

19th Annual Derivatives Securities and Risk Management Conference

April 17 – 18, 2009

L. William Seidman Center

Hove Auditorium

Arlington, Virginia

Sponsored by the 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

Friday, April 17, 2009

8:00-8:25a Registration
 -- Continental Breakfast --

8:25–8:30 Welcoming Remarks

8:30–10:00 **Issues in Term Structure Modeling**

Linearized Nelson-Siegel and Svensson models for the estimation of spot interest rates
Geneviève Gauthier and **Jean-Guy Simonato**, HEC Montréal

Forecasting Yield Volatility with Arbitrage-Free Nelson-Siegel Models
Jens Christensen, **Jose Lopez**, and **Glenn Rudebusch**, Federal Reserve Bank of San Francisco

Stochastic Volatility and Option Pricing in Heath-Jarrow-Morton Term Structure Analysis
Bent Jesper Christensen, **Elisa Nicolato**, **David Skovmand**, Aarhus University and
George Konaris, Morgan Stanley

10:00-10:30 -- Coffee Break --

10:30-12:00 **Price Dynamics and Influential Investor/Traders**

Fundamentals, Trader Activity and Derivative Pricing
Bahattin Büyüksahin, Commodity Futures Trading Commission, **Michael Haigh**, K2
Advisors, **Jeffrey Harris**, Commodity Futures Trading Commission & University of
Delaware, **Michel Robe**, Commodity Futures Trading Commission & American University

Do Central Bank Liquidity Facilities Affect Interbank Lending Rates?
Jens Christensen, **Jose Lopez** and **Glenn Rudebusch**, Federal Reserve Bank of San
Francisco

Strategic Execution in the Presence of an Uniformed Arbitrageur
Beomsoo Park, **Benjamin Van Roy**, Stanford University and **Ciamac Moallemi**,
Columbia University

12:00-1:30 -- Lunch --

1:30-3:00 **Jump Risks and Return Dynamics**

Expected Option Returns and the Structure of Jump Risk Premia
Nicole Branger, University of Münster, **Alexandra Hansis** and **Christian Schlag**,
Goethe University

Stochastic Volatility Models for Asset Returns with Jumps, Leverage Effect and Heavy-Tails: A Specification Analysis Based on MCMC

Jing-zhi Huang, Penn State University and **Li Xu**, Stanford University

Alternative Specifications for the Lévy Libor Market Model: An Empirical Investigation
David Skovmand and **Elisa Nicolato**, Aarhus University

3:00-3:30 -- Coffee Break --

3:30-5:00 **Fixed Income**

Bond Risk Premia and Realized Jump Risk

Jonathan Wright, Johns Hopkins University and **Hao Zhou**, Federal Reserve Board

A New Class of Asset Pricing Models with Lévy Processes: Theory and Applications
Chayawat Ornthanalai, McGill University

Nonlinear Filtering in Affine Term Structure Models: Evidence from the Term Structure of Swap Rates

Peter Christoffersen, **Kris Jacobs**, McGill University, **Lotfi Karoui**, Goldman, Sachs & Co. and **Karim Mimouni**, American University in Dubai

5:30-7:00 -- Reception --

Saturday, April 18, 2009

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

9:00-10:00 **Issues in Options Pricing**

A Joint Model for Variance Swaps and the Spot

Rama Cont, Columbia University and **Thomas Kokholm**, Aarhus University

Analytical Valuation of American Options and Callable Bonds under Stochastic Interest Rates and Endogenous Bankruptcy

João Pedro Vidal Nunes, ISCTE Business School

10:00-10:30 -- Coffee Break --

10:30-12:00 **Credit Risk**

A Little Knowledge is a Dangerous Thing: Model Specification, Data History, and CDO (Mis)Pricing

Dan Luo, **Dragon Yongjun Tang**, and **Sarah Qian Wang**, University of Hong Kong

Measuring Portfolio Credit Risk Correctly: Why Parameter Uncertainty Matters

Nikola Tarashev, Bank for International Settlements

Financial Firm Bankruptcy and Systemic Risk

Jean Helwege, Penn State University

--Adjournment – box lunch available --