risk”

Alexandre JEANNERET, *Swiss Finance Institute, University of Lausanne*

“Macroeconomic Variables, Pricing Kernels and Expected Default-Free and Defaultable Bond Returns”

Yuriy KITSUL, *Georgia State University, Ai-ru (Meg) CHENG, University of California at Santa Cruz*

“The Definition of Bank and the Subprime Mortgage Crisis: Tying Bank Regulation to Banks' Risk-Return Trade-offs in the 21st Century”

Kurt DEW, *Griffith Business School Griffith University*

“Credit Risk Spreads in Local and Foreign Currencies”

Dan GALAI, *Zvi WIENER, The Hebrew University of Jerusalem School of Business Administration*





16h30 ▶ 17h00..... **Chairman : Christian ROBERT** CREST and CNAM

“Pricing Synthetic CDO Tranches in a Model with Default Contagion Using the Matrix-Analytic Approach”

Alexander HERBERTSSON, School of Business, Economics and Law Dep. of Economics, Göteborg University

“Simultaneous Calibration to a Range of Portfolio Credit Derivatives with a Dynamic Discrete-Time Multi-Step Markov Loss Model”

Michael WALKER, University of Toronto

“Regulating Capital Flows to Emerging Markets”

Anton KORINEK, University of Maryland

“Joint Validation of Credit Rating PDs under Default Correlation”

Ricardo SCHECHTMAN, Central Bank of Brazil

“Recovery Rates, Default Probabilities, and the Credit Cycle”

Max BRUCHE, CEMFI

“Hazardous Times for Monetary Policy: What do Twenty-Three Million Bank Loans Say About the Effects of Monetary Policy on Credit Risk?”

Jose Luis PEYDRO, European Central Bank, Gabriel JIMÉNEZ, Bank of Spain, Steven ONGENA, CentER - Tilburg University and CEPR, Jesús SAURINA, Bank of Spain

“The Effects of Derivatives Trading on Stock Market Volatility: The Case of the Athens Stock Exchange”

Angelos SIOPIIS, University of Liverpool Management School, Katerina LYROUDI, University of Macedonia

“Credit Risk Management in Greater China”

Hans BYSTRÖM, Lund University

“Does Sovereign Risk have an Effect on Corporate Rating? Case-Study for Emerging Versus Developed Countries”

Cristina-Maria TRIANDAFIL, Petre BREZEANU, Academy of Economic Studies (Romania)

“Credit Risk Analysis of Cashflow CDO Structure’s”

Caroline TAN, Philippos PAPADOPOULOS, ABN AMRO Bank

“Optimal Leverage in CPDOs”

Evren BAYDAR, Fraunhofer Institute for Industrial Mathematics ITWM, Giuseppe DI GRAZIANO, Deutsche Bank, Ralf KORN, University of Kaiserslautern

“Basel II Capital Requirements for Structured Credit Products and Economic Capital : A comparative Analysis”

Luca GIACCHERINI, Giovanni PEPE, Banca d'Italia

“Endogenous Credit Derivatives and Bank Behavior”

Thilo PAUSCH, Deutsche Bundesbank

“Estimating Default and Downgrade Risk : Sector, Region and Structured Products Estimates”

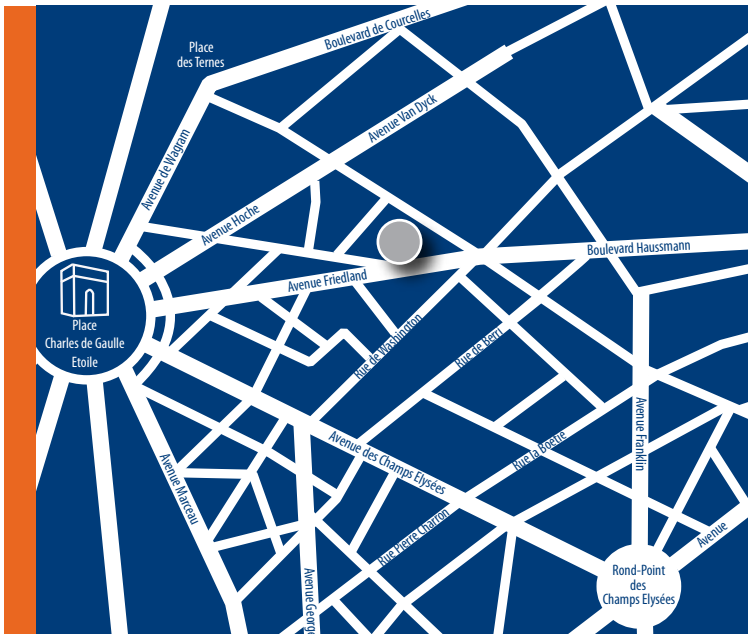
Carlos CASTRO, ECARES, Free University of Brussels





International FINANCIAL RESEARCH FORUM

Venue **Chambre de commerce
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