RISK DEPENDENCIES

Paris, March 25 & 26, 2010
Thursday - March 25, 2010

08h00 / 08h30
REGISTRATION

08h30 / 08h45
WELCOME ADDRESS by Pierre SIMON, President, Chambre de commerce et d’industrie de Paris (CCIP)
and Jean LAURENT, Chairman, FINANCE INNOVATION and Europlace Institute of Finance (EIF)

08h45 / 10h00
PLENARY SESSION I - Natixis
Guest speaker: Michael PYKHTIN, Federal Reserve Board
“Counterparty Credit Risk Analytics”

Panel Session: “Managing Correlation Risk”

Chairman: Michel CROUHY, Head of Research & Development, Natixis Corporate and Investment Bank

Frédéric ABERGEL, Professor, Ecole Centrale de Paris
Laurent DOMINGOS, Deputy Head CIB - EQD Research Clients, Models Deployment and Usage, BNP Paribas
Gérald NOËL, Head of the Equity Correlation Desk, Natixis
Tarik SMIRES, Financial Engineer, KPMG

10h00 / 10h15
COFFEE BREAK

10h15 / 11h30
PARALLEL SESSIONS

Parallel session 1: Correlation

Chairman: Stéphane CREPEY, University Evry Val d’Essonne
“Using Local Correlation Models to Improve Option Hedging”
Adil REGHAI, Natixis
“Riding on Smiles”
Martino GRASSELLI, Università di Padova and ESILV, José DA FONSECA, Auckland University of Technology, ESILV and Zelode Systems
“Dynamic Correlation Hedging in Copula Models for Portfolio Selection”
Denitsa STEFANOVA, VU University Amsterdam, Redouane ELKAMI, University of Iowa, Henri B. Tippie, College of Business, Iowa

Parallel session 2: Contagion

Chairman: Alexander HERBERTSSON, University of Gothenburg
“Liaisons Dangereuses: Increasing Connectivity, Risk Sharing, and Systematic Risk”
Stefano BATTISTON, ETH-Zentrum, Domenico DELLI GATTI, Università del Sacro Cuore, Mauro GALLEGATI, Università Politecnica delle Marche, Bruce GREENWALD, Columbia Business School, and Joseph STIGLITZ, Columbia University.
“Contagion in Financial Networks: A Random Graph Model”
Gabrielle DEMANGE, Paris School of Economics, Jacomo CORBO, The Wharton School of Business
“Modeling of Contagious Credit Events and Risk Analysis of Collateralized Debt Obligations”
Suguru YAMANAKA, University of Tokyo, Masaaki SUGIHARA, University of Tokyo, Hidetoshi NAKA GAWA, Hitotsubashi University

11h30 / 12h30
PARALLEL SESSIONS

Parallel session 3: Collaterized Debt Obligation

Chairman: Antoine FRACHOT, GENES
“Pricing CDOs with State Dependent Stochastic Recovery Rates”
Jean-Paul LAURENT, Lyon University, Salah AMRAOUI, Laurent COUSOT and Sébastien HITIER, BNP Paribas
“Loan Servicers’Incentives and Optimal CDOs”
Henri PAGES, French Central Bank
Discussant: Ernst EBERLEIN, University of Freiburg

Parallel session 4: Validation of Risk Measures

Chairman: Alain MONFORT, CREST, French Central Bank and Maastricht University
“The Pernicious Effects of Contaminated Data in Risk Management”
Christophe PERIGNON, HEC Paris, Laurent FREARD, HEC Paris, Anders WILHELMSSON, Lund University, Sweden
“Ranking the Predictive Performances of Value-at-Risk Methods”
Emrah SENER, Özyeğin University, Sayad BARONYAN, Özyeğin University, Imperial College London
Discussant: Jérôme BRUN, Société Générale

12h30 / 14h00
LUNCH

08h00 / 08h30
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Discussant: Jérôme BRUN, Société Générale

12h30 / 14h00
LUNCH
Panel Session: “Managing Liquidity Risk”
Chairman: Jean-Michel LASRY, Senior Scientific Adviser, Crédit Agricole CIB

Marie BRIERE, Head of Fixed Income, Forex and Volatility Strategy, Amundi
Jean-François DANDÉ, Partner, Treasury & Capital Markets, KPMG
Pascal GIBART, Head of Risk Quants, Crédit Agricole CIB
Charles-Albert LEHALLE, Head of Quantitative Research, Crédit Agricole Cheuvreux

PLENARY SESSION II: Crédit Agricole CIB / Amundi
Guest speaker: Damiano BRIGO, FitchSolutions & Imperial College
“Credit Models Pre - and In-Crisis :The Importance of Properly Accounting for Extreme Scenarios in Valuation”

PARALLEL SESSIONS

Parallel session 5: Dynamic Correlation
Chairman: Jean-Michel ZAKOIAN, CREST and Lille 3 University

“Heavy Tails and Currency Crises”
Stefan STRAETMANS, Maastricht University,
Philipp HARTMANN, European Central Bank (ECB),
Casper G. de VRIES, Erasmus University Rotterdam

“State-Dependent Dependencies: A Continuous-Time Dynamics for Correlations”
Christoph BECKER and Wolfgang SCHMIDT, Frankfurt School of Finance & Management

“(Re)correlation: A Markov Switching Multifractal Model with Time Varying Correlations”
Julien IDIER, French Central Bank and Paris I University

POSTER SESSION I (see last page)

PARALLEL SESSIONS

Parallel session 7: Management under VaR Control
Chairman: Christophe PERIGNON, HEC Paris

“Inflation-Hedging Portfolios in Different Regimes”
Marie BRIERE, Solvay Brussels School of Economics and Management, Amundi,
Ombretta SIGNORI, Amundi

Selim MANKAI, University Paris X, Catherine BRUNEAU,
Université Paris X, ESSEC

Discussant: Christian-Yann ROBERT, CREST

Parallel session 8: Counterparty Risk
Chairman: Gilles PAGES, Paris VI University

“Counterparty Risk on a CDS with Joint Defaults and Stochastic Spreads”
Belnaz ZARGARI, University Evry Val d’Essonne, Sharif University of Technology, Stéphane CREPEY
and Monique JEANBLANC, University Evry Val d’Essonne, CRIS Consortium

“CVA Computation for Counterparty Risk Assessment in Credit Portfolios”
Samson ASSEFA, University Evry Val d’Essonne, CRIS Consortium,
Tomasz R. BIELECKI, Illinois Institute of Technology, Stéphane CREPEY
and Monique JEANBLANC, University Evry Val d’Essonne, CRIS Consortium

Discussant: Areski COUSIN, ISFA, Lyon University
Friday - March 26, 2010

08h00 / 08h30  REGISTRATION

08h30 / 09h30  PARALLEL SESSIONS

Parallel session 9: Regulation
Chairman: Ulrich HEGE, HEC Paris

“Proposed Indicators for Macro-Prudential Supervision of The Banking System in the Cemac Zone”
Jules TINANG NZESSEU, Bank of Central African States (BEAC), Séverin-Yves KAMGNA and Christian TSOMBOU KINFAK, Sub-Regional Institute of Statistics and Applied Economics

“Improved Modeling of Double Default Effects in Basel II – An Endogenous Asset Drop Model Without Additional Correlation”
Sebastian EBERT and Eva LUTKEBOHMERT, Bonn Graduate School of Economics

Discussant: Laurent CLERC, French Central Bank

Parallel session 10: Granularity
Chairman: Mathieu ROSENBAUM, Ecole Polytechnique

“Regularizing Portfolio Optimization”
Imre KONDOR, Collegium Budapest, Susanne STILL, University of Hawaii

“Sector Concentration Risk in SME Credit Portfolios: A Multifactor Approach”
Joël PETEY and Michel DIETSCH, LARGE Strasbourg University

Discussant: Frédéric ABERGEL, Ecole Centrale Paris

09h30 / 10h20  SPECIAL SESSION

INVITED TALK 1, Organized by AXA Chair “Large Risk in Insurance”

Chairman: Christian GOURIEROUX, CREST and University of Toronto
Guest speaker: Alexander J. McNEIL, Heriot Watt University

“Multivariate Stress Testing for Solvency II”

Discussant: Arthur CHARPENTIER, Rennes I University

Parallel session 11: Macrofinance
Chairman: Fulvio PEGORARO, French Central Bank and CREST

“Learning from Stock Prices and Economic Growth”  Joel PERESS, INSEAD

“The Credit Spread Cycle with Matching Frictions”  Fabien TRIPIER, Nantes University, Kevin E. BEAUBRUN-DIANT, University Paris-Dauphine

Discussant: Bertrand VILLENEUVE, CREST – University Paris-Dauphine

10h20 / 10h35  COFFEE BREAK

10h35 / 11h35  PARALLEL SESSIONS

Parallel session 12: Capital Requirement
Chairman: Patrice PONCET, ESSEC Business School

“Basel II and The Value of Bank Differentiation”  Ulrich HEGE, HEC Paris, Eberhard FEESS, Frankfurt School of Finance and Management

“Capital Requirements and Taxpayer Put Option Values For The Major US Banks”
Ernst EBERLEIN, Albert-Ludwigs-Universität Freiburg, Dilip B. MADAN, Robert H. Smith School of Business, University of Maryland.

Discussant: Henri PAGES, French Central Bank
Parallel session 13: Portfolio Management under Contagion

Chairperson: Jean-Paul LAURENT, Lyon University

"The Risk of Joint Liquidation and Portfolio Choice: Diversity Instead of Diversification"
Wolf WAGNER, Tilburg University

“Optimal Portfolio Choice with Contagion Risk and Restricted Information”
Christoph MEINERDING and Nicole BRANGER, Westfälische Wilhelms-University Münster; Holger KRAFT, Goethe University

Discussant: Henri PAGES, French Central Bank

1 h 35 / 12 h 30

SPECIAL SESSION

INVITED TALK 2, Organized by AXA Chair “Large Risk in Insurance”

Chairperson: Monique JEANBLANC, University Evry Val d’Essonne

Guest speaker: Jin-Chuan DUAN, National University of Singapore

“Clustered Defaults”

Discussant: Jean-Paul LAURENT, Lyon University

12 h 30 / 13 h 00

POSTER SESSION 2 (see last page)

13 h 00 / 14 h 30

CLOSING COCKTAIL
Poster Session 1

Chairman: Bertrand VILLENEUVE, CREST - University Paris-Dauphine

Pricing and Hedging Basis Risk Under No Good Deal Assumption,
Laurence CARASSUS and Emmanuel TEMAM, Paris VII University

Scenario-Based Operational Risk Measurement with Multiple Dependent Experts'Opinions,
Georges HÜBNER, HEC Management School, University of Liege, Maastricht University and Gambit Financial Solutions, Jean-Philippe PETERS, HEC Management School, University Liege and Entreprise Risk Services at Deloitte Luxembourg

Wild Bootstrap Inference on Long-Run Linkages between The CDS and Credit Spreads,
Silika PROHL and Rajna GIBSON, Swiss Banking Institute, University of Geneva

Global Housing Market Contagion,
Olfa KAABIA and Catherine BRUNEAU, Paris X University, Robert VERMULEN, University of Luxembourg and Maastricht University

Is There a Correlation Between Sovereign Rating Dynamic and Financial Markets? An Event Study Analysis at the Level of The CEE Countries,
Petre BREZEANU and Cristina-Maria TRIANDAFIL, National Bank of Roumania

Correlation under Stress in Normal Variance Mixture Models,
Natalie PACKMAN, Frankfurt School of Finance & Management, Michael KALKBRENER, Deutsche Bank AG

The Black-Litterman Model: Wrong Views versus Opportunity Cost,
Ghislain YANOU, Paris I University

A Centile Regression Approach for Crisis Analysis,
Benjamin HAMIDI, Eric JONDEAU, HEC Lausanne, Bertrand MAILLET, Paris I University

Asymmetric CAPM Dependence for Large Dimensions: The Canonical Vine Autoregressive Model,
Alfonso VALDESOGO, University of Luxembourg, Andreas HEINEN, Carlos III University

Expected Returns Across Time Scales,
Christophe BOUCHER and Bertrand MAILLET, ABN AMRO and Paris I University

A Representation of The Credit Dependency Using Marginal Probability of Defaults,
Cyril PAPADACCI and Olivier TOUTAIN, Moody's

Risk Asymptotics of Large Portfolios,
Mesrop JANUNTS, Cass Business School, University of Neuchatel, Eric JONDEAU, HEC Lausanne and Swiss Finance Institute
<table>
<thead>
<tr>
<th>Title</th>
<th>Authors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multi-Factor Econometric Nelson-Siegel Model for Interest Rates</td>
<td>Julien TURC, Sandrine UNGARI, Société Générale, Changyin HUANG, Ecole Polytechnique</td>
</tr>
<tr>
<td>Computing VaR and CVaR using Stochastic Approximation and Adaptive Unconstrained Importance Sampling</td>
<td>Noufel FRIKHA, Gilles PAGES and Olivier BARDOU, University Pierre and Marie Curie, GDF SUEZ</td>
</tr>
<tr>
<td>A Spot Stochastic Recovery Extension of the Gaussian Copula</td>
<td>Jérôme MAETZ, Norddine BENNANI, Barclays Capital</td>
</tr>
<tr>
<td>The Extreme Value-at-Risk and the Time Horizon</td>
<td>Lanciné KOUROUMA, Denis DUPRE and Gilles SANFILIPPO, University Pierre Mendes-France</td>
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<td>Copula Structural Shift Identification</td>
<td>Henry PENIKAS, Boris BRODSKY and Irina A. SAFARYAN, State University, Moscow</td>
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<tr>
<td>Modeling Dependence Using Skew t-Copulas Bayesian Inference and Application</td>
<td>Quan GAN, University of Sydney, Michael SMITH, University of Melbourne, Robert KOHN, University of New South-Wales</td>
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<tr>
<td>On Break-Even Correlation: The Way to Price Structured Credit Derivatives by Replication</td>
<td>Jean-David FERMANIAN, BNP-Paribas &amp; CREST, Olivier VIGNERON, J-P-Morgan</td>
</tr>
<tr>
<td>Extreme Asymmetric Volatility, Leverage, Feedback and Asset Prices</td>
<td>Sofiane ABOURA, University Paris-Dauphine, DRM Finance, Niklas WAGNER, Passau University</td>
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</tbody>
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Chairman: Frédéric ABERGEL, Ecole Centrale Paris
3rd International Risks
FINANCIAL RESEARCH FORUM

Chambre de commerce et d'industrie de Paris
27, avenue Friedland
75008 PARIS

Registration

On line
Please register by March 19, 2010
on the web site: www.institutlouisbachelier.org/risk10/
Click on “Registration”

By fax
Please use the registration form and fax it to:
+33 (0)1 49 27 56 28
For further information:
risk@institutlouisbachelier.org

By telephone
+33 (0)1 49 27 56 25 / 56 49

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