

# 17th Annual Derivatives Securities and Risk Management Conference

Sponsored by

Federal Deposit Insurance Corporation's Center for Financial Research

Cornell University's Johnson Graduate School of Management

University of Houston's Bauer College of Business

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**Friday, April 13, 2007**

7:30 – 8:10      **Registration and Continental Breakfast**

8:10 – 8:15      **Welcoming Remarks**

8:15 – 10:15    **Asset Pricing**

[Risk Aversion and Clientele Effects](#) 338kb

**Douglas W. Blackburn**, Indiana University, **William N. Goetzmann**, Yale University, **Andrey D. Ukhov**, Indiana University

[Asset Price Bubbles in Incomplete Markets](#) 248kb

**Robert Jarrow**, Cornell University

[Return Dynamics with Lévy Jumps: Evidence from Stock and Option Prices](#) 666kb

**Haitao Li**, University of Michigan, **Matin T. Wells**, Cornell University, **Cindy L. Yu**, Iowa State University

[Synchronization Risk and the NASDAQ Technology Bubble](#) 265kb

**Douglas W. Blackburn**, Indiana University, **Ruslan Y. Goyenko**, McGill University, **Andrey D. Ukhov**, Indiana University

10:15– 10:45    --- Coffee Break ---

10:45 – 12:15   **Options I**

[Can Liquidity Events Explain The Low-Short-Interest Puzzle? Implications From The Options Market](#) 358kb

**Jefferson Duarte – Xiaoxia Lou – Ronnie Sadka**, University of Washington

[Jump and Volatility Risk Premiums Implied by VIX](#) 266kb

**Jin-Chuan Duan**, University of Toronto, **Chung-Ying Yeh**, National Taiwan University

[Nonparametric Estimation of State-Price Densities Using Interest Rate Options](#) 754kb

**Haitao Li**, University of Michigan, **Feng Zhao**, Rutgers University

12:15 – 1:15 --- Lunch ---

1:15 – 2:45 **Empirical Credit Risk I**

*Bayesian Inference for Issuer Heterogeneity in Credit Ratings Migration*

To view the most recent version of this paper go to:

[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=829124](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=829124)

**Ashay Kadam**, City University, **Peter Lenk**, University of Michigan

*Macroeconomic News Announcements and Corporate Bond Credit Spreads* 231kb

**Jing-zhi Huang**, Penn State University, Weipeng Kong, Bear Stearns

*Is Firm Interdependence within Industries Important for Portfolio Credit Risk?* 382kb

**Kenneth Carling**, IFAU and Dalarna University, **Lars Rönnegård**, Uppsala University, **Kasper Roszbach**, Sveriges Riksbank

2:45 – 3:00 --- Coffee Break ---

3:00 – 4:00 **Empirical Credit Risk II**

*Modeling Expected Loss* 263kb

**S. Chava**, Texas A&M, **C. Stefanescu**, London Business School, **S. M. Turnbull**, University of Houston

*Joint validation of credit rating PDs under default correlation* 761kb

**Ricardo Schechtman**, Central Bank of Brazil

4:00 – 4:15 --- Coffee Break ---

4:15 – 5:45 **Risk Management**

*Modelling and Calibration Errors in Measures of Portfolio Credit Risk* 252kb

**Nikola Tarashev - Haibin Zhu**, Bank for International Settlements

*A Generalized Single Common Factor Model of Portfolio Credit Risk* 313kb

**Paul H. Kupiec**, Federal Deposit Insurance Corporation

*What Is a Good Risk Measure: Bridging the Gaps between Data, Coherent Risk Measures, and Insurance Risk Measures* 320kb

**C. C. Heyde – S. G. Kou – X. H. Peng**, Columbia University

5:45 – 7:00 --- Reception ---

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**Saturday, April 14, 2007**

8:30 – 9:00 --- Continental Breakfast ---

9:00 – 10:00 **Empirical Treasury Issues**

[\*Affine Term Structure Models, Volatility and the Segmentation\*](#)

[\*Hypothesis\*](#) 492kb

**Kris Jacobs – Lotfi Karoui**, McGill University

[\*Nondefault Bond Spread and Market Trading Liquidity\*](#) 336kb

**Song Han – Hao Zhou**, Federal Reserve Board

10:00 – 10:30 --- Coffee Break ---

10:30 – 12:00 **Options II**

[\*A Numerical Method for Pricing Electricity Derivatives for Jump-\*](#)

[\*Diffusion Processes Based on Continuous Time Lattices\*](#) 340kb

**Claudio Albanese – Harry Lo**, Imperial College London, **Stathis Tompaidis**, University of Texas at Austin

[\*The Price of Protection: Derivatives, Default Risk, and Margining\*](#)

288kb

**Rajna Gibson – Carsten Murawski**, University of Zurich

[\*Recovering Probabilistic Information From Options Prices and the Underlying\*](#) 303kb

**Bruce Mizrach**, Rutgers University

--- Adjournment ---