# 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
**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 ---

## 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 ---