

With the support of :



2nd International Financial Research Forum

RISK MANAGEMENT AND FINANCIAL CRISIS
Paris, March 19 & 20, 2009

Thursday, March 19, 2009

08h00 / 08h30 Registration

08h30 / 08h45 Welcome Address by **Jean LAURENT**, Chairman, FINANCE INNOVATION & Europlace Institute of Finance (EIF)

08h45/10h15 Plenary Session 1

Guest speaker: **Til SCHUERMANN**, Federal Reserve Bank of New York
“The 7 Deadly Frictions of Subprime Mortgage Credit Securitization”

Panel Session : “New Challenges in Risk Management”
Chairman : **Michel CROUHY**, NATIXIS

- **Valérie RABAULT**, BNP Paribas
- **Tarik SMIRES**, KPMG

10h15/10h30 Coffee Break

10h30/11h30 Parallel Sessions

Parallel session 1: Risk Management

Chairman: **Lorenzo BERGOMI**, *Société Générale CIB*

- Hedging Interest Rate Margins on Demand Deposits, **Mohamed HOUKARI**, *ISFA*, Jean-Paul LAURENT, *ISFA, Lyon University*, Alexandre ADAM, *BNP Paribas*

- Measuring Systemic Risk, **Rama CONT**, *Paris VI University and CNRS*

Discussant: **Patrice PONCET**, *Paris I University and ESSEC Business School*

Parallel session 2: Backtesting

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

- Robust Backtesting Tests for Value-at-Risk Models, **José OLMO**, *University of London*, **J. Carlos ESCANCIANO**, *Indiana University*

- Backtesting Value-at-Risk: A GMM Duration-Based Test, **Sessi TOKPAVI**, *Gilbert COLLETAZ*, **Bertrand CANDELON** *University of Orléans*, **Christophe HURLIN**, *Maastricht University*

Discussant: **Jean-Michel ZAKOIAN**, *CREST and Lille III University*

11h30/12h30 Parallel Sessions

Parallel session 3: Large Portfolio

Chairman: **Olivier TOUTAIN**, *Moody's*

- Accounting for Guarantees within the Granulatory Adjustment for Basel II, **Eva LÜTKEBOHMERT**, **Sebastian EBERT**, *University of Bonn*

- Comparison Results for Exchangeable Credit Risk Portfolios, **Areski COUSIN**, *Lyon University*, *ISFA Actuarial School*, **Jean-Paul LAURENT**, *ISFA, Lyon University*

Discussant: **Christian GOURIEROUX**, *CREST and University of Toronto*

Parallel session 4: Fund Performance

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

- L-Performance with an Application to Hedge Funds, **Serge DAROLLES**, *SGAM AI and CREST*, **Christian GOURIEROUX**, *CREST and University of Toronto*, **Joann JASIAK**, *York University, Canada*

- Dynamic Hedging of Portfolio Credit Derivatives, **Yu Hang KAN**, *Columbia University*, **Rama CONT**, *Paris VI University and CNRS*

Discussant: **Jérôme TEILETCHE**, *Dauphine University and LODH*

12h30 / 14h00 Lunch hosted by Danièle NOUY, Secretary General, Commission Bancaire

14h00 / 15h30 Plenary Session 2

Guest speaker: **Christian de BOISSIEU**, Centre d'Observation Economique (COE)

Panel Session : "Financial Markets and Science – New Challenges"

Chairman : **Marek MUSIELA**, BNP Paribas

- **Jean-Philippe BOUCHAUD**, CFM and Ecole Polytechnique
- **Jean-Michel LASRY**, Calyon
- **Pierre-Louis LIONS**, Collège de France

15h30 / 16h30 Parallel sessions

Parallel session 5: Mortgage Backed Securities

Chairman: **Stéphane GREGOIR**, *EDHEC*

- Parameter Stability and the Valuation of Mortgages and Mortgage-Backed Securities, **Michael LACOUR—LITTLE**, *California State University*, **Yun W. PARK**, *California State University*, **Richard K. GREEN**, *University of Southern California*

Discussant: **Mohamed HOUKARI**, *BNP Paribas*

Parallel session 6: Modelling Defaults

Chairman: **Nizar TOUZI**, *Ecole Polytechnique*

- Pricing of Defaultable Securities in a Multi-Factor Quadratic Gaussian Model, **Samson ASSEFA**, *University of Technology, Sydney*

- Modelling of Successive Defaults, **Ying JIAO**, *Paris VII University*, **Nicole EL-KAROUI**, *Paris VI University and Ecole Polytechnique*, **Monique JEANBLANC**, *Evry University*

Discussant: **Caroline HILLAIRET**, *Ecole Polytechnique*

16h30 / 17h00 Poster Session 1

17h00 / 18h00 Parallel sessions

Parallel session 7 : Trading Liquidity

Chairman: **Andras FULOP**, *ESSEC and CREST*

- The Same Bond at Different Prices : Identifying Search Frictions and Demand Pressures, **Peter FELDHÜTTER**, *Copenhagen Business School*

- Return and Volume: Between Information and Liquidity, **Gaëlle LE FOL**, *Evry University and CREST*, **Serge DAROLLES**, *SGAM AI and CREST*, **Gulten MERO**, *Rennes University and CREST*

Discussant: **Fabio FERIOZZI**, *Tilburg University*

Parallel session 8: Credit Derivatives

Chairman: **Boris LEBLANC**, *BNP Paribas*

- Credit Risk Discovery in the Stock and CDS Market: Who, When and Why Leads?, **Lidija LOVRETA**, **Santiago FORTE**, *Ramon Llull University*

- Modeling Default and Prepayment using Lévy Processes: an Application to Asset Backed Securities, **Henrik JÖNSSON**, *Technical University Eindhoven*, **Wim SCHOUTENS**, **Geert Van Damme**, *K.U.Leuven University*

Discussant: **Vivien BRUNEL**, *Société Générale*

18h00 / 19h00 Round Table “Crisis and Risk Management : The View Point of Market Professionals”

- **Pierre CAILLETEAU**, *Moody’s*
- **Michel CROUHY**, *NATIXIS*
- **Jean-François DANDE**, *KPMG*
- **Farhoud MOADDEL**, *Fitch Solutions*
- **Marek MUSIELA**, *BNP Paribas*
- **Muriel TIESSET**, *Banque de France*

Friday, March 20, 2009

08h00 / 08h30 Registration

08h30 / 08h45 Opening Address by **André LEVY-LANG**, Chairman, Risk Foundation – Louis Bachelier Institute (ILB)

08h45/10h15 Plenary Session 3

Guest speaker: **Paul EMBRECHTS**, ETH Zürich
“On EVT, Aggregation and Diversification in Finance”

Panel Session: “The Role of Ratings in Regulation”

Chairman: **Christian GOURIEROUX**, CREST and University of Toronto

- **Lisa GOLDBAUM***, Moody’s
- **Deborah SHIRE**, AXA IM
- **Olivier TOUTAIN**, Moody’s

10h15/10h30 Coffee Break

10h30/11h30 Parallel sessions

Parallel session 9: Limits of VaR

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

- The Instability of Downside Risk Measures, **Imre KONDOR**, Eötvös University, István VARGA-HASZONITS, Eötvös University and Morgan Stanley
- The VaR at Risk, **Alfred GALICHON**, Ecole Polytechnique

Discussant: **Christophe PERIGNON**, HEC Business School

Parallel session 10: Rating Migration

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

- Migration Dependence Among the U.S. Business Sectors, **Oussama CHAKROUN**, HEC Montréal
- Modeling of Contagious Rating Changes and Its Application to Multi-Downgrade Protection, **Hidetoshi NAKAGAWA**, Hitotsubashi University

Discussant: **Fulvio PEGORARO**, Banque de France and CREST

11h30/12h30 Parallel sessions

Parallel session 11: Systematic Risk

Chairman: **Monique PONTIER**, Toulouse University

- An Adaptive Nonparametric Model for the Systematic Factors of Portfolio Credit Risk Premia, **Flavia GIAMMARINO**, Pauline BARRIEU, London School of Economics
- A Modified Structural Model for Credit Risk – Utility Indifference Valuation, **Gechun LIANG**, University of Oxford, Lishang JIANG, Tongji University

Discussant: **Jérôme BRUN**, Société Générale

Parallel session 12: Liquidity and Security Design

Chairman: **Vathana LY VATH**, Evry University

- Strategic Default Risk and Global Liquidity Crises: The Case of Foreign Direct Investment, **Demosthènes N. TAMBAKIS**, *University of Cambridge*

- Liquidity, Runs, and Security Design: Lessons from the Collapse of the Auction Rate Municipal Bond Market, **Song HAN**, Dan LI, *Federal Reserve Board, Washington, D.C.*

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

12h30 / 14h00 Lunch hosted by Jean-François THEODORE, Deputy CEO, NYSE Euronext Group

14h00 / 15h30 Plenary Session 4

Guest speaker: Roger GUESNERIE, Collège de France
“Financial Markets and Economic Knowledge”

Panel Session: “New Markets for Post-Crisis”

Chairman: **Jean-Michel LASRY**, Calyon

- **Jean-Michel BEACCO**, NATIXIS
- **Christophe BOURDILLON**, Caisse des Dépôts et Consignations (CDC)
- **Vincent REMAY**, NYSE Euronext
- **Hamid TAWFIKI**, Avenir Global Investment Advisors

15h30 / 16h30 Parallel sessions

Parallel session 13: Interbank Market

Chairman: **Etienne LEHMANN**, CREST

- Liquidity, Moral Hazard and Inter-Bank Market Collapse, **Enisse KHARROUBI**, Edouard VIDON, *Banque de France*

- Liquidity, Hoarding and Interbank Market Spreads: The Role of Counterparty Risk, **Cornelia HOLTHAUSEN**, Florian HEIDER, Marie HOEROVA, *European Central Bank*

Discussant: **Nathalie PISTRE**, *NATIXIS Asset Management*

Parallel session 14 : Equilibrium Models

Chairman: **Michel GUILLARD**, Evry University

- Fear of Default and Volatility in a Dynamic Financial-Market Equilibrium, **Emilio OSAMBELA**, *Swiss Finance Institute and University of Lausanne*

- Heterogeneous Beliefs and the Vulnerability of Financial Innovation, **Weidong TIAN**, *University of North Carolina*, Hong YAN, *University of South Carolina*

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

16h30 / 17h00 Poster Session 2

17h00 / 18h00 Parallel sessions

Parallel session 15: Operational Risk and Regulatory Capital

Chairman: **Guy LAROQUE**, *CREST and University College London*

-Resolution of Financial Distress under Chapter 11, **Amira ANNABI**, Michèle BRETON, Pascal FRANCOIS, *HEC Montréal*

- Does Team Management Reduce Operational Risk? Evidence from the Financial Services Industry?, **Stefan RUENZI**, *University of Texas*, Michaela BÄR, *University of Cologne*, Conrad S. CICCOTELLO, *Georgia State University*

Discussant: **Philippe PRIAULET**, *NATIXIS and Evry University*

Parallel session 16: Monetary Policy

Chairman: **Sanvi AVOUYI-DOVI**, *Banque de France*

- Application of Stochastic Optimal Control to Financial Market Debt Crises, **Jérôme L. STEIN**, *Brown University*

- Equilibrium Subprime Lending, **Guillaume PLANTIN**, Igor MAKAROV, *London Business School*

Discussant: **Olivier de BANDT**, *Banque de France*

18h00 / 18h15 Closing Address by **Arnaud de BRESSON**, Managing Director, Europlace Institute of Finance (EIF)

18h15 / 19h00 Cocktail

Poster Session 1

Chairman: Bertrand VILLENEUVE, Tours University and CREST

- A Precursor of Market Crashes, **Taisei KAIZOJI**, International Christian University
- Dynamic Correlation Hedging in Copula Models for Portfolio Selection, **Denitsa STEFANOVA**, Amsterdam University, Redouane ELKAMHI, University of Iowa
- Default, Exchange Rates, and Asset Prices, **Alexandre JEANNERET**, UCLA
- Herd Induced By Uninformed Traders in Efficient Financial Markets, **Gongyu CHEN**, University of Cambridge, Gilles-Edouard ESPINOSA, Ecole Polytechnique
- Financial Liberalization and Banking Crises, **Choudhry Tanveer SHEHZAD**, Jakob de HAAN, University of Groningen
- Credit Rating Agencies'Function on Bond Markets, **Philippe RAIMBOURG**, University Paris I, Jean-Noël ORY, Metz University
- Sensitivity Analysis of Credit Risk Measures in the Beta Binomial Framework, **Franck MORAUX**, University of Rennes
- Optimal Investment for Property-Liability Insurance Firms with an Actively Managed Economic Capital, **Selim MANKAI**, Catherine BRUNEAU, University Paris X
- The Paris Financial Market in the 19th Century: An Efficient Multi-Polar Organization?, **Angelo RIVA**, European Business School, Pierre-Cyrille HAUTCOEUR, EHESS
- Extracting Implied Correlation Matrices from Index Option Prices: A Statistical Approach, **Romain DEGUEST**, Columbia University, Rama CONT, Paris VI University and CNRS
- A Microfounded Decomposition of Emerging Markets Sovereign Bond Spreads, **Paula MARGARETIC**, Toulouse University
- Financial Integration, Liquidity and the Depth of Systematic Crises, **Fabio FERIOZZI**, Fabio CASTIGLIONESI, Guido LORENZONI, Tilburg University
- How to Pay Incentives at A Bank?: The RAROC Approach, **Dan GALAI**, The Hebrew University
- An Application to Credit Risk of Optimal Quantization Methods for Nonlinear Filtering, **Giorgia CALLEGARO**, Evry University & Scuola Normale of Pisa
- Bid-Ask Spread Modelling: A Perturbation Approach, **Simone SCOTTI**, Turino University, Vathana LY VATH, Evry University

Poster Session 2

Chairman: Monique JEANBLANC, Evry University

- Common Versus Individual Peculiarities of CEE Exchange Rate Volatility. Analytical Approach on the CEE Macroeconomic Volatility Drivers in the Context of the Actual Financial Crisis, **Cristina-Maria TRIANDAFIL**, National Bank of Romania, Peter BREZEANU, Academy of Economic Studies, Bucharest
- Constant Proportion Portfolio Insurance Strategies for Credit Portfolios, **Meng-Lan YUEH**, Chenghi University
- Threshold Copulas and Financial Contagion, **Piotr JAWORSKI**, Fabrizio DURANTE, University of Warsaw Institute of Mathematics
- Counterparty Risk in Financial Contracts: Should the Insured Worry about the Insurer?, **James THOMPSON**, University of Waterloo
- Market Discipline and Banking Supervision: The Role of Subordinated Debt, **Isabelle DISTINGUIN**, University of Limoges
- Securitization and the Intensity of Competition, **Jung-Hyun AHN**, Paris X University, Régis BRETON, University of Orléans
- Impact of CDO Tranches on Economic Capital of Credit Portfolios, **Yim LEE**, UniCredit Group
- Danger on the Exchange: Counterparty Risk on the Paris Exchange in the Nineteenth Century, **Angelo RIVA**, European Business School, Eugène N. WHITE, Rutgers University
- Instability of Portfolio Optimization under Coherent Risk Measures, **Istvan VARGA-HASZONITS**, Morgan Stanley, Imre KONDOR, Collegium Budapest
- Modeling of CDO Options with Multi-Period Spread Dynamics, **Jochen DORN**, Paris I University, Yacine SADOUNI, Euro-VL / SGSS
- Extension of Random Matrix Theory to the L-Moments for Robust Portfolio Allocation, **Ghislain YANOU**, Paris I University
- Stock Market Integration in Emerging Countries: Further Evidence from the Philippines and Mexico, **Fred JAWADI**, Amiens School of Management, Mohamed El Hedi AROURI, University of Orléans and EDHEC
- From Default Rates to Default Matrices: An Application to Brazilian Consumer Credit, **Ricardo SCHECHTMAN**, Central Bank of Brazil
- A Closer Look at Credit Ratings for CDOs, **Amal MOUSSA**, Columbia University, Rama CONT, Paris VI University and CNRS