

15th Annual Derivatives Securities and Risk Management Conference

A conference sponsored by

Cornell University's Johnson Graduate School of Management

Federal Deposit Insurance Corporation Center for Financial Research

University of Houston's Bauer College of Business

All Links on this page reference Portable Document Format (PDF) files.

Friday, April 8, 2005

7:30 - 8:15 Registration

8:15 - 8:30 Opening Remarks

8:30 - 10:00 **Session I: Interest Rate and Credit Risk**

[Affine Structural Models of Corporate Bond Pricing](#) 117kb

Jing-Zhi Huang, Penn State University

[Interest Rate Caps "Smile" Too! But Can the LIBOR Market Models Capture It?](#) 810

Robert Jarrow – Haitao Li – Feng Zhao, Cornell University

[Pricing Equity Derivatives Subject to Bankruptcy](#) 463kb

Vadim Linetsky, Northwestern University

10:00 - 10:30 Coffee Break

10:30-Noon **Session Two: Volatility and risk Premium**

[Stochastic Risk Premiums, Stochastic Skewness in Currency Options, and Stochastic Discount Factors in International Economies](#) 219kb

Gurdip Bakshi, University of Maryland – Peter Carr, Bloomberg L.P. and Courant Institute – Liuren Wu, Baruch College

[The Dynamic of the Volatility Skew: a Kalman Filter Approach](#) 335kb

Mascia Bedendo – Stewart D. Hodges, Financial Options Research Centre

[Option Valuation with Long-run and Short-run Volatility Components](#) 578kb

Peter Christoffersen – Kris Jacobs, McGill University and CIRANO - Yintian Wang, McGill University

Noon - 1:30 Lunch - Meeting Room B

Luncheon Address: Chairman Powell, Federal Deposit Insurance

Corporation

1:30 - 3:00 **Session Three: Credit Risk**

[Measuring Systematic Risk in Recoveries on Defaulted Debt I: Firm-Level Ultimate LGDs](#) 282kb

Michael Gordy – Mark Carey, Federal Reserve Board

[Unbiased Capital Allocation in an Asymptotic Single Risk Factor \(ASRF\) Model of Credit Risk](#) 7,062kb

Paul H. Kupiec, Federal Deposit Insurance Corporation

[A Simplified Model of Credit Risk that Measures Concentration Risk and Explicitly Relates Credit Risk to Capital Adequacy and Single Obligor Limits](#)

154kb

Javier Márquez Díez-Canedo, Banco de Mexico

3:00 - 3:30

Coffee Break

3:30 - 5:00

Session Four: Risk Management Issues

[Evaluating Interest Rate Covariance Models within a Value-at-Risk Framework](#) 618kb

Miguel A. Ferreira, ISCTE Business School-Lisbon – Jose A. Lopez, Federal Reserve Bank of San Francisco

[Employee Stock Options: Much More Valuable Than You Thought](#) 378kb

James E. Hodder, University of Wisconsin-Madison – Jens C. Jackwerth, University of Konstanz

[The Strategic Motives for Corporate Risk Management](#) 344kb

Amrita Nain, University of Michigan

5:00 - 6:30

Reception - Meeting Room A / Hotel Lobby

Saturday, April 9, 2005

7:30 - 8:30

Continental Breakfast

8:30 - 10:00

Session Five: Interest Rate and Credit Risk

[Explaining Credit Default Swap Spreads with Equity Volatility and Jump Risks of Individual Firms](#) 220kb

Haibin Zhu, Bank for International Settlements – Yibin Zhang, Moody's Investors Service – Hao Zhou, Federal Reserve Board

[How Profitable Is Capital Structure Arbitrage?](#) 518kb

Fan Yu, University of California, Irvine

[On the Equivalence of the KMV and Maximum Likelihood Methods for Structural Credit Risk Models](#) 221kb

Jin-Chuan Duan, University of Toronto – Geneviève Gauthier - Jean-Guy Simonato, HEC

10:00 - 10:30

Coffee Break

10:30 - Noon

Session Six: Issues In Pricing

[Non Gaussian Investment](#) 249kb

Dilip Madan and Ju-Yi J. Yen, University of Maryland

[A Simple Model for Pricing Securities with Equity, Interest-Rate, and Default Risk](#) 298kb

Sanjiv Das, Santa Clara University – Raghu Sundaram, New York

University

[Futures Prices in a Production Economy with Investment Constraints](#) 308kb

Leonid Kogan, Massachusetts Institute of Technology and NBER – Dmitry
Livdan, University of Houston – Amir Yaron, University of Pennsylvania

Noon - 12:15

Closing Remarks: Robert Jarrow