Bob Litterman
GOLDMAN SACHS ASSET MANAGEMENT

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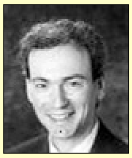
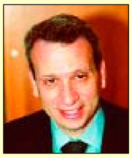
John Hull
Maple Financial Professor of Derivatives & Risk Management
UNIVERSITY OF TORONTO

Emanuel Derman
Professor & Director Financial Engineering Program
COLUMBIA UNIVERSITY

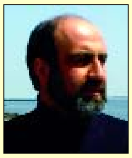


Paul Glasserman
Jack R. Anderson Professor of Risk Management
COLUMBIA GRADUATE SCHOOL OF BUSINESS

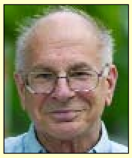
Bob Litterman
Managing Director, Director of Quantitative Resources
GOLDMAN SACHS ASSET MANAGEMENT



Steve Ross
Franco Modigliani Professor of Finance and Economics
MIT SLOAN

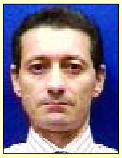


Nassim Nicholas Taleb
Chairman
EMPIRICA LLC



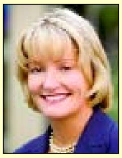
Daniel Kahneman
Eugene Higgins Professor of Psychology
PRINCETON UNIVERSITY

Plus! Expert Insights From These Leading Derivatives Practitioners



Riccardo Rebonato
Global Head of Market Risk and Head of Quantitative Research & Quantitative Analysis
THE ROYAL BANK OF SCOTLAND

Oldrich Vasicek
Special Advisor
MOODY'S KMV



Tanya Beder
CEO
TRIBECA GLOBAL MANAGEMENT, CITIGROUP ALTERNATIVE INVESTMENTS

Jack Schwager
Managing Member
MARKET WIZARDS FUNDS

Jim Gatheral
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Peter Carr
Head of Quantitative Research
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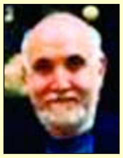

Stan Jonas
Managing Director
FIMAT USA, DUTCH BOOK PARTNERS

Plus! Don't Miss Cutting-Edge Insights From Over 100 Leading Heads Of Trading & Heads Of Quantitative Analysis Including:

- **Marek Musiela,** *Global Head of Fixed Income Research & Strategies Team,* **BNP PARIBAS**
- **Mark Broadie,** *Professor of Business,* **COLUMBIA GRADUATE SCHOOL OF BUSINESS**
- **Bruno Dupire,** *Quantitative Research,* **BLOOMBERG**
- **Philipp Schönbucher,** *Assistant Professor,* **ETH ZURICH**
- **David Beaglehole,** *Head of Derivatives Research N. America,* **DEUTSCHE BANK**
- **Joseph Holderness,** *Head of Credit Portfolio Trading,* **JPMORGAN**
- **Arthur Berd,** *Quantitative Strategist,* **BLUEMOUNTAIN CAPITAL MANAGEMENT**
- **Guillaume Blacher,** *Head of Equity Derivatives Research,* **BANC OF AMERICA SECURITIES**
- **Antoine Savine,** *Global Head of Derivatives Research,* **BNP PARIBAS**
- **Martin St-Pierre,** *Global Head of Structured Credit Derivatives Trading,* **BEAR STEARNS**
- **Pav Sethi,** *Global Head of Volatility Arbitrage,* **CITADEL INVESTMENT GROUP**
- **Vladimir Piterbarg,** *Head of Fixed Income Modelling,* **BARCLAYS CAPITAL**
- **Alex Shapiro,** *Chief Risk Officer,* **AZIMUTH TRUST**
- **David Jessop,** *Head of European Quantitative and Derivatives Research,* **UBS**
- **Michael Hintze,** *CEO,* **CQS (UK) LLP**
- **Subu Venkataraman,** *MD & Chief Risk Officer,* **HIGHBRIDGE CAPITAL**
- **Timothy Wilson,** *Chief Risk Officer,* **CAXTON ASSOCIATES**
- **Chris Boas,** *Executive Director NY Structured Credit Trading,* **MORGAN STANLEY**
- **Leif Andersen,** *Global Head, GCIB Quantitative Research,* **BANC OF AMERICA SECURITIES**
- **Mike de Vegvar,** *Head of Exotic Equity Index, Hybrid & Volatility Derivatives Trading,* **UBS**

Plus! Don't Miss Four Intensive Masterclass Sessions With Leading Industry Gurus

Advanced Volatility Analysis
Led by Bruno Dupire, Bloomberg
8th May 2006

Recent Developments In The Valuation Of Credit Derivatives
Led by John Hull, University of Toronto
8th May 2006

Advanced Explorations Into Interest Rate Derivatives
Led by: Leif Andersen, Banc of America Securities
Jesper Andreasen, Bank of America
Mark Broadie, Columbia Graduate School of Business
12th May 2006

Linkages Between Credit And Equity Derivatives
Led by: Peter Carr, Bloomberg
Dilip Madan, University of Maryland
12th May 2006

Hear What Leading Industry Players Say About Global Derivatives & Risk Management

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Jim Gatheral, *Managing Director,* **MERRILL LYNCH**

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- MIT Sloan
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- ETH Zurich
- Imperial College London
- Bank Of America
- AllianceBernstein
- University Of Maryland
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- Credit Suisse First Boston
- Misys Banking Systems
- Market Wizards Funds
- University Of Cambridge
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- DrKW
- BBVA
- Koch Supply & Trading
- University of Lyon
- Numerix
- Amaranth Group
- University of Oxford
- CBOE
- OANDA
- Bluemountain Capital Management
- Progress Apama
- Tribeca Global Management
- Banca IMI
- Wachovia Securities
- Azimuth Trust
- CQS Management
- John W Henry
- ABN Amro
- Bear Stearns
- Barclays Capital
- Capital Fund Management
- IXIS CIB
- Stanford University
- Corbin Capital Partners
- Natexis Banques Populaires
- Fimat USA
- Blackrock
- Lehman Brothers
- Highbridge Capital
- KBC Financial Products
- HSBC
- Caxton Associates
- Man Investments
- Morgan Stanley
- Citigroup
- Banc Of America Securities
- Citadel Investment Group

Le Meridien Montparnasse, Paris
Main Conference - 9-11 May 2006
Workshop Sessions - 8 & 12 May 2006

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www.icbi-derivatives.com

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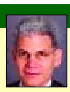
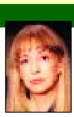
TUESDAY 9 MAY 2006 - MAIN CONFERENCE DAY ONE

07.45	*Registration & Coffee*			
08.20	Chairman's Opening Welcome: **Emanuel Derman,** *Professor & Director Financial Engineering Program* **COLUMBIA UNIVERSITY** *& Head of Risk,* **PRISMA CAPITAL PARTNERS**			
08.25	 Fischer Black And The Spirit Of Finance **Perry Mehrling,** *Professor of Economics* **BARNARD COLLEGE, COLUMBIA UNVERSITY** 			
09.10	**SPECIAL KEYNOTE ADDRESS** Examining Multiperiod Portfolio Optimization **Bob Litterman,** *Managing Director, Director of Quantitative Resources* **GOLDMAN SACHS ASSET MANAGEMENT** 			
10.00	*Morning Coffee & Opportunity To Visit The Derivatives & Risk Management 2006 Exhibition*			
10.30	Nobel Laureate **NOBEL LAUREATE ADDRESS** Psychology And The Future Of Behavioral Finance **Daniel Kahneman,** *Eugene Higgins Professor of Psychology,* **PRINCETON UNIVERSITY** 			
11.15	**SPECIAL KEYNOTE ADDRESS**  Tomorrow's People: Evolving Brains For Risk Taking & New Technologies **Professor Baroness Susan Greenfield** *Neurologist, Renowned Brain Researcher, Author, Broadcaster & Director* **ROYAL INSTITUTION OF GREAT BRITAIN** *& Professor of Pharmacology* **UNIVERSITY OF OXFORD**			
12.00	*Lunch & Opportunity To Visit The Derivatives & Risk Management 2006 Exhibition*			
	GLOBAL DERIVATIVES & RISK MANAGEMENT 2006 HALL OF FAME	**ENHANCED PRICING, HEDGING & TRADING CREDIT DERIVATIVES & CDOs**	**ADVANCED PRICING & HEDGING OF EQUITY DERIVATIVES**	**THE LATEST INNOVATIONS IN INTEREST RATE MODELLING**
13.30	p5 *Off the Record with* **Bob Litterman GOLDMAN SACHS ASSET MANAGEMENT**	Advanced Explorations In Pricing CDOs And CDO^2s **Leif Andersen BANC OF AMERICA SECURITIES** CDO p5	Creating Portfolios With Minimum VaR **David Jessop UBS** p6	Enhanced Pricing Of Correlation Products In Interest Rates Derivatives **Guillaume Couzineau IXIS CIB** p6
14.10	Off the Record *Off the Record with* **Daniel Kahneman PRINCETON UNIVERSITY** p5	A New Approach To Modelling Forward Starting CDOs **Peter Jäckel ABN AMRO** p6	Extended Session: Examining The Latest Advances In Pricing Equity Derivatives **Guillaume Blacher BANC OF AMERICA SECURITIES** p6	Fast Adjoint Calculation Of Greeks In The Libor Market Model **Paul Glasserman COLUMBIA GRADUATE SCHOOL OF BUSINESS**  p6
14.50	Modelling Illiquidity: How To Estimate The Alpha For Illiquid Securities And Hedge-Fund Lock-Ups **Emanuel Derman COLUMBIA UNIVERSITY** p5	Advanced Explorations In The Risk Management & Valuation Of Leveraged Synthetic Super Senior CDOs **David Shelton CITIGROUP** p6	Examining The Latest Trends And Developments In The Equity Derivatives Market: Overcoming New Risks & Product Challenges **Paul Stephens CBOE** p6	
15.30	*Afternoon Tea & Opportunity To Visit The Derivatives & Risk Management 2006 Exhibition*			
16.00	A Neo-Classicist Look At Behavioural Finance **Steve Ross MIT SLOAN & IV CAPITAL** p5	Efficient Calculation Of Risk Measures Of Credit Portfolios With CDO Tranches **Timur Misirpashaev NUMERIX** p6	A New Approach To Modelling The Smile Dynamics: Consistent Pricing Of Reverse Cliquets, Napoleons And Options On Realised Variance **Lorenzo Bergomi SOCIÉTÉ GÉNÉRALE** p6	Modelling The Smile: Practical Techniques For Calibrating Smile LIBOR Market Models **Antoine Savine BNP PARIBAS** p7
				STOCHASTIC VOLATILITY
16.40	Is Variance Irrelevant For Finance? **Nassim Nicholas Taleb EMPIRICA LLC & UNIVERSITY OF MASSACHUSETTS** p5	On The Term Structure Of Portfolio Loss Distributions **Jakob Sidenius THE ROYAL BANK OF SCOTLAND** p6	Finite-Difference Approach To Pricing Barrier Options Under Stochastic Skew Model **Andrey Itkin AMARANTH GROUP** p6	New Work On Cross Currency Models With Stochastic Volatility **Jesper Andreasen BANK OF AMERICA** p7
17.20	Exploring The Economics Of Interest Rates **Oldrich Vasicek MOODY'S KMV**	Delta Hedging Assessing Risk Dynamics And The Realities Of Delta Hedging Techniques **Vivek Kapoor CREDIT SUISSE FIRST BOSTON** p6	A New Approach For Modelling & Pricing Correlation Swaps In Equity Derivatives **Sebastien Bossu DrKW** p6	An Interest Rate Stochastic Volatility Model On A Time-Continuous Lattice **Manlio Trovato MERRILL LYNCH** p7
18.00	The Implied Copula Approach **John Hull UNIVERSITY OF TORONTO** p5	A Top Down Approach To Multi-Name Credit **Kay Giesecke STANFORD UNIVERSITY** p6	Assessing A Convenient Framework For Uncertain Volatility Dynamics **Nadhem Meziou NATEXIS BANQUES POPULAIRES** p6	Asymptotic Geometrical Methods: Applications To The Calibration Of Stochastic Volatility Models **Pierre Henry-Labordere SOCIÉTÉ GÉNÉRALE** p7

18.40 - 19.45

NEW **Hall of Fame Champagne Round Tables**

These are a chance to discuss the latest issues with leading experts over a glass of champagne

Bob Litterman GSAM	**Daniel Kahneman PRINCETON UNIVERSITY**	**John Hull UNIVERSITY OF TORONTO**	**Paul Glasserman COLUMBIA GRADUATE SCHOOL OF BUSINESS**	**Steve Ross MIT SLOAN & IV CAPITAL**	**Nassim Taleb EMPIRICA LLC & Emanuel Derman COLUMBIA UNIVERSITY**	**Perry Mehrling COLUMBIA UNIVERSITY**

"A really good occasion to meet many impressive people from the industry"

Richard Carson, *Global Head of Structured Products Trading,* **Deutsche Bank**

WEDNESDAY 10 MAY 2006 - MAIN CONFERENCE DAY TWO

8.30	*Coffee & Opportunity To Visit The Derivatives & Risk Management 2006 Exhibition*			
8.45	**INNOVATIONS IN VOLATILITY MODELLING & TRADING**	**THE LATEST DEVELOPMENTS IN PORTFOLIO CREDIT RISK MODELLING**	**ADVANCED MODELLING OF HYBRID DERIVATIVE PRODUCTS**	**THE LATEST INNOVATIONS IN INTEREST RATE MODELLING**
8.45	Extended Session: *'Talking Volatility'* Unravelling The Realities Of (Mis)Pricing Exotic Volatility Derivatives: What Lessons Can We Learn From Recent Market Events? **Chair: Jim Gatheral MERRILL LYNCH** **Peter Carr BLOOMBERG** **Michael Hintze CQS (UK) LLP** **Stephen Blyth DEUTSCHE BANK** p7	**SPECIAL EXTENDED SESSION** The Loss Market Model: A New Fully Dynamic Model For Advanced Pricing Of CDOs **Philipp Schönbucher ETH ZURICH**  p7	Assessing Market Factor Models For Equities And FX **Tom Hyer UBS** p8	Displaced Levy Processes: New Developments And Stable And Efficient Calibration **Riccardo Rebonato THE ROYAL BANK OF SCOTLAND** p9
9.30			Hybrid Trading Advanced Correlation And Hybrid Trading **Christopher Hunter BNP PARIBAS** p8	Extended Session: Multi-Stochastic Volatility LMM Models For CMS Spread Derivatives **Vladimir Piterbarg BARCLAYS CAPITAL**  p9
10.15	A Robust Approach To Exotic Underlyings For Exotic Options **Peter Carr BLOOMBERG** p7	Advanced Pricing Of CDOs **Jean-Paul Laurent UNIVERSITY OF LYON** p8	Optimizations Of Credit Derivative Pricing Using Monte Carlo **Tat Sang Fung MISYS BANKING SYSTEMS** p8	
11.00	*Morning Coffee & Opportunity To Visit The Global Derivatives & Risk Management 2006 Exhibition*			
11.30	Examining The Practical Challenges Of Modelling & Effectively Hedging Options On Variance Swaps p7	Structured Credit: Outside The Correlation Box **Peter Polanskyj MORGAN STANLEY** p8	Pricing And Hedging In A 'Bi-Polar' World **Piotr Karasinski HSBC** p8	Explorations Into Stochastic Volatility Modelling **Phil Hunt CITIGROUP** p9
12.15	Realtime Volatilty Estimation And Forecasting Under Zero Intelligence **Jim Gatheral MERRILL LYNCH** p7	Implied Loss Distribution, Term Structure Of Skew And Gaussian Extension **David Li BARCLAYS CAPITAL** p8	Real-World Transaction Costs: Effects On The Pricing And Hedging Of Exotic Equity And Multi-Asset Hybrid Derivatives **Mike de Vegvar UBS** p8	Practical Aspects Of Calibration And Use Of Libor Market Models With Stochastic Volatility **Alexandre Antonov NUMERIX** p9
13.00	*Lunch & Opportunity To Visit The Derivatives & Risk Management 2006 Exhibition*			
		THE LATEST INNOVATIONS IN CREDIT CORRELATION MODELLING & TRADING		
14.30	Copula The Choice Of Copula And Model Specification **Marek Musiela BNP PARIBAS** p7	*'Talking Correlation Trading'* Examining The Latest Developments In Structured Credit Investing & The Impact On Correlation Trading & Risk Management **Chair: Juan Blasco BBVA** **Joe Holderness JPMORGAN CHASE** **Moorad Choudhry KBC FINANCIAL PRODUCTS** **Ziggy Jonsson BANK OF AMERICA** p8	Pricing Hybrid Tranches Using Extensions To Intensity Gamma **Dherminder Kainth THE ROYAL BANK OF SCOTLAND** p8	Examining The "String" Theory Of Interest Rates **Jean-Philippe Bouchaud CAPITAL FUND MANAGEMENT** p9
15.15	Expected Return And Risk Of Covered Call Strategies: A New Framework For More Accurate Projections And Analysis Of Historical Performance **Ilya Figelman ALLIANCEBERNSTEIN** p7	A New Approach To The Underlying Dynamics Of Credit Correlations **Arthur Berd BLUEMOUNTAIN CAPITAL MANAGEMENT** p8	Model Choice And Misspecification For General Processes And Their Impact On Risk-Management **Stefano Galluccio BNP PARIBAS** p8	Examining Stochastic Volatility Models And Applications To Advanced Interest Rate Derivative Pricing **Paul Feehan JPMORGAN** p9
16.00	*Afternoon Tea & Opportunity To Visit The Derivatives & Risk Management 2006 Exhibition*			
				FX MODELLING
16.25	Extended Session: **SPECIAL EXTENDED SESSION** Understanding And Exploiting Volatility Skews **Bruno Dupire BLOOMBERG** p7	A New Approach To The Modelling And Pricing Of Correlation Credit Derivatives **Chris Rogers UNIVERSITY OF CAMBRIDGE** p8	Dynamic Credit Correlation Modelling For CDOs And Exotic Hybrids **Claudio Albanese IMPERIAL COLLEGE LONDON** p9	FX Structuring Multi-Structure Foreign Exchange Derivative Hedges Through Optimisation **Kenrick Ramlochan ABN AMRO** p9
17.10		Capturing Recovery Rate Uncertainty Within The Correlation Skew **Dominic O'Kane LEHMAN BROTHERS** p8	Pricing Multi-Commodity And Other Exotic Commodity Options In A Multi-Factor Jump-Diffusion Model **John Crosby LLOYDS TSB** p9	Examining Copula Functions Applied To Joint Foreign-Exchange Returns **Petra Wikström THE ROYAL BANK OF SCOTLAND** p9

18.00

Champagne Round Tables

These are a chance to discuss the latest issues with leading experts over a glass of champagne

Chris Rogers UNIVERSITY OF CAMBRIDGE	**Philipp Schönbucher ETH ZURICH**	**Jim Gatheral MERRILL LYNCH**	**Marek Musiela BNP PARIBAS**	**Vladimir Piterbarg BARCLAYS CAPITAL**	**Peter Carr BLOOMBERG**	**Jean-Philippe Bouchaud CAPITAL FUND MANAGEMENT**

19.00 - 20.30 Gala Cocktail Party

THURSDAY 11 MAY 2006 - MAIN CONFERENCE DAY THREE

8.30	*Morning Coffee*			
8.50	Chairman's Opening Welcome: **Riccardo Rebonato,** *Global Head of Market Risk and Head of Quantitative Research & Quantitative Analysis* THE ROYAL BANK OF SCOTLAND			
9.00	**SPECIAL KEYNOTE ADDRESS**   Lessons Of The Market Wizards - Exploring The Common Denominators Of Trading Success **Jack Schwager,** *Managing Member,* MARKET WIZARDS FUND			
9.45	**TALKING TRADING PANEL** *with Electronic Polling* Examining Current Developments In & Dynamics Of The Derivatives Market: Examining The Use & Realities Of Quantitative Models **Stan Jonas,** *Managing Director,* FIMAT USA, DUTCH BOOK PARTNERS **Guillaume Amblard,** *Global Head of Options & Inflation Europe Asia & Japan* BNP PARIBAS **Ajay Khanna,** *Head of Trading,* WACHOVIA SECURITIES **Jack Schwager,** *Managing Member,* MARKET WIZARDS FUND (Electronic Polling)			
10.30	CREDIT TRADING **TALKING CREDIT DERIVATIVES PANEL** (Electronic Polling) *with Electronic Polling* Examining The Future Of The Credit Market: Where Are The Opportunities To Be Found? And What Are The Likely Consequences For Credit & Correlation Pricing, Hedging & Trading? **David Beaglehole,** *Head of Derivatives Research, North America,* DEUTSCHE BANK **Chris Boas,** *Executive Director, NY Structured Credit Trading,* MORGAN STANLEY **Martin St Pierre,** *Global Head of Structured Credit Derivatives Trading,* BEAR STEARNS **Taalib Shaah,** *Managing Director Head of Market Risk,* CREDIT SUISSE FIRST BOSTON **Tanya Beder,** *CEO,* TRIBECA GLOBAL MANAGEMENT			
11.15	*Morning Coffee & Opportunity To Visit The Derivatives & Risk Management 2006 Exhibition*			
	INNOVATIONS IN VOLATILITY MODELLING & TRADING	**HEDGE FUND TRADING & RISK MANAGEMENT**	**GLOBAL DERIVATIVES & RISK MANAGEMENT 2006 TRADER FORUM**	NEW **DEVELOPMENTS IN RISK MEASUREMENT & MANAGEMENT**
11.40	New Levy Process Methods For Multi-Asset Equity Structured Products **Dilip Madan** UNIVERSITY OF MARYLAND p10	*'Talking Hedge Funds'* Assessing The Current Landscape & The Implications For Hedge Fund Trading & Risk Management **Chair: Tim Wilson** CAXTON ASSOCIATES **Subu Venkataraman** HIGHBRIDGE CAPITAL **Pav Sethi** CITADEL INVESTMENT GROUP **Alex Shapiro** AZIMUTH TRUST **Craig French** CORBIN CAPITAL PARTNERS p10 Extended Session	Probabilities - Everything Else Is A Derivative **Stan Jonas** FIMAT USA, DUTCH BOOK PARTNERS p11	How To Integrate Hedge Fund Risk With Total Portfolio Risk? **Bernard Lee** BLACKROCK p11
12.20	Advanced Explorations In Gamma Swaps, Variance Swap, Corridor Variance And Business Time **Zhenyu Duanmu** MERRILL LYNCH Variance p10		Event Stream Processing – A New Software Approach To Analyzing And Acting On Financial Data **Giles Nelson** PROGRESS APAMA p11	Trends In Managed Futures And Insights Into AHL **Anthony Ledford** MAN INVESTMENTS p11
13.00	*Lunch & Opportunity To Visit The Derivatives & Risk Management 2006 Exhibition*			
14.15	A Stochastic Volatility Model With Direct Control Of Forward Smile **Philippe Balland** MERRILL LYNCH p10	Will We Recognize Our Industry In 3 Years? A Look Into The Future Of Hedge Funds Industry Outlook **Tanya Beder** TRIBECA GLOBAL MANAGEMENT p10	Successful Dynamic Hedging Of Correlation Risk In The Latest Generation Of Innovative Equity Structures **Ajay Khanna** WACHOVIA SECURITIES p11	Successfully Managing Energy Price Risk **Steve Leppard** BPRISKMANAGER, BP p11
15.00	Managing The Practical Risk & Volatility Challenges In Commodities Trading **Ilia Bouchouev** KOCH SUPPLY & TRADING p10	"Fast And Frugal" Decision Making: Dealing With The Limits Of Quantification And Optimization In Uncertain Markets **Mark Rzepczynski** JOHN W HENRY p10	Correlation Advances In The Risk Management And Trading Of A Portfolio Of Correlation Positions **Martin St-Pierre** BEAR STEARNS  p11	Risk Neutral Valuation Under Counterparty Risk For New Exotic Derivative Products **Damiano Brigo** BANCA IMI p11
15.45	Calibrating Local-Stochastic Volatility Models **Martin Forde** COMMERZBANK p10	Power Derivatives A Practical Valuation Of Power Derivatives **Espen Haug** JPMORGAN p10	Meeting The Challenge Of Advanced Pricing Of Complex Derivatives Through The Use Of High Frequency Data **Richard Olsen** OANDA p11	Managing The Risk In Mortgage Derivatives p11
16.30	*Beers & Networking*			
17.15	End of Main Conference 12th May 2006 - Workshops - see page 4			

Monday 8 May 2006
PRE-CONFERENCE WORKSHOP
08:30-16:00

RECENT DEVELOPMENTS IN THE VALUATION OF CREDIT DERIVATIVES

Led by: **John Hull**
UNIVERSITY OF TORONTO
See p4

Monday 8 May 2006
PRE-CONFERENCE WORKSHOP
08:30-16:00

ADVANCED VOLATILITY ANALYSIS

Led by: **Bruno Dupire**
BLOOMBERG
See p4

Friday 12 May 2006
POST-CONFERENCE WORKSHOP
08.00-17.00

LINKAGES BETWEEN CREDIT AND EQUITY DERIVATIVES

Led by:
Peter Carr
BLOOMBERG &
Dilip Madan
UNIVERSITY OF MARYLAND
See p4

Friday 12 May 2006
POST-CONFERENCE WORKSHOP
08.00-17.00

INTEREST RATE DERIVATIVES: ADVANCED EXPLORATIONS INTO MODELS THAT WORK AT WORK

Led by:
Leif Andersen
BANC OF AMERICA SECURITIES

Jesper Andreasen
BANK OF AMERICA

Mark Broadie
COLUMBIA GRADUATE SCHOOL OF BUSINESS
See p4

Global Derivatives & Risk Management 2006 Advisory Board

Thank you to the advisory board members who provided insightful feedback, comments and advice in the 2006 programme development.

- **John Hull** UNIVERSITY OF TORONTO
- **Peter Carr** BLOOMBERG
- **Jim Gatheral** MERRILL LYNCH
- **Emanuel Derman** COLUMBIA UNIVERSITY & PRISMA CAPITAL PARTNERS
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- **Alex Lipton** CITADEL INVESTMENT GROUP
- **Riccardo Rebonato** ROYAL BANK OF SCOTLAND
- **Steve Ross** MIT SLOAN
- **Nassim Taleb** EMPIRICA LLC
- **Mark Broadie** COLUMBIA GRADUATE SCHOOL OF BUSINESS

CHAMPAGNE ROUNDTABLES

9th May 2006 - Hall of Fame Champagne Roundtables

- Is There Such A Thing As An Attitude To Risk? **Daniel Kahneman,** PRINCETON UNIVERSITY
- CDO Modelling **John Hull,** UNIVERSITY OF TORONTO
- Examining Multiperiod Portfolio Optimization **Bob Litterman,** GSAM
- The Growing Disconnect Between Financial Theory And Financial Data **Steve Ross,** MIT SLOAN & IV CAPITAL
- The Next Generation Of Credit Models **Paul Glasserman,** COLUMBIA GRADUATE SCHOOL OF BUSINESS
- The Future Of Financial Engineering **Perry Merhling,** COLUMBIA UNIVERSITY
- Working With Power Laws And Scalable Distributions **Nassim Nicholas Taleb,** EMPIRICA LLC & UNIVERSITY OF MASSACHUSETTS & **Emanuel Derman,** COLUMBIA UNIVERSITY

10th May 2006 - Champagne Roundtables

- Econophysics **Jim Gatheral,** MERRILL LYNCH
- Credit Correlations - Implied Or Real? How To Model And Measure Them **Arthur Berd** BLUEMOUNTAIN CAPITAL MANAGEMENT
- Is The Copula Overused In Fixed Income, Equity, FX Modelling? **Vladimir Piterbarg** BARCLAYS CAPITAL
- What Could Be Better Than Marking-To-Market? **Chris Rogers,** CAMBRIDGE UNIVERSITY
- What Can We Learn From A Single Volatility Smile? **Peter Carr,** BLOOMBERG
- The Choice Of Copula And Model Specification **Marek Musiela,** BNP PARIBAS
- Latest Developments In Synthetic CDOs **Philipp Schönbucher,** ETH ZURICH

Monday 8th May 2006 8.30am-4pm

RECENT DEVELOPMENTS IN THE VALUATION OF CREDIT DERIVATIVES

Led by: **John Hull,** *Maple Financial Professor of Derivatives & Risk Management,* **UNIVERSITY OF TORONTO**

NEW For 2006

John Hull is well known for his applied research and his clear presentational style. His popular book "Options, Futures, and Other Derivatives," is now in its sixth edition.

Introduction
- Understanding Credit default swaps.
- Variations on the standard deal
- Advanced valuation and recovery rate assumptions
- Alternative approaches to estimating default probabilities
- Risk-neutral vs real-world probabilities
- Examining iTraxx and CDX indices

Reviewing The Modelling Of Default Correlation
- Alternative ways of measuring default correlation
- Relationship between correlation measures
- Survival time distributions
- Exploring the use of copulas
- Extensions of the Gaussian copula
- Assessing the hazard rate path approach

CDOs And Kth To Default CDSs
- Implementing copula models
- Fitting the correlation smile
- Implementing the hazard rate path model
- Valuing CDO tranches
- Single tranche trading and calibration

Further Thoughts...
- Examining Option structures
- Estimating risk-neutral credit rating transitions to value rating-dependent derivatives
- Using option volatilities to imply default probabilities

About Your Workshop Leader
John Hull is the Maple Financial Group Professor of Derivatives and Risk Management in the Joseph L. Rotman School of Management at the University of Toronto and Director of the Bonham Center for Finance. He is an internationally recognized authority on derivatives and has many publications in that area. Recently his research has been concerned with credit risk, executive stock options, volatility surfaces, market risk, and interest rate derivatives. He was, with Alan White, one of the winners of the Nikko-LOR research competition for his work on the Hull-White interest rate model. He has written two books "Options, Futures, and Other Derivatives" (now in its fifth edition) and "Fundamentals of Futures and Options Markets" (now in its fourth edition).Both books (published by Prentice Hall) have been translated into several languages and are widely used in trading rooms throughout the world. He has won many teaching awards, including University of Toronto's prestigious Northrop Frye award, and was voted Financial Engineer of the Year in 1999 by the International Association of Financial Engineers.

Monday 8th May 2006 8.30am-4pm

ADVANCED VOLATILITY ANALYSIS

Led by: **Bruno Dupire,** *Quantitative Research,* **BLOOMBERG**

NEW For 2006

Introduction
- Examining the different kinds of volatility
- Understanding market facts: volatility behaviour and regimes historical volatility estimation
- Implied volatility inter/extrapolation, Roger Lee's moment formula

Reviewing The Models
- Black-Scholes model
- Local Volatility Model
- Stochastic volatility models
- Study of Heston and SABR
- Market Model of implied volatility
- Models with jumps and Levy processes
- Stochastic skew models

Understanding And Handling Local Volatility In Practice
- Reviewing the generation of continuous non-arbitrage implied volatility surfaces
- Obtaining the local volatility surface: calibration vs. stripping formula
- Advanced handling of discrete dividends
- Examining The quanto effect
- Insights into stochastic interest rates
- Hedging in practice: delta and vega

Volatility expansion
- Tracking error pathwise
- Advanced modelling of the price difference
- Implied as average of local
- Analytical approximations: differential geometry and perturbations
- Vega as expectation of future gammas

Exploring Arbitrage
- Understanding frequency arbitrage
- Comparing historical against implied: computing the fair skew
- Static implied volatility arbitrage
- Dynamic implied volatility
- Sticky strike, sticky delta
- Dispersion arbitrage
- Capital structure arbitrage

Advanced Topics
- Matching the volatility surface and the forward skew
- Impact of the skew on exotics: case study with barrier options and cliquets
- Delta hedge: calendar time and business time delta hedge
- Linking skew and uncertainty on historical volatility
- Application to volatility derivatives: Lower bounds on options on realized variance
- Time based vs move based strategies
- Robust hedging: decomposing volatility risk across strikes and maturities

About Your Workshop Leader
Dr Bruno Dupire has headed derivatives research teams at Société Générale, Paribas and Nikko FP, before joining Bloomberg in New York to develop advanced analytics. He has pioneered the use of neural networks for time series forecasting in the late 80's. He is best known for his work on volatility modelling, including the Local Volatility Model (1993), extension of the Black-Scholes-Merton model to fit all option prices, and subsequent stochastic volatility extensions and work on volatility derivatives. He has edited the Risk book "Monte Carlo: Methodologies and Applications for Pricing and Risk Management". He is a Fellow and Adjunct Professor at NYU. He was included in December 2002 in the Risk magazine "Hall of Fame" of the 50 most influential people in the history of derivatives.

Friday 12th May 2006 8.00am-5pm

LINKAGES BETWEEN CREDIT AND EQUITY DERIVATIVES

Led by: **Peter Carr,** *Head of Quantitative Research,* **BLOOMBERG**

Dilip Madan, *Professor of Mathematical Finance,* **ROBERT H. SMITH SCHOOL OF BUSINESS, UNIVERSITY OF MARYLAND**

NEW For 2006

Credit derivatives such as Credit Default Swaps (CDS) and Credit Default Obligations (CDO) have emerged as a potent force in securities markets. Models for pricing single name CDS require marginal default probabilities while models for pricing CDO's require joint default probabilities. Fortunately, the dizzying rise in credit derivatives volume has been accompanied by continued innovation in equity derivatives markets such as variance swaps and equity default swaps. Intuitively, equity derivatives on single names provide information on marginal default probabilities while equity derivatives on indices provide information on joint default probabilities. Although the payoffs on diverse credit and equity derivatives are linked, empirical evidence suggests that prices in these two evolving markets may not be in complete alignment. This workshop explores payoff linkages between the two markets and suggests cross market arbitrage opportunities that arise when market prices are out of alignment.

Parametric Approaches For Inferring Risk Neutral Default Probabilities From Equity Derivatives
- Merton's jump to default model
- CEV based approaches
- Stochastic hazard rates and volatilities

Non-Parametric Approaches For Inferring Risk Neutral Default Probabilities From Equity Derivatives
- Using options and single name variance swaps
- A local default intensity approach
- Inferring the distribution of default arrival from the smile
- Equity Default Swaps (EDS) and static hedging

The CDS Market
- CDS Implied Corporate Life Distributions
- Pricing nth to default using copulas
- Copulas and Ranked Basket of Equity Options

From CDS To EDS
- CDS and EDS pricing using numerical methods for Levy Processes
- Phase Type approximations for Levy measures
- Closed form EDS Pricing
- A Comparative Study of CDS and EDS for Ford and GM

About Your Workshop Leaders

Dr. Peter Carr is the Head of Quantitative Financial Research at Bloomberg LP, where his group is responsible for all facets of the business operation relating to modeling and analytics. He is also the Director of the Masters in Math Finance program at NYU's Courant Institute. Prior to his current positions, he headed equity derivative research groups for six years at Banc of America Securities and at Morgan Stanley. Peter is also an associate editor for 6 academic journals related to mathematical finance and derivatives. He is also credited with numerous contributions to quantitative finance including: co-inventing the variance gamma model, inventing static and semi-static hedging of exotic options, and popularizing variance swaps and corridor variance swaps. Peter has recently won awards from Wilmott Magazine for ``Cutting Edge Research'' and from Risk Magazine for ``Quant of the Year''.

Dilip Madan is Professor of Finance at the Robert H. Smith School of Business. He specializes in Mathematical Finance. He also serves as a consultant to Morgan Stanley, Caspian Capital LLC, and the FDIC. He is a founding member and immediate Past President of the Bachelier Finance Society, Editor of Mathematical Finance and Associate Editor for the Journal of Credit Risk, Review of Derivatives Research and Quantitative Finance. His work is dedicated to improving the quality of financial valuation models, enhancing the performance of investment strategies, and advancing the understanding and operation of efficient risk allocation in modern economies.

Friday 12th May 2006 8.00am-5pm

INTEREST RATE DERIVATIVES: ADVANCED EXPLORATIONS INTO MODELS THAT WORK AT WORK

Led by: **Leif Andersen,** *Global Head, GCIB Quantitative Research,* **BANC OF AMERICA SECURITIES**

Jesper Andreasen, *Head of Fixed Income Quantitative Research,* **BANK OF AMERICA** **Mark Broadie,** *Professor of Business,* **COLUMBIA GRADUATE SCHOOL OF BUSINESS**

BRAND NEW MATERIAL FOR 2006

Libor Market/BGM Models: Introduction and Numerical Implementation
- Basic Libor market/BGM model; cap and swaption formulas
- Monte Carlo simulation of multi-factor BGM models
- Discretization schemes for non-linear SDEs; predictor-corrector method; extensions to stochastic volatility models
- Variance reduction and efficiency improvement techniques
- Effective use of low discrepancy/quasi-Monte Carlo methods
- Pricing Bermudan swaptions and other callables in BGM models
- Efficient estimation of Greeks

Extended BGM Models: Pricing, Hedging and Calibration
- Vanilla options: caps, floors
- Skew and stochastic volatility models
- CMS: convexity adjustments and European spread options
- Hedging with stochastic volatility
- Skew BGM models, with and without stochastic volatility
- Swaption approximations
- Non-parametric calibration techniques
- Skew-fitting

Single Factor Cheyette Models
- Motivation for using single factor models
- Model specification and calibration techniques
- Finite difference and Monte-Carlo implementation
- Adding stochastic volatility

Multi-Factor Cheyette Models
- Motivation for multi-factor Cheyette models
- Multi-factor and stochastic volatility specification
- Calibration techniques and results
- Monte-Carlo implementation
- Extending to cross-currency and inflation hybrids
- The "tenor" curse in risk report generation

About Your Workshop Leaders

Jesper Andreasen heads the Fixed Income Quantitative Research Department at Bank of America in London covering interest rate and cross currency derivatives. Prior to this, Jesper has held positions in the quantitative research departments of Nordea, Bank of America, and General Re Financial Products. Jesper's research interest include: term structure modeling, volatility smiles, and numerical methods. In 2001 Jesper received Risk Magazine's Quant of the Year award. Jesper holds a PhD in Mathematical Finance from Aarhus University, Denmark.

Leif Andersen holds MSc's in Electrical and Mechanical Engineering for Technical University of Denmark; an MBA from University of California at Berkeley; and a PhD in Finance from Aarhus Business School. He is currently co-head of the quantitative research group at Banc of America Securities. Before that he spent 9 years at General Re Financial Products, working in a variety of financial markets.

Mark Broadie is a professor at the Graduate School of Business at Columbia University. He received a B.S. from Cornell University and Ph.D. from Stanford University. His main research areas are the pricing of derivative securities, risk management, and portfolio optimization. Much of his research focuses on the design and analysis of efficient Monte Carlo methods for pricing and risk management. Professor Broadie is editor-in-chief of the Journal of Computational Finance and serves as the financial engineering area editor for Operations Research and associate editor for Computational Management Science. He has given seminars and courses worldwide and has done extensive consulting for financial firms. Previously he was a vice president at Lehman Brothers in their fixed-income research group.

MAIN CONFERENCE DAY 1
Tuesday 9th May 2006

DAY 1

07.45

Registration & Coffee

08.20

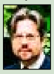
Chairman's Opening Welcome
Emanuel Derman
Professor & Director Financial Engineering Program
COLUMBIA UNIVERSITY *& Head of Risk*
PRISMA CAPITAL PARTNERS

08.25

Fischer Black And The Spirit Of Finance

Opening Keynote

- The historical origins of CAPM, and the options pricing formula
- Finance as a scientific version of a generational embrace of risk
- Practical risk management, from state to market
- Psychology and equilibrium in a complex, evolutionary system



Perry Mehrling
Professor of Economics
BARNARD COLLEGE, COLUMBIA UNIVERSITY
Perry Mehrling is Professor of Economics at Barnard College of Columbia University where he teaches courses in money, banking, and finance. He is the author most recently of Fischer Black and the Revolutionary Idea of Finance.

09.10

SPECIAL KEYNOTE ADDRESS

Examining Multiperiod Portfolio Optimization

- Transactions create price impacts and potentially dynamic responses
- Expected returns decay over time
- Single period optimization is sub-optimal
- Dynamic programming provides a framework for portfolio optimization

Bob Litterman
Managing Director, Director of Quantitative Resources
GOLDMAN SACHS ASSET MANAGEMENT
Bob is the co-developer, along with the late Fischer Black, of the Black-Litterman Global Asset Allocation Model, a key tool in the Investment Management Division's asset allocation process. As Director of Quantitative Resources, Bob oversees Quantitative Equities under the leadership of Bob Jones; the Quantitative Strategies group, co-headed by Mark Carhart and Ray Iwanowski; and the Global Investment Strategies Group, headed by Kurt Winkelmann. In total, these groups include over 100 professionals. Prior to moving to the Investment Management Division, Bob was the head of the Firmwide Risk department since becoming a Partner in 1994. Preceding his time in the OT&F Division, Bob spent eight years in the Fixed Income Division's research department where he was co-director, with the late Fischer Black, of the research and model development group. In 2003, Bob was one of the initial inductees by Risk Magazine into their "Risk Hall of Fame."

10.00

Morning Coffee & Opportunity To Visit The Derivatives & Risk Management 2006 Exhibition

10.30

Special Keynote Address

Psychology And The Future Of Behavioral Finance

Nobel Laureate

- Psychological assumptions in existing behavioral finance
- A simple theory that explains much risk-taking
- Explanations of some basic anomalies
- Current developments: the behavior of institutions
- Psychological concepts likely to be central in future developments: Intuition, Emotion, Attention

Daniel Kahneman
Eugene Higgins Professor of Psychology
PRINCETON UNIVERSITY
Since 1993, Daniel Kahneman has been the Eugene Higgins Professor of Psychology, Princeton University and Professor of Public Affairs, Woodrow Wilson School. He has held many senior academic positions since 1961. Dr Kahneman is the recipient of many prestigious awards including the Bank of Sweden Prize in Economic Sciences in Memory of Alfred Nobel, 2002; the Grawemeyer Prize in Psychology (joint with Amos Tversky), 2002 and Career Achievement Award, Society for Medical Decision Making, 2002.

11.15

SPECIAL GUEST ADDRESS

Tomorrow's People; Evolving Brains For Risk Taking & New Technologies

- How 21 Century technologies will transform our thoughts, feelings and personalities
- The brain of the future
- The essence of our individuality
- How the might brain of risk takers might be different to others

Professor Baroness Susan Greenfield
Neurologist, Renowned Brain Researcher, Author, Broadcaster & Director
ROYAL INSTITUTION OF GREAT BRITAIN
& Professor of Pharmacology
UNIVERSITY OF OXFORD
Susan Greenfield was awarded an Honorary DSc by Oxford Brookes University in 1997, and has received Honorary DSc degrees, in 1998, from the University of Andrew's and Exeter University. She became Director of the Royal Institution of Great Britain in 1998. Apart from her primary research where she heads a group of 18 scientists studying Parkinson's and Alzheimer's Disease, Susan Greenfield has developed an interest in the physical basis of the mind. In 1987 she edited Mindwaves with Colin Blakemore and in 1995 published her own theory of consciousness, Journey to the Centres of the Mind. She is currently working on a sequel, Ego: The Neuroscience of the Self, to be published jointly by Wiley and Penguin in 1999. In 1995 Susan Greenfield was elected to the Gresham Chair of Physic, which entails giving six public lectures a year in the City of London. She was general editor in 1996 for "The Human Mind Explained" (Cassell) and has recently authored The Human Brain: A Guided Tour which was published as paperback in 1998 (Phoenix Press) and which in both editions, reached the best seller list.

12.00

Lunch & Opportunity To Visit The Derivatives & Risk Management 2006 Exhibition

GLOBAL DERIVATIVES & RISK MANAGEMENT 2006 HALL OF FAME

13.30

Off the Record with

Your chance to ask all those questions you always wanted the answers to in this informal session.

Bob Litterman
Managing Director, Director of Quantitative Resources
GOLDMAN SACHS ASSET MANAGEMENT
See above for biographical details

14.10

Off the Record with

Your chance to ask all those questions you always wanted the answers to in this informal session.

Daniel Kahneman
Eugene Higgins Professor of Psychology
PRINCETON UNIVERSITY
See above for biographical details

14.50

Modelling Illiquidity: How To Estimate The Alpha For Illiquid Securities And Hedge-Fund Lock-Ups

- Defining illiquidity
- The excess return expected from illiquidity in terms of
  - Options theory
  - CapM
  - Regressions

Emanuel Derman
Professor & Director Financial Engineering Program
COLUMBIA UNIVERSITY
& Head of Risk, **PRISMA CAPITAL PARTNERS**
Emanuel Derman is a professor at Columbia University and director of their program in financial engineering, and is also the Head of Risk at Prisma Capital Partners, a fund of funds. His book, My Life as A Quant: Reflections on Physics and Finance was published by Wiley in September 2004, and was one of Business Week's top ten books of the year for 2004. In 1985 Dr Derman joined Goldman Sachs' fixed income division where he was one of the co-developers of the Black-Derman-Toy interest-rate model. From 1990 to 2000 he led the Quantitative Strategies group in the Equities division, where they pioneered the study of local volatility models and the volatility smile. He was appointed a Managing Director of Goldman Sachs in 1997. In 2000 he become head of the firm's Quantitative Risk Strategies group. He retired from Goldman, Sachs in 2002. Dr Derman was named the IAFE/Sungard Financial Engineer of the Year 2000, and was elected to the Risk Hall of Fame in 2002.

15.30

Afternoon Tea & Opportunity To Visit The Derivatives & Risk Management 2006 Exhibition

16.00

A Neo-Classicist Look At Behavioural Finance

- Markets are very efficient: The glass is nearly all full and only a bit empty
- Anomalies are rife and they are the frontier of financial research
- The diligent application of neoclassical finance has much to offer in the way of resolving the anomalies - many anomalies are less than they appear
- An example: Siamese twins successfully separated!
- The case of Royal Dutch Petroleum and Shell Trading

Steve Ross
Franco Modigliani Professor of Finance and Economics
MIT SLOAN, *& Partner,* **IV CAPITAL**
Stephen A. Ross is the Franco Modigliani Professor of Finance and Economics at MIT and the Chairman and CEO of Compensation Valuation, Inc.(CVI). Professor Ross is the author of more than 100 articles in economics and finance and is the coauthor of an introductory textbook in finance. He received his B.S. with honors from CalTech in 1965 where he majored in physics, and his Ph.D. in economics from Harvard in 1970. While he has worked on a variety of topics in economics and finance, he is probably best known for having invented the Arbitrage Pricing Theory and the Theory of Agency, and as the co discoverer of risk neutral pricing and of the binomial model for pricing derivatives. Models developed by him and coworkers, including term structure models and option pricing models, are now standards for pricing in major securities trading firms. He has been the recipient of numerous prizes and awards.

16.40

Is Variance Irrelevant For Finance?

- Scalable laws with or without variance
- Convergence properties
- Derivatives pricing outside the dynamic hedging paradigm

Nassim Nicholas Taleb, *Chairman*
EMPIRICA LLC
& Dean's Professor in the Sciences of Uncertainty at the Isenberg School of Management
UNIVERSITY OF MASSACHUSETTS
Nassim Nicholas Taleb works at the intersection of theory and practice. He started his career as a trader (which includes the Chicago pits) and subsequently became involved in the unique combination of applied research and trading. He is the Dean's Professor in the Sciences of Uncertainty at the Isenberg School of Management, University of Massachusetts, Amherst, the founder of Empirica LLC, and runs a multimanager option arbitrage fund in New York. Previously he lectured at the Courant Institute of Mathematical Sciences of New York University about the limits of derivative models since 1999. Taleb held trading positions with major derivative houses (CSFB,UBS, Paribas, Bankers Trust among others) and worked independently on the floor of the Chicago exchanges. His education includes an MBA from Wharton and a PhD from University Paris-Dauphine. He was inducted into the Derivatives Strategy Hall of Fame in 2001. Taleb is the author of Dynamic Hedging (Wiley 1997), and Fooled by Randomness (Random House, 2nd ed.).

17.50

Exploring The Economics Of Interest Rates

- The behaviour of investors in an economy consisting of a production process controlled by a state variable representing the state of technology
- Examining the degrees of risk aversion as well as the time preference functions
- Deriving conditions under which such an economy is in equilibrium
- Obtaining equations determining interest rates

Oldrich Vasicek
Special Advisor
MOODY'S KMV
Dr. Oldrich Alfons Vasicek was a founding partner of KMV Corporation, currently serving as a special advisor to Moody's KMV. In his early career, he was a Vice President in the Management Science Department of Wells Fargo Bank. His academic career includes teaching graduate finance at the University of Rochester, the University of California at Berkeley and at Ecole Supérieure des Sciences Economiques et Commerciales (ESSEC) in France. Dr. Vasicek works in mathematical finance, particularly on development of quantitative models of firms, financial instruments and financial markets. He has published over 30 articles in financial and mathematical journals and has received a number of honors. He has been inducted into the Derivatives Strategy Hall of Fame, the Fixed Income Analysts Society Hall of Fame and the Risk Hall of Fame. He was named the IAFE Financial Engineer of the Year in 2004.

18.00

The Implied Copula Approach

Copula

- Generalizing the copula approach
- Fitting the correlation smile exactly
- Valuing CDOs and calculating Greeks
- Handling CDO squareds

John Hull
Maple Financial Professor of Derivatives & Risk Management
UNIVERSITY OF TORONTO
John Hull is the Maple Financial Group Professor of Derivatives and Risk Management in the Joseph L. Rotman School of Management at the University of Toronto and Director of the Bonham Center for Finance. He is an internationally recognized authority on derivatives and has many publications in that area. Recently his research has been concerned with credit risk, executive stock options, volatility surfaces, market risk, and interest rate derivatives. He was, with Alan White, one of the winners of the Nikko-LOR research competition for his work on the Hull-White interest rate model. He has written two books "Options, Futures, and Other Derivatives" (now in its fifth edition) and "Fundamentals of Futures and Options Markets" (now in its fourth edition). He was voted Financial Engineer of the Year in 1999 by the International Association of Financial Engineers.

18.40 - 19.45

Hall of Fame Champagne Roundtables - see page 3 for further details

ENHANCED PRICING, HEDGING & TRADING OF CREDIT DERIVATIVES & CDOs

13.30

Advanced Explorations In Pricing CDOs And CDO^2s

- Calibration strategies
- Numerical techniques
- Model survey
- Approximations with CDO

Leif Andersen
Global Head, GCIB Quantitative Research
BANC OF AMERICA SECURITIES
Leif holds MSc's in Electrical and Mechanical Engineering for Technical University of Denmark; an MBA from University of California at Berkeley; and a PhD in Finance from Aarhus Business School. He is currently co-head of the quantitative research group at Banc of America Securities. Before that he spent 9 years at General Re Financial Products, working in a variety of financial markets.

"I always look forward to attending Global Derivatives to hear the latest in research and talk to the people that do it"

- Emanuel Derman, Columbia University

MAIN CONFERENCE DAY 1
Tuesday 9th May 2006

14.10

A New Approach To Modelling Forward Starting CDOs

- Modelling term structure of correlation versus modelling correlation skew
- The investment rationale for Forward starting CDOs
- Extending the Gaussian copula into the future: the nuts and bolts

Peter Jäckel
Global Head of Credit, Hybrid, Commodity and Inflation Derivative Analytics
ABN AMRO

Peter Jäckel received his D. Phil. in Physics from Oxford University in 1995. After a short period in academic research, he migrated into quantitative analysis and financial modelling in 1997, when he joined Nikko Securities. When Nikko closed down its European operations in 1998, he changed to NatWest, which later became part of the Royal Bank of Scotland group. In 2000, he moved to Commerzbank Securities' product development group, and headed up the team jointly with a co-head from 2003. Since September 2004, he has been with ABN AMRO.

14.50

Advanced Explorations In The Risk Management & Valuation Of Leveraged Synthetic Super Senior CDOs

Leveraged Super Senior

- Synthetic CDOs: from mezzanine to super senior
- Mark-to-market: handling gap risk
- Setting market triggers - MTM, spread and loss
- Pricing a super senior - what characteristics should the model have?
- Spread based models- Implications for hedging

David Shelton
Director, Global Credit Quantitative Analysis
CITIGROUP

Within Credit Research David's main interests are pricing and hedging of CDOs, CDO2s and other correlation products. For the past 8 years David has worked as a quantitative analyst on Credit, FX, and Hybrid FX interest rate products. Before that David was a postdoctoral theoretical physicist in Canada and Oxford for 2 years, after receiving a DPhil in Theoretical Physics from the University of Oxford.

15.30

Afternoon Tea & Opportunity To Visit The Derivatives & Risk Management 2006 Exhibition

16.00

Efficient Calculation Of Risk Measures Of Credit Portfolios With CDO Tranches

- Joint distribution of loss from overlapping credit portfolios
- Tail probability of total loss and VaR
- Destruction of non-normal tails by correlations
- Modeling of correlations across time horizons

Timur Misirpashaev
MD, Global Head of Quantitative Research
NUMERIX

Timur Misirpashaev is a Managing Director at NumeriX LLC. His background includes a PhD from the Landau Institute for Theoretical Physics and a postdoctoral position at the University of Leiden. He has been associated with NumeriX since the first year of its operations in 1996 and contributed as a researcher and software development lead for credit and foreign exchange analytics before moving to the role the Global Head of Quantitative Research in 2003.

16.40

On The Term Structure Of Portfolio Loss Distributions

- Kinematics and constraints
- Calibration to market
- Dynamics and constraints
- Calibration of dynamics
- Applications to deals

Jakob Sidenius
Global Head Of Credit Derivatives Research
THE ROYAL BANK OF SCOTLAND

Jakob Sidenius recently joined RBS as head of credit quants. Before that he was a senior credit quantitative analyst at Bank of America and he has previously worked for EBRD, SEB and SimCorp. Jakob is the author of a number of papers on equity, rates and credit derivatives. In a previous existence Jakob was an academic working on the physics of superstrings.

17.20

Assessing Risk Dynamics & The Realities Of Delta Hedging Techniques

- Relationship between credit delta hedge, cashflows, & residual risks
- Spread gamma: index versus idiosyncratic
- Dynamic delta hedging - cash-flows - time decay
- Spread dispersion, implied correlation fluctuations & monetizing index gamma
- 2005 CDX.NA.IG case study

Vivek Kapoor
CDO Trading Risk Manager
CREDIT SUISSE FIRST BOSTON

Vivek Kapoor is the risk-manager for CDO trading at CSFB. He is responsible for developing a risk-assessment strategy to assess risk-capital on CDO trading. Vivek and his team are responsible for analyzing the risk-return profile of individual trades and for the CDO cluster in aggregate and communicating to senior management in trading and risk-assessment globally. He manages a team of quantitative analysts, business analysts, and interfaces with information management personnel responsible for aggregating risks for all the CDO trading desks, and for facilitating their aggregation at the firm level. Prior to joining CSFB, Vivek worked for S&P, where he developed risk-assessment strategies for rating structured products backed by equity type assets, including equity default swaps, hedge funds, and private equity funds, and for market risk models for credit and interest rate sensitive structured products.

18.00

A Top Down Approach To Multi-Name Credit

- Modeling CDS market-wide defaults and losses
- Generating sub-models for individual firms and portfolios by random thinning
- Pricing multi-name products based on time changes
- Analytic results for self-ex

Kay Giesecke
Assistant Professor of Management Science & Engineering
STANFORD UNIVERSITY

Kay Giesecke is an Assistant Professor of Management Science & Engineering at Stanford University. He is on the faculty of Stanford's Financial Mathematics Program. Kay specializes in the quantitative modeling of credit risk. Before joining Stanford in 2005, he taught financial engineering at Cornell University. Kay holds an M.Sc. in Electrical Engineering & Economics and a Ph.D. in Economics.

18.40 - 19.45

Hall of Fame Champagne Roundtables - see page 3 for further details

ADVANCED PRICING & HEDGING OF EQUITY DERIVATIVES

13.30

Creating Portfolios With Minimum VaR

- Why is optimising VaR difficult?
- Using evolutionary computing to optimise portfolios
- A contrast with other approaches
- Should we be optimising different measures of risk?

David Jessop
Head of European Quantitative and Derivatives Research
UBS

David Jessop is the Head of European Quantitative and Derivatives Research at UBS. He has particular responsibility for research into style and portfolio analysis and construction. He also helps clients use and implement the quantitative tools available from UBS. David joined UBS in 2002. Prior to this, he spent seven years at Citigroup as Head of Global Quantitative Marketing. Before moving to the sell side he spent six years at Morgan Grenfell Asset Management, where he managed index funds, asset allocation funds and also an option overwriting fund.

14.10

Examining The Latest Advances In Pricing Equity Derivatives

- Multi-underlying structures and correlation modeling
- Hybrid products (with Credit, Fixed Income, Commodities)
- Volatility derivatives: practical pricing and risk management

Guillaume Blacher, *Head of Equity Derivatives Research*
BANC OF AMERICA SECURITIES

Prior to joining Banc of America as a Managing Director in charge of Equity Derivatives Research, Guillaume was a founding partner at Reech Capital, a derivatives ASP based in London. Before that, he worked at Paribas Capital Markets, where he became head of Equity Derivatives Research, at Nikko Financial Products where he built quantitative research activities together with Bruno Dupire and at Chase Manhattan as a Senior Quantitative Analyst for the FX Options desk.

14.50

Examining The Latest Trends And Developments In The Equity Derivatives Market: Overcoming New Risks & Product Challenges

- Performance of options-based indexes
- Volatility index update
- Market analysis of covered call indexes
- New developments in exchange traded derivative products and technologies

Paul Stephens
Director and Department Head Institutional and International Marketing
CHICAGO BOARD OPTIONS EXCHANGE

Paul Stephens is Director and Head of the Institutional and International Marketing Department of the Chicago Board Options Exchange (CBOE). Paul has over nineteen years experience in options, futures and other derivative securities. Prior to joining the marketing department at the CBOE, he was a Senior Staff Instructor with The Options Institute division of the CBOE. In this role he taught stock and stock index option seminars to institutional and retail clients. He also taught classes for the University of Chicago's Masters in Financial Mathematics program. Before arriving at the CBOE, he served as Financial Derivatives Instructor for the global investment bank S.G. Warburg. Mr. Stephens has also been a floor broker at the Chicago Mercantile Exchange for clients of Refco.

15.30

Afternoon Tea & Opportunity To Visit The Derivatives & Risk Management 2006 Exhibition

16.00

A New Approach To Modelling The Smile Dynamics: Consistent Pricing Of Reverse Cliquets, Napoleons And Options On Realised Variance

- Dynamics for the variance curve
- Building a model that provides separate handles on: the term-structure of volatility-of-volatility; the spot/volatility correlation; the foward skew
- Assessing the contributions of these effects to prices of napoleons and reverse cliquets
- Pricing options on realised variance

Lorenzo Bergomi
Head of Equity Derivatives Quantitative Research
SOCIÉTÉ GÉNÉRALE

Lorenzo heads the Quantitative Research team in the Equity Derivatives Department at Société Générale, where he has been since 1997. His group focuses on models & algorithms for exotics, hybrids, cash & vol prop.trading strategies. Originally trained as an electrical engineer, Lorenzo obtained a PhD in theoretical physics in the theory group at CEA, Saclay, France, then spent two years at MIT before joining SG.

16.40

Finite-Difference Approach To Pricing Barrier Options Under Stochastic Skew Model

- Stochastic Skew model - the SSM does capture both stochastic volatility and skewness
- Pricing single and double barrier options under the SSM
- A new finite-difference method that allows a fast solution of this equation with the second order of accuracy in space and time

Andrey Itkin
Senior Quantitative Engineer
AMARANTH GROUP

Dr. Andrey Itkin is a Senior Quantitative Engineer at Amaranth Group Inc. where he is a member of the Risk Management group. He is responsible for modelling and analytics of some financial instruments, particullary convertibles bonds and mandatories, and also for building pricing libraries using various numerical (MC, FD, FE, FFT) and analytical methods. He is also Full Professor of the Moscow State Aviation University at the Department of Applied Mathematics and Physics (since 1996). Prior to the current positions he worked as a Project Manager at the Bloomberg L.P. quantitative group and a systems programming manager at Thomson Financial. His prior academic positions include 1 year as a visiting scholar at UCLA, and 12 years as a leading researcher at the Institute of Theoretical Astronomy of the Russian Academy of Sciences, St.Petersburg Technical University and Moscow Aviation University. He also occupied senior managerial positions at the Institute of High Performance computing and Databases of the Russian Ministry of Science (as the Director of Operation and Research of the Moscow Branch) and at the International Institute for Problems of the Asteroid Hazard (as the Deputy Director).

17.20

A New Approach for Modelling & Pricing Correlation Swaps in Equity Derivatives

Correlation Swaps

- Fundamentals of index variance, constituent variance and correlation
- Toy model for derivatives on realized variance
- Quasi-replication of correlation swaps through variance dispersions

Sebastien Bossu
Vice President
DrKW

Sebastien Bossu graduated from HEC Paris and then went on to obtain his Masters in Financial Mathematics at the University of Chicago. He joined JPMorgan's Equity Derivatives Group as an exotics & hybrids structurer in 2003 and was recently appointed Vice-President at Dresdner Kleinwort Wasserstein. He is the author of two textbooks, including Finance and Derivatives, translated into English by John Wiley & Sons.

18.00

Assessing A Convenient Framework For Uncertain Volatility Dynamics

- General set-up for a state-conditional dynamics and induced constraints on spot and forward distributions
- Why the LT model brings an explicit answer with lognormal mixtures, a jumping state process and a simple derivation of dynamics equations
- LT implementation and closed-form solutions for standard and forward-start options. Uncertain smile profiles and averaging effect
- Model completeness, hedging issues and further applications

Nadhem Meziou
Head of Quantitative Research
NATEXIS BANQUES POPULAIRES

Nadhem Meziou is currently the Head of Quantitative Research at Natexis Banques Populaires - Global Debt & Derivatives Markets. His team addresses the modeling and pricing needs of the business across different asset-classes. Previous to that, Nadhem was running the Quantitative Research team of Dresdner Equity Derivatives in London. He started his career as a quantitative analyst at Banque Internationale de Placement in Paris. His main areas of interest are volatility and smile modelling, hybrid product pricing and static/dynamic hedging.

18.40 - 19.45

Hall of Fame Champagne Roundtables - see page 3 for further details

THE LATEST INNOVATIONS IN INTEREST RATE MODELLING

13.30

Enhanced Pricing Of Correlation Products In Interest Rates Derivatives

Guillaume Couzineau
Global Head of Fixed Income Derivatives Trading
IXIS CIB

Extended Session

14.10

Fast Adjoint Calculation Of Greeks In The Libor Market Model

- Challenges in computing multiple price sensitivities in interest rate models and volatility surface models
- Adjoint acceleration: forward simulation with backward differentiation
- Speed-ups in delta, gamma and vega calculations
- Implementation in the LIBOR market model

Paul Glasserman
Jack R. Anderson Professor of Risk Management
COLUMBIA GRADUATE SCHOOL OF BUSINESS

Paul Glasserman is the Jack R. Anderson Professor of risk management at Columbia Business School, where his research and teaching address modeling and computational issues in risk management and the pricing of derivative securities. Paul is author of the book Monte Carlo Methods in Financial Engineering, published by Springer in 2004.

15.30

Afternoon Tea & Opportunity To Visit The Derivatives & Risk Management 2006 Exhibition

16.00

Modelling The Smile: Practical Techniques For Calibrating Smile LIBOR Market Models
Antoine Savine
Global Head of Derivatives Research
BNP PARIBAS

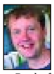
STOCHASTIC VOLATILITY

16.40

New Work On Cross Currency Models With Stochastic Volatility

Stochastic Volatility

- Incorporating stochastic FX volatility in the valuation of PRDC swaps and other cross currency products
- Extending with multi factor yield curve dynamics
- Handling interest rate smiles and skews
- Numerical implementation and pricing examples



Jesper Andreasen
Head of Fixed Income Quantitative Research
BANK OF AMERICA

Jesper Andreasen heads the Fixed Income Quantitative Research Department at Bank of America in London covering interest rate and cross currency derivatives. Prior to this, Jesper has held positions in the quantitative research departments of Nordea, Bank of America, and General Re Financial Products. Jesper's research interest include: term structure modeling, volatility smiles, and numerical methods. In 2001 Jesper received Risk Magazine's Quant of the Year award. Jesper holds a PhD in Mathematical Finance from Aarhus University, Denmark.

17.20

An Interest Rate Stochastic Volatility Model On A Time-Continuous Lattice

- The short rate model in a functional analysis formalism
- Introducing jumps and stochastic volatility
- Fitting the vol cube and general measure changes, not associated to changes of numeraire assets
- Convergence properties of a time continuous functional lattice
- Numerical implementation and examples

Manlio Trovato
Senior Quantitative Analyst, Global Markets Derivative Analytics
MERRILL LYNCH

Manlio is a senior quant at Merrill Lynch, London, within the Global Markets Derivative Analytics Group, where he has worked since 1998. He has focused on the implementation of the analytics library, used globally within Merrill Lynch, for the pricing and risk management of plain vanilla and exotic interest rate products. His research has covered yield curve models, inflation derivatives, monte carlo and tree numerical methods, and stochastic volatility models. Before moving into finance, Manlio has worked three years in the aerospace sector, where he has carried out mathematical modelling and IT development projects for a satellite launcher and a satellite control centre.

18.00

Asymptotic Geometrical Methods: Applications To The Calibration Of Stochastic Volatility Models

- General asymptotic smile formula for stochastic volatility models
- Applications: SABR model with a mean-reversion term & Stochastic Volatility Libor Market Models

Pierre Henry- Labordere
Quantitative Analyst Equity Derivatives
SOCIÉTÉ GÉNÉRALE

Pierre Henry-Labordere has recently joined the Equity Derivatives Research team at Société Générale as a quantitative analyst. After receiving his Ph.D. at Ecole Normale Superieure (Paris) on the physics of superstrings, Pierre worked in the Theoretical Physics department at Imperial College (London) before joining Barclays Capital in 2004 as a quantitative analyst. His work at Société Générale currently focuses on hybrid models.

18.40 - 19.45

Hall of Fame Champagne Roundtables - see page 3 for further details

"The conference was excellent"

- Bill Cassano, VP, GOLDMAN SACHS

"One of the best conferences I ever attended"

- Nassim Nicholas Taleb, Chairman, EMPIRICA LLC

MAIN CONFERENCE DAY 2
Wednesday 10th May 2006

08.30

Coffee & Opportunity To Visit The Derivatives & Risk Management 2006 Exhibition

INNOVATIONS IN VOLATILITY MODELLING & TRADING

08.45

Talking
Volatility

PANEL: Unravelling The Realities Of (Mis)Pricing Exotic Volatility Derivatives: What Lessons Can We Learn From Recent Market Events?

Chaired by: **Jim Gatheral,** *Managing Director*
MERRILL LYNCH
See below for biographical details

Peter Carr, *Head of Quantitative Research*
BLOOMBERG

Dr. Peter Carr is the Head of Quantitative Financial Research at Bloomberg LP, where his group is responsible for all facets of the business operation relating to modeling and analytics. He is also the Director of the Masters in Math Finance program at NYU's Courant Institute. Prior to his current positions, he headed equity derivative research groups for six years at Banc of America Securities and at Morgan Stanley. He is also credited with numerous contributions to quantitative finance including: co-inventing the variance gamma model, inventing static and semi-static hedging of exotic options, and popularizing variance swaps and corridor variance swaps. Peter has recently won awards from Wilmott Magazine for ``Cutting Edge Research'' and from Risk Magazine for ``Quant of the Year''.

Michael Hintze, *CEO,* **CQS (UK) LLP**

Michael Hintze is the founding Chairman and CEO of CQS (UK) LLP, an industry leading hedge fund which manages assets of over $5billion in a portfolio of four funds. Michael began his career in the Australian Army, where he rose to the rank of temporary Captain. In 1982 he joined Salomon Brothers in New York as a Fixed Income trader before eventually moving to London to join Goldman Sachs where he created the firm's European warrant and convertible bond operations before becoming Head of UK Equity Trading. In 1996, Michael joined Credit Suisse First Boston as European Head of Convertibles and Derivatives. He left in 1999 to establish the CQS Convertible and Quantitative Strategies Head Fund, which won the Eurohedge Convertible and Equity Fund of the Year 2001 and 2004.

Stephen Blyth, *MD, Head of Proprietary Trading Group, Global Rates,* **DEUTSCHE BANK**

Stephen Blyth is Managing Director and head of the Proprietary Trading Group in Global Rates at Deutsche Bank. He heads a team of professionals running a spectrum of strategies across major interest-rate markets. Dr Blyth joined Deutsche Bank in 2003 from Morgan Stanley in New York where he was Managing Director in the Interest Rate Group. His most recent work has focussed on the use and misuse of quantitative models in finance. Before moving to Wall Street, Dr Blyth was a Lecturer in the faculty of the Department of Mathematics at Imperial College, London.

10.15

A Robust Approach To Exotic Underlyings For Exotic Options

- Options on drawdown, trading gains, upcrosses, and local time
- Exotic option premia and hedge fund fees
- Constant proportion portfolio insurance and options on CPPI wealth

Peter Carr, *Head of Quantitative Research,* **BLOOMBERG**
See above for biographical details

11.00

Morning Coffee & Opportunity To Visit The Derivatives & Risk Management 2006 Exhibition

11.30

Examining The Practical Challenges Of Modelling & Effectively Hedging Options On Variance Swaps
Speaker tbc

12.15

Realtime Volatility Estimation And Forecasting Under Zero Intelligence

- A non-intelligent model of the continuous double auction and its time series properties
- Uses of volatility forecasts
- Market microstructure bias
- A survey of estimation and forecasting algorithms
- Experimental results

Jim Gatheral, *Managing Director,* **MERRILL LYNCH**

A well-known industry speaker and author of various articles, Jim Gatheral is a Managing Director at Merrill Lynch and also an Adjunct Professor at the Courant Institute of Mathematical Sciences, New York University. Dr. Gatheral obtained a Ph.D. in theoretical physics from Cambridge University in 1983. Since then, he has been involved in all of the major derivative product areas as bookrunner, risk manager and quantitative analyst in London, Tokyo and New York. From 1997 to 2005, Dr Gatheral headed the Equity Quantitative Analytics group at Merrill Lynch. His current research focus is equity market microstructure and algorithmic trading.

13.00

Lunch & Opportunity To Visit The Derivatives & Risk Management 2006 Exhibition

14.30

The Choice Of Copula And Model Specification

- Copula function implied by a model
- Model calibration and specification of the marginal distributions
- Consistency between the marginal distributions and the choice of a copula
- Forward volatility and the choice of a copula

Marek Musiela
Global Head of Fixed Income Research & Strategies Team
BNP PARIBAS

Marek is well known for his contribution to the development of models used in pricing and risk management of financial derivatives, in particular for his work on the so called 'BGM' or 'Market Models'. His area of expertise lies in stochastic calculus, probability, statistics and applications of such methods in the context of financial risk management. His book, co-authored with M. Rutkowski, entitled 'Martingale Methods in Financial Modelling' provides a comprehensive, self-contained, and up-to-date treatment of the main topics in the option pricing theory and is considered to be a classic in this area.

15.15

Expected Return And Risk Of Covered Call Strategies: A New Framework For More Accurate Projections And Analysis Of Historical Performance

- A theoretical framework will be presented that evaluates covered call strategies on an equity index from a risk-return perspective
- This framework will be used to explain the strong historical performance of covered call strategies
- The framework emphasizes the effects of the implied-realized volatility spread and the stock index drift (mu) on covered call strategies
- It will be shown that it is advantageous to implement a covered call strategy with short-dated rather than long dated call options

Ilya Figelman
Quantitative Analyst
ALLIANCEBERNSTEIN

Mr. Figelman is a quantitative analyst in AllianceBernstein's Product Development Group. He is currently involved with quantitative research for equities, fixed-income, derivatives and asset allocation. Mr. Figelman joined AllianceBernstein in June, 2004. Beforehand, he worked as a quantitative investment analyst at General Motors Asset Management (GMAM). Mr. Figelman published an article on active risk budgeting in the Journal of Portfolio Management (summer, 2004) and has down original research on equity derivative and equity strategies.

16.00

Afternoon Tea & Opportunity To Visit The Derivatives & Risk Management 2006 Exhibition

SPECIAL EXTENDED SESSION

16.25

Understanding And Exploiting Volatility Skews

SPECIAL EXTENDED SESSION

- How to distribute the skew between leverage and jumps
- Computing the fair skew via break-even volatilities
- Barrier options, Napoleons, reverse cliquets as forward skew trades
- Review of the new skew linked swaps
- Arbitraging implied skew dynamics with realized dynamics
- Comparison of LVM, Heston, SABR
- Stochastic skew models

Bruno Dupire
Quantitative Research
BLOOMBERG

Dr Bruno Dupire has headed derivatives research teams at Société Générale, Paribas and Nikko FP, before joining Bloomberg in New York to develop advanced analytics. He has pioneered the use of neural networks for time series forecasting in the late 80's. He is best known for his work on volatility modelling, including the Local Volatility Model (1993), extension of the Black-Scholes-Merton model to fit all option prices, and subsequent stochastic volatility extensions and work on volatility derivatives. He has edited the Risk book "Monte Carlo: Methodologies and Applications for Pricing and Risk Management". He was included in December 2002 in the Risk magazine "Hall of Fame" of the 50 most influential people in the history of derivatives.

18.00

Champagne Roundtables - see page 3 for further details

19.00 - 20.30

Global Derivatives & Risk Management 2006 Gala Cocktail Party

THE LATEST DEVELOPMENTS IN PORTFOLIO CREDIT RISK MODELLING

Extended Session

08.45

The Loss Market Model: A New Fully Dynamic Model For Advanced Pricing Of CDOs

Quant of the year 2005

- Arbitrage-free parametrisation of the loss surface with forward transition rates
- Understanding forward transition rates: Financial interpretation and princing of standard STCDOs
- Making forward transition rates dynamic
- Conditions ensuring absence of arbitrage
- Ensuring nonnegativity
- Pricing advanced portfolio credit derivatives: Forward-starting CDOs, leveraged super-senior tranches, hybrid securities

Philipp Schönbucher, *Assistant Professor*
ETH ZURICH

Dr. Philipp J. Schönbucher is assistant professor of Risk Management at the Swiss Federal Institute of Technology in Zurich (ETH Zürich). He holds degrees in mathematics (Oxford) and economics (Bonn) and a PhD in economics (Bonn). His publications include papers on credit risk modelling, credit derivatives pricing, stochastic volatility modelling, option pricing in illiquid markets, real options and term structure models. His main area of research is credit risk modelling and credit derivatives pricing in which he has been active since 1996. In 2005 he was awarded the "Quant of the Year" award by Risk Magazine. Furthermore, he is author of a book on "Credit Derivatives Pricing Models").

MAIN CONFERENCE DAY 2
Wednesday 10th May 2006

10.15

Advanced Pricing Of CDOs
- Interpolation of base correlations
- Parametric factor copulas
- Non parametric implied copulas
- Loss dynamics

Jean-Paul Laurent, *Professor*
ISFA ACTUARIAL SCHOOL, UNIVERSITY OF LYON
Jean-Paul is a professor at the ISFA actuarial school within the university of Lyon. He is known in the credit field for contributing to the development of analytical pricing techniques for CDOs.

11.00

Morning Coffee & Opportunity To Visit The Global Derivatives & Risk Management 2006 Exhibition

11.30

Structured Credit: Outside The Correlation Box
- Cyclical vs. Secular Forces: We envision a battle between increasing cyclical risks in credit and the secular shifts in investment styles
- Index and Bespoke Tranches: We see significant investment opportunity within index tranches and bespokes
- Additional forces affecting structured credit: We address other key opportunities and issues in the structured credit world

Peter Polanskyj
Vice President, Structured Credit/Credit Derivatives Strategy
MORGAN STANLEY
Peter Polanskyj is a Vice President covering Credit Derivatives and Structured Credit Product Strategy. Peter's coverage includes credit default swaps and options, as well as baskets and other synthetic portfolio structures. Prior to joining his current team, Peter worked as an actuary specializing in the valuation of commercial casualty insurance and reinsurance products, as well as natural catastrophe risk modeling.

12.15

Implied Loss Distribution, Term Structure Of Skew And Gaussian Extension
- Implied loss distribution from the index tranche market
- Bootstrapping implied loss from the term structure of correlation skew
- Combination of new portfolio models and implied loss distribution

David Li, *Global Head of Quantitative Analytics, Credit Derivatives*
BARCLAYS CAPITAL
David Li is Global Head of Quantitative Analytics in the Credit Derivatives Group at Barclays Capital. He leads Barclays Capital quantitative development efforts to support the global credit derivative business. He has achieved broad recognition in the industry for his groundbreaking work on pricing portfolio credit derivatives, such as CDOs, using copula functions. David has previously worked at Citigroup, AXA Financial, The RiskMetrics Group and CIBC.

13.00

Lunch & Opportunity To Visit The Derivatives & Risk Management 2006 Exhibition

THE LATEST INNOVATIONS IN CREDIT CORRELATION MODELLING & TRADING

14.30

TALKING CORRELATION TRADING

Examining The Latest Developments In Structured Credit Investing & The Impact On Correlation Trading & Risk Management
CORRELATION TRADING

Chair: **Juan Blasco**
Head of Credit Trading
BBVA
Juan Blasco is Head of Credit Trading at BBVA. He is responsible for Syndicate and Credit Trading, managing the credit risk of the portfolio from bonds to structured credit including CDOs & tranches and options. Juan has 10 years experience in markets, 8 of them in Credit Trading at BBVA where he had different responsibilities including setting up the CDS activities. Prior to his current role, he headed up the CDS and structured desk.

Joe Holderness
Head of Credit Portfolio Trading
JPMORGAN CHASE
Joseph Holderness is currently Managing Director, Head of Credit Portfolio Trading for JP Morgan Chase in New York. Prior to joining Chase, he was head of Financial Engineering for Baring Securities in London, and before that held positions in quantitative analysis and arbitrage strategy at County NatWest and BARRA International.

Moorad Choudhry
Head of Treasury
KBC FINANCIAL PRODUCTS
Moorad Choudhry is Head of Treasury at KBC Financial Products in London. He joined there from JPMorgan Chase Bank, where he was a vice-president in Structured Finance Services sales and marketing. Prior to that he was a sterling proprietary trader in the Treasury division at Hambros Bank Limited, and at ABN Amro Hoare Govett Sterling Bonds Limited where he ran the short-dated gilts and money markets desk.

Ziggy Jonsson, *Head of Index Derivatives*
BANK OF AMERICA
Ziggy Jonsson is European Head of Index Derivatives at Bank of America. In this position, he is responsible for trading standardised credit products in Europe, primarily synthetic CDOs and credit swaptions. Ziggy joined Bank of America in December 2004 as a Senior Hybrid Trader. Prior to this, was the Deputy Managing Director of Treasury and Head of Derivatives Trading at Kaupthing Bank in Reykjavik, Iceland.

15.15

A New Approach To The Underlying Dynamics Of Credit Correlations
Credit Correlations
- The dynamic origin of the correlation skew
- Time series models of long-term equity returns and portfolio credit risk
- Correlation spectrum as a tool for exploring portfolio credit risk models
- Predictive vs. calibrated models of correlation skew

Arthur Berd
Quantitative Strategist
BLUEMOUNTAIN CAPITAL MANAGEMENT
Arthur M. Berd is a quantitative strategist at BlueMountain Capital Management. Prior to February 2005, Arthur was a Senior Vice President at Lehman Brothers where he was responsible for a variety of quantitative credit models and strategies across corporate bonds and credit derivatives, and was instrumental in portfolio advisory activities for the Firm's largest clients. Before joining Lehman Brothers in April 2001, he was a Vice President at Goldman Sachs Asset Management, focusing on fixed income risk management and quantitative portfolio analysis for cash and CDO products.

16.00

Afternoon Tea & Opportunity To Visit The Derivatives & Risk Management 2006 Exhibition

16.25

A New Approach To The Modelling And Pricing Of Correlation Credit Derivatives
- FIRST model dependence
- THEN fit to CDS data
- Some pricing examples using Markov chain dependence
- What next?

Chris Rogers
Professor of Statistical Science
UNIVERSITY OF CAMBRIDGE
Chris Rogers is Professor of Statistical Science at the University of Cambridge, where he moved in 2002 after nearly nine years at the University of Bath. He is the author of more than 100 publications, including the famous two-volume work, Diffusions, Markov Processes, and Martingales with David Williams. His work in finance includes the potential approach to term structure of interest rates, complete models of stochastic volatility, portfolio turnpike theorems, improved binomial pricing, robust hedging, liquidity modelling, axiomatics of valuation operators, the equity premium puzzle, duality in optimal investment/consumption, Monte Carlo valuation of American options, and stochastic optimal control by Monte Carlo.

17.10

Capturing Recovery Rate Uncertainty Within The Correlation Skew
Correlation Skew
- Recovery rate uncertainty: empirical evidence
- Recovery rate uncertainty in a base correlation model
- Recovery rate swaps
- An uncertain recovery correlation skew model for CDOs

Dominic O'Kane
Head of Fixed Income Quantitative Research Europe,
LEHMAN BROTHERS
Dominic is responsible for the European Quantitative Research Group which covers the development of the models for the pricing and risk-management needs of the credit, interest rates, FX and energy businesses. Before joining Lehman Brothers in 1997, Dominic spent three years at Salomon Brothers. Before going into finance Dominic was a research fellow in mathematical physics at Imperial College London.

18.00

Champagne Roundtables - see page 3 for further details

19.00 - 20.30

Global Derivatives & Risk Management 2006 Gala Cocktail Party

ADVANCED MODELLING OF HYBRID DERIVATIVE PRODUCTS

08.45

Assessing Market Factor Models For Equities And FX
- Correlation management and proceduralism: decompositions are not factors; spanning the size spectrum
- Choice of market factor dynamics & extension to multi-currency FX
- Transform and MGF methods - basket approximation and large-basket approximation
- The double-jump problem

Tom Hyer
Managing Director, Derivatives Analytics
UBS
Tom Hyer obtained a B.A. from Rice and a Ph.D. from Stanford before beginning his analytics career in fixed-income derivatives at Bankers Trust (now Deutsche Bank); he subsequently worked at First Union before joining UBS in 2001. He is perhaps best known as the author of "It's About Forward Vol", a seminal analysis of calibration techniques for interest rate models. He has devised and implemented models for Libor, bond, equity, credit, FX, cross-currency and hybrid products, as well as languages for trade description, hedge computation and run-time extensions. His current focus is on hybrid and credit models, and on their interoperation with payout languages and frameworks.

09.30

Advanced Correlation And Hybrid Trading
Hybrid Modelling
- Modeling historical correlation
- Pricing hybrids with implied correlation
- Pricing hybrids with local correlation

Christopher Hunter
Hybrid Trader
BNP PARIBAS
Christopher Hunter is a hybrid trader on the exotic interest desk at BNP Paribas in London. Prior to trading he worked in quantitative research at BNP Paribas, both in New York and London.

10.15

Optimizations Of Credit Derivative Pricing Using Monte Carlo
- Use of important sampling techniques and alignments
- Illustration of CDO squares & practical results

Tat Sang Fung
Associate Director of Financial Engineering/Treasury & Capital Markets
MISYS BANKING SYSTEMS
Tat Sang Fung joined the Misys Summit business in 1996 and where he specializes in financial engineering and quantitative techniques. He has co-authored the article "BGM Numeraire Alignment at Will" published in Risk International, 2004. Tat Sang Fung holds a Ph.D. in Mathematics from Columbia University in the City of New York. He is also an adjunct professor of Columbia University in the City of New York.

11.00

Morning Coffee & Opportunity To Visit The Global Derivatives & Risk Management 2006 Exhibition

11.30

Pricing And Hedging In A 'Bi-Polar' World
- How to price/hedge when the volatility skew/smile is not consistent with historical behaviour of ATM implied volatility
- Analysing a number of toy examples
- One simple toy example: ATM volatilities are given by a one-factor NormLog model while at the same time implied Black volatility is the same for all strikes

Piotr Karasinski
MD, Global Head of Quantitative Development
HSBC
At HSBC Piotr has global responsibility for providing quantitative support to derivatives trading across all asset classes. He started his derivatives Career 22 years ago in New York and moved to London 9 years ago. He has a PhD in physics from Yale University.

12.15

Real-World Transaction Costs: Effects On The Pricing And Hedging Of Exotic Equity And Multi-Asset Hybrid Derivatives
- Analysis of how markets price transaction costs in vanilla equity options
- Why derivatives traders often omit transaction costs when pricing exotic options
- How the growth in multi-asset hybrid derivatives has increased the need to understand these costs
- Real-world examples of why the cost of hedging often outweighs the actual modelling of exotic derivatives

Mike de Vegvar
Head of Exotic Equity Index, Hybrid, and Volatility Derivatives Trading
UBS
Mike de Vegvar is an Executive Director at UBS and is head of exotic equity index, hybrid, and volatility derivatives trading in London. Prior to joining UBS in 1997, Mike traded interest rate derivatives for Bankers Trust and First Chicago. He holds BS and MS degrees in Electrical Engineering from MIT and an MBA from the Wharton School of Business.

13.00

Lunch & Opportunity To Visit The Derivatives & Risk Management 2006 Exhibition

14.30

Pricing Hybrid Tranches Using Extensions To Intensity Gamma
- Problems with the conventional base correlation/loss fraction methodology
- The Intensity Gamma model : description of the model and some discussion of implementation
- Introduction to hybrid tranches : bespoke tranches whose components map to different indices
- Extensions to the Intensity Gamma model to price these products

Dherminder Kainth
Deputy Head of Quantitative Research Centre
THE ROYAL BANK OF SCOTLAND
Dherminder Kainth joined RBS in 2001 after completing a PhD and postdoctoral work in the Optoelectronics group (Physics) in the Cavendish Laboratory, Cambridge. After a very brief stint at a hedge fund he joined QuaRC under Riccardo Rebonato. Over the past five years he has worked on derivatives in credit, interest rates, equity and FX.

15.15

Model Choice And Misspecification For General Processes And Their Impact On Risk-Management
- Model errors: general definitions
- Semimartingales theory and examples: jump-diffusions, stochastic volatility, Levy processes
- Replication error: analytical formulae for general processes
- Model error example 1: Models with and without jumps
- Model error example 2: Stochastic volatility models with zero and non-zero correlation and local volatility

Stefano Galluccio
Director, Exotic Derivatives Trader & Head of Exotic Derivatives Structuring
BNP PARIBAS
Stefano Galluccio is an exotic interest-rates derivatives and hybrids trader and head of exotic derivatives structuring at BNP Paribas. Prior to his current position he was a senior quantitative analyst in interest-rates and hybrid derivatives.

16.00

Afternoon Tea & Opportunity To Visit The Derivatives & Risk Management 2006 Exhibition

16.25

Dynamic Credit Correlation Modeling For CDOs And Hybrids

- Copula versus dynamic credit correlation models
- Credit models on high dimensional functional lattices
- Estimating the market price of credit risk and liquidity spreads
- Calibrating credit correlations to index tranches
- Pricing equity and fixed income hybrids on functional lattices

Claudio Albanese
Professor of Mathematical Finance
IMPERIAL COLLEGE LONDON

Claudio Albanese is Professor of Mathematical Finance at Imperial College London. His PhD is from ETH-Zurich and he worked at several North American Universities including NYU, Princeton and the University of Toronto. His interests are in building stochastic volatility models for derivatives, in dynamic credit correlation modeling and in hybrid structures. After having worked on analytically solvable models, he is currently focusing on non-parametric methods.

17.10

Pricing Multi-Commodity And Other Exotic Commodity Options In A Multi-Factor Jump-Diffusion Model

- Introduction to the model and its rationale
- Pricing standard options and model calibration
- Multi-commodity extensions: Primary and "daughter" commodities
- Pricing spread options (eg crack, spark and dark spread) and other exotics

John Crosby
Global Head of Quantitative Analytics and Research
LLOYDS TSB FINANCIAL MARKETS

John began his career by trading fx options. He then moved to Monis (formerly London Business School Financial Software) where he researched and wrote their pricing libraries for a very wide range of exotic options as well as co-writing their three-factor Convertible bond model, which captured stochastic equity prices, interest-rates and default risk. He then worked at First Chicago and at Barclays Capital. In his current role he is responsible for developing advanced models for pricing and risk-managing a wide-range of complex derivatives.

18.00

Champagne Roundtables - please see page 3 for further details

19.00 - 20.30

Global Derivatives & Risk Management 2006 Gala Cocktail Party

THE LATEST INNOVATIONS IN INTEREST RATE MODELLING

08.45

Displaced Levy Processes: New Developments And Stable And Efficient Calibration

Levy Processes

- Strengths and weaknesses of Levy processes to model equity and FX
- First and second-generation Levy processes
- Behaviour of global fits and maturity-by-maturity fits
- Model behaviour as a function of changes in the underlying - problems and how to fix them
- Introducing Displaced Levy Processes
- Histories of smile evolution: what do they tell us about a desirable fit
- Obtaining stable, rapid and efficient fits

Riccardo Rebonato
Global Head of Market Risk and Head of Quantitative Research & Quantitative Analysis
THE ROYAL BANK OF SCOTLAND

Dr Riccardo Rebonato is Global Head of Market Risk and Global Head of Quantitative Research and Quantitative Analysis for RBS. He is also a Visiting Lecturer at Oxford University in Mathematical Finance. He holds Doctorates in Nuclear Engineering and Solid State Physics. He is the author of the books The Perfect hedger and the Fox (2004), Modern Pricing of Interest-Rate Derivatives (2002), Interest-Rate Option Models' (1996, 1998), 'Volatility and Correlation in Option Pricing' (1999), has published several papers on finance (interest-rate option models, computational techniques) in academic journals and is on the editorial board of several journals. He sits on the Board of Directors of International Swaps & Derivatives Association (ISDA) and on the Board of Trustees of the Global Association of Risk Professionals (GARP).

Extended Session

09.30

Multi-Stochastic Volatility LMM Models For CMS Spread Derivatives

CMS Spreads

- Is CMS spread volatility sold too cheaply?
- Drivers of CMS spread smile
- Building LMM models with stochastic volatility decorrelation

Vladimir Piterbarg
Head of Fixed Income Modelling
BARCLAYS CAPITAL

Vladimir Piterbarg is the head of fixed income modelling at Barclays Capital. Before joining Barclays Capital in March 2005, he was a co-head of quantitative research for Bank of America, where he had worked for 8 years. Vladimir Piterbarg's main areas of expertise are the modelling of exotic interest rate and hybrid derivatives. He holds a Ph.D. in Mathematics (Stochastic Calculus) from University of Southern California.

11.00

Morning Coffee & Opportunity To Visit The Global Derivatives & Risk Management 2006 Exhibition

11.30

Explorations Into Stochastic Volatility Modelling

- What we need from a stochastic volatility model
- A class of stochastic volatility models and associated volatility smiles
- Relationship to standard stochastic volatility models
- Selecting a model with quasi-stationary dynamics

Phil Hunt
Managing Director, Head of Interest Rate Quantitative Analysis, Europe, **CITIGROUP**

Phil Hunt is currently Head of Rates Quantitative Analysis at Citigroup in Europe. Phil has been in the financial markets since 1992, previously holding positions at NatWest Markets, ABN-Amro and WestLB. He is co-author, with Joanne Kennedy, of the book "Financial Derivatives in Theory and Practice".

12.15

Practical Aspects Of Calibration And Use Of Libor Market Models With Stochastic Volatility

- Different techniques for European swaptions
- Effective reduction of dimensionality and parametric dependencies
- Comparison of local and stochastic volatility models for multicallable exotics

Alexandre Antonov, *VP Quantitative Research,* **NUMERIX**

Alexandre Antonov got his PhD degree from the Landau Institute for Theoretical Physics in 1997 and joined NumeriX LLC in 1998 where he currently works as a VP of Quantitative Research. His activity is concentrated on modeling and numerical methods for interest rates, cross currency, and credit.

13.00

Lunch & Opportunity To Visit The Derivatives & Risk Management 2006 Exhibition

14.30

Examining The "String" Theory Of Interest Rates

- Empirical findings on interest rate curve statistics
- Models of fluctuating lines: rigidity, stiffness
- The forward rate curve: anticipated trend, risk and psychological time

Jean-Philippe Bouchaud, *Chairman*
CAPITAL FUND MANAGEMENT

Jean-Philippe Bouchaud was appointed Chairman and Chief Scientist of CFM in October 2001. He obtained his Ph.D. from Ecole Normale Superieure (Paris) in theoretical physics. He became interested in theoretical and empirical finance in 1991 and founded the research company Science & Finance in 1994 with Jean-Pierre Aguilar. His work, summarized in the book Theory of Financial Risks and Derivative Pricing, includes new statistical models of returns and correlations, extreme risk control and option pricing beyond Black-Scholes. He now supervises, together with Marc Potters, the research team of CFM. He is also the Editor in Chief of Quantitative Finance.

15.15

Examining Stochastic Volatility Models And Applications To Advanced Interest Rate Derivative Pricing

- Application of short-rate and yield curve stochastic volatility models to pricing of caps and swaptions
- Closed-form analytical solutions of two-factor short-rate models motivated by Duffie-Pan-Singleton approach to solution of affine jump diffusion models
- Effectiveness of stochastic volatility models in capturing smile and skew
- Modelling smile dynamics.

Paul Feehan, *Quantitative Analyst,* **JPMORGAN**

Paul Feehan is a member of the Quantitative Research group at JPMorgan Chase. His primary responsibility is to lead reviewing for equities and convertible bond models; he also works on interest rates research projects and directs the Quantitative Research training program. Prior to his current industry position, he was a member of the Quantitative Finance Research group at Bloomberg.

16.00

Afternoon Tea & Opportunity To Visit The Derivatives & Risk Management 2006 Exhibition

FX MODELLING

16.25

Structuring Multi-Structure Foreign Exchange Derivative Hedges Through Optimisation

- The use of optmisation techniques for tailoring hedge solutions
- The relevance of alternative downside risk measures when combining FX derivative structures
- Choosing an optimal hedge point
- Introducing user utility in the decision making process

Kenrick Ramlochan
Director FX Analytics & Risk Advisory Europe
ABN AMRO

Kenrick Ramlochan is the Director of FX Analytics and Risk Advisory for Europe at ABN AMRO. He is responsible for the provision of analytics and tailored solutions to institutional and corporate clients. Previously, he was the Head of Global Risk Analysis for Europe at Bank of America, responsible for a global client portfolio, advising on foreign exchange, fixed income derivatives and commodities issues.

17.10

Examining Copula Functions Applied To Joint Foreign-Exchange Returns

- Fitting copula functions to historical FX data, for emerging and developed markets
- Alternative measures of dependence & the appropriate copula
- Risk management and pricing applications

Petra Wikström, *Senior Analyst, Quantitative Solutions*
ROYAL BANK OF SCOTLAND

Petra Wikström joined Quantitative Solutions, Royal Bank of Scotland, in 2003. Her role consists of providing cross-asset quantitative service to the financial institution and corporate client base, with focus on FX. She holds a Doctor of Technology (Applied Physics) degree in turbulence - fluid dynamics, from the Royal Institute of Technology, Stockholm, Sweden. Earlier roles include Quantitative Analyst at Svenska Handelsbanken in Stockholm and Quantitative Analyst at BNP Paribas in London.

18.00

Champagne Roundtables - see page 3 for further details

19.00 - 20.30

Global Derivatives & Risk Management 2006 Gala Cocktail Party

MAIN CONFERENCE DAY 3
Thursday 11th May 2006

08.30

Morning Coffee

08.50

Chairman's Opening Welcome:
Riccardo Rebonato
Global Head of Market Risk and Head of Quantitative Research & Quantitative Analysis
THE ROYAL BANK OF SCOTLAND

See below for biographical details

09.00

SPECIAL GUEST ADDRESS

Lessons Of The Market Wizards - Exploring The Common Denominators Of Trading Success

- What is NOT important for trading success
  - personality and trading
  - the need for an edge
- Is trading skill an inborn talent?
- Risk management
- The one common denominator of success

Jack Schwager, *Managing Member*
MARKET WIZARDS FUND

Jack Schwager is a managing director and principal of The Fortune Group, an alternative asset management firm regulated in the UK and the United States. Schwager is the Senior Portfolio manager for Fortune's Market Wizards Funds of Funds, a broadly diversified series of institutional hedge fund portfolios. He also serves on the board of Fortune's research affiliate Global Fund Analysis, a leading source of independent hedge fund research. His prior experience includes 22 years as the director of futures research for some of Wall Street's leading firms and 10 years as the co-principal of a commodity trading advisory firm. Mr. Schwager is perhaps best known as the author of the best-selling Market Wizards (1989), and the equally popular The New Market Wizards (1992). A third volume in this series, Stock Market Wizards was released in early 2001. Mr. Schwager's first book, A Complete Guide to the Futures Markets is considered to be one of the classic reference works in the field. More than a decade later he revised and expanded this original work into the three-volume series, Schwager on Futures, consisting of the following titles: Fundamental Analysis (1995), Technical Analysis (1996), and Managed Trading: Myths and Truths (1996). He is also the author of Getting Started in Technical Analysis (1999), which is part of John Wiley's popular "Getting Started" series.

Electronic Polling

09.45

GLOBAL DERIVATIVES 2006 TALKING TRADING PANEL

NEW for 2006, we will include electronic polling during this panel discussion, to make a more interactive debate with plenty of audience participation.

Examining Current Developments In & Dynamics Of The Derivatives Market: Examining The Use & Realities Of Quantitative Models

TRADING PANEL

Stan Jonas
Managing Director
FIMAT USA, DUTCH BOOK PARTNERS

Mr. Jonas began his career in 1977 at ACLI Commodities, Inc., a major international commodities trading firm at a time when the futures market was just beginning to emerge as a significant part of the financial services industry. During his sojourn at ACLI he established that firm's Financial Futures division. When the securities firm of Donaldson Lufkin Jenerette acquired ACLI in 1982, Mr. Jonas was made Director of the combined firm's Derivative Products Group. Mr. Jonas left DLJ in 1985 to join Lehman Brothers as Director of the Institutional Futures and Derivative Products Group. In September of 1991, Mr. Jonas left Lehman Brothers to join FIMAT,USA, Inc. a subsidiary of Societe Generale, as Managing Director of the Derivative Products Group. While at FIMAT,USA Mr. Jonas has built his group from its original 4 member base to over 150 employees both in New York, London and Asia.

Guillaume Amblard
Global Head of Options & Inflation Europe Asia & Japan
BNP PARIBAS

Ajay Khanna
Head of Trading
WACHOVIA SECURITIES

Jack Schwager
Managing Member
MARKET WIZARDS FUND

See above for biographical details

> *"This is the must attend event - Global derivatives showcases the latest cutting -edge research & thinking from the leaders in global finance"*
>
> **- John Hull, University of Toronto**

MAIN CONFERENCE DAY 3
Thursday 11th May 2006

10.30

Electronic Polling

Talking
CREDIT DERIVATIVES

NEW for 2006, we will include electronic polling during this panel discussion, to make a more interactive debate with plenty of audience participation.

Examining The Future Of The Credit Market: Where Are The Opportunities To Be Found? And What Are The Likely Consequences For Credit & Correlation Pricing, Hedging & Trading?

Martin St Pierre
Global Head of Structured Credit Derivatives Trading
BEAR STEARNS
Mr. St. Pierre is a Senior Managing Director at Bear Stearns and is Global Head of Structured Credit Derivatives Trading. Previous roles at Bear Stearns include being co-head of New York Credit Derivative Trading and head of Latin American Credit Derivatives Trading. Martin joined Bear Stearns in June 2000 from Credit Suisse Financial Products were he traded Latin American Credit Derivatives and Structured Brady Bond Options. Prior to joining the trading desk at CSFP, he was a member of the product development group where he developed the Credit Derivative models for Credit Suisse. Before moving to CSFP, Mr. St. Pierre was a Research and Teaching Fellow at Harvard University.

Taalib Shaah
Managing Director Head of Market Risk
CREDIT SUISSE FIRST BOSTON
Taalib Shah is a Managing Director and the Head of Market Risk Management at CSFB. This covers all traded (and banking book) products globally. He manages a global team of approx 80 risk professionals and has been with CSFB for 13 years. Previously Taalib held positions in Foreign Exchange, and risk manager for various products (including Credit Products).

Tanya Beder
CEO
TRIBECA GLOBAL MANAGEMENT
Tanya Styblo Beder joined Citigroup Alternative Investments in May 2004 as CEO of their single manager proprietary hedge fund unit, Tribeca Global Management LLC. Previous to Ms. Beder's move to Citigroup, she was a Managing Director and Head of the Strategic Quantitative Investment Division of Caxton Associates, LLC, a $10 billion investment management firm located in New York City. Prior to Caxton, Ms. Beder had over 15 years of Wall Street experience as President of Capital Market Risk Advisors and as a Vice President of The First Boston Corporation. In 1997 Euromoney named Ms. Beder as one of the top 50 women in finance around the world. Ms. Beder has appeared before the United States Congressional Subcommittee on Telecommunications and Finance as an industry and derivatives expert, before the OECD (Organization for Economic Cooperation and Development) as an expert on risk in the global financial landscape, and before the U.S. Senate Special Committee as an expert on the Year 2000 Technology Problem. From 1998 through 2003 Ms. Beder was Chairman of the Board of the International Association of Financial Engineers; currently she is on the Board of Directors and serves as the co-chair of The Investor Risk Committee. She was an author of the Risk Standards for Institutional Investors and Institutional Investment Managers.

Chris Boas
Executive Director, NY Structured Credit Trading
MORGAN STANLEY

David Beaglehole
Head of Derivatives Research, North America
DEUTSCHE BANK
David Beaglehole is a Managing Director and head of Derivatives Research for North America at Deutsche Bank, reporting to Puru Voruganti, the global head of Derivatives Research for Deutsche Bank. At Deutsche David is in charge of all credit derivatives research. David has worked for Deutsche Bank for 8 years. Prior to working at Deutsche, he worked in the Derivatives Modeling Group at Goldman Sachs in New York for 5 years. Prior to this David was an Assistant Professor of Finance at the University of Iowa for 2 years.

11.15

Morning Coffee & Opportunity To Visit The Derivatives & Risk Management 2006 Exhibition

INNOVATIONS IN VOLATILITY MODELLING & TRADING

11.40

New Levy Process Methods For Multi-Asset Equity Structured Products
- Independent components analysis for dependence modeling
- Levy modeling of factor martingale components
- Risk neutralization strategies in the multiAsset context
- Sample valuations of selected structures

Dilip Madan
Professor of Mathematical Finance
ROBERT H. SMITH SCHOOL OF BUSINESS, UNIVERSITY OF MARYLAND
Dilip Madan is Professor of Finance at the Robert H. Smith School of Business. e specializes in Mathematical Finance. He also serves as a consultant to Morgan Stanley, Caspian Capital LLC, and the FDIC. He is a founding member and immediate Past President of the Bachelier Finance Society, Editor of Mathematical Finance and Associate Editor for the Journal of Credit Risk, Review of Derivatives Research and Quantitative Finance. His work is dedicated to improving the quality of financial valuation models, enhancing the performance of investment strategies, and advancing the understanding and operation of efficient risk allocation in modern economies.

12.20

Advanced Explorations In Gamma Swap, Variance Swap, Corridor Variance And Business Time
- A new and unified approach to all these swaps
- Pro / Con of each swap in real world application
- Conditional Corridor Variance

Zhenyu Duanmu, *Exotic Equity Trader,* **MERRILL LYNCH**
Since 1996, Zhenyu Duanmu has been an exotic option/structuring trader in Merrill Lynch. Prior to his current position he was a quant at Bear Stearns and at UBS.

13.00

Lunch & Opportunity To Visit The Derivatives & Risk Management 2006 Exhibition

14.15

A Stochastic Volatility Model With Direct Control Of Forward Smile
- Controlling joint dynamic spot and implied-vols
- Controlling forward smile
- Calibration and lattice / monte-carlo for pricing

Philippe Balland, *Director,* **MERRILL LYNCH**
Philippe Balland is a Managing Director in the fixed income division at Merrill Lynch, London, where he has the responsibility for developing and implementing stochastic models for pricing and hedging complex options.Philippe holds a PhD in mathematics from Oxford University.

15.00

Managing The Practical Risk & Volatility Challenges In Commodities Trading

Commodities Trading

- Overview of energy volatility market
- Determining the base volatility framework
- Incorporating commodity specifics
- Pricing unhedgeable risks

Ilia Bouchouev
Managing Director, Head of Energy Derivatives
KOCH SUPPLY & TRADING
Ilia Bouchouev is a head of energy derivatives business for Koch Supply & Trading, a subsidiary of Koch Industries, the largest privately held company in US. Koch's energy derivatives desk is one of the most active option traders on New York Mercantile Exchange (NYMEX) and is the leading provider of OTC energy risk management instruments to oil producers, airlines, industrial consumers, refineries and discretionary hedge funds. Ilia has Ph.D. in Applied Mathematics, and has been working for Koch since 1997.

15.45

Calibrating Local-Stochastic Volatility Models
- Using fundamental solutions to extract the law of the integrated variance from a co-terminal smile
- Technical conditions on the smile to ensure existence of a valid characteristic function
- Constructing a dynamic Carr-Lee model using time-reversal
- Closed-form pricing of volatility derivatives and Asian options under the CEV model
- The Root solution Skorokhod embedding

Martin Forde, *Quantitative Analyst Interest Rates*
COMMERZBANK
Martin Forde is currently working as an interest rate derivatives quant at Commerzbank whilst concurrently completing a PhD in Financial Mathematics at Bristol University. He has previously completed quant internships in FX options at HSBC and Dresdner.

16.30

Beers & Networking

17.15

End of Main Conference

HEDGE FUND TRADING & RISK MANAGEMENT

11.40

Talking
HEDGE FUNDS

Assessing The Current Landscape & The Implications For Hedge Fund Trading & Risk Management
- Risk groups and quant groups
- Commonalities in requirements: systems, tools, data
- Team members: background, orientation, motivation
- Focus vs. breadth
- Best structures: merger, cooperation
- Recent trends

Chair: **Tim Wilson,** *Chief Risk Officer*
CAXTON ASSOCIATES
Tim Wilson is Chief Risk Officer for the fund management company Caxton Associates LLC. Mr. Wilson performs risk analysis and performance measurement in aggregate and for individual portfolios and develops strategies for controlling tail risk and improving return relative to risk. Prior to joining the fund, Mr. Wilson worked for ten years in the firm-wide risk function at Morgan Stanley where he monitored and reported market and credit risk exposures, contributed to development of VaR and stress test methodologies, managed risk policy and Basel 2 efforts, and headed the market risk function for Europe and Asia.

Subu Venkataraman, *Chief Risk Officer*
HIGHBRIDGE CAPITAL
Subu Venkataraman is currently the Chief Risk Officer and Managing Director at Highbridge Capital Management, a multi-strategy hedge fund. His primary responsibilities at Highbridge include the design and implementation of "best practices" risk management policies and procedures as well as ongoing refinements to the capital allocation and performance attribution processes. Before joining Highbridge, Subu was Executive Director, Market Risk, at Morgan Stanley, where he was the global head of risk monitoring (equity, commodity and foreign exchange) as well as the head of the market risk analytics and methodology group. Subu has also held positions as Senior Economist at the Federal Reserve Bank of Chicago, as well as academic positions at the University of Florida and Northwestern (Kellogg).

Pav Sethi, *Global Head of Volatility Arbitrage*
CITADEL INVESTMENT GROUP
Pav Sethi is the global head of Volatility Arbitrage at Citadel Investment Group. He started his career as an equity derivatives trader with Morgan Stanley and was previously a portfolio manager at J.D. Capital Management. Mr. Sethi holds an undergraduate degree in chemistry from Cornell University and a masters degree in mathematics from the University of Chicago.

Alex Shapiro, *Principal & Chief Risk Officer*
AZIMUTH TRUST
Alex Shapiro is a Senior Member of the Investment Team, and is also responsible for overseeing the Risk Management process of Azimuth Trust. Mr. Shapiro's role includes selecting Hedge-Fund managers for Azimuth Trust's portfolio, across a broad array of strategies; as well as developing, applying, and maintaining a Strategy-level proprietary (FaTCatSM) quantitative Top-Down risk-management and asset allocation platform, combined with Fund-level Bottom-Up system, providing Risk Transparency and Exposure Aggregation. Mr. Shapiro has over 15 years of experience in Financial Markets, across broad areas ranging from Alternative Investments, Asset Management, Risk Management, to Bond Rating and Real Estate.

Craig French
Partner & Director of Risk Management and Quantitative Research
CORBIN CAPITAL PARTNERS
Craig W. French is a Partner at Corbin Capital Partners, L.P., where he serves as Director of Risk Management and Quantitative Research. In this role Mr. French is responsible for portfolio construction and risk management of approximately $1.4 billion in alternative assets. Prior to joining Corbin Capital Partners, he was the U.S. Equity Strategist for SEI Investments, responsible for portfolio strategy and risk management for funds totaling $20 billion.

13.00

Lunch & Opportunity To Visit The Derivatives & Risk Management 2006 Exhibition

14.15

Will We Recognize Our Industry In 3 Years? A Look Into The Future Of Hedge Funds
- Reviewing the forces of change that will shape our future
- Evidence of why the projected demand for trillions under management cannot be met by the hedge fund industry using its current structure and approach
- A look at how other industries solved similar problems
- The structural changes needed
- Predictions of what will be necessary to compete and thrive - for single manager, multi-manager, fund of hedge funds and multi-strategy institutional platforms

Tanya Beder, *CEO*
TRIBECA GLOBAL MANAGEMENT
See above for biographical details

15.00

"Fast And Frugal" Decision Making: Dealing With The Limits Of Quantification And Optimization In Uncertain Markets

Decision Making

- Bounded rationality - learning to deal with dynamic markets and ignorance in a world where full optimization is not possible
- Decision heuristics versus behavioral biases - Is there a middle ground which can help investment decisions? What can cognitive psychology tell the quantitative analyst?
- Balancing an experiential approach with quantification - Fitting the procedure to the market environment; Brains versus brawn - the grey hair versus the quant
- Employing simple rules to make faster decisions with limited information while avoiding behavioral traps

Mark Rzepczynski
President & CIO
JOHN W HENRY
Dr. Mark S. Rzepczynski is the President and Chief Investment Officer of JWH and a member of the JWH Investment Policy Committee. He is responsible for the day-to-day management of the firm. Dr. Rzepczynski is also a principal of Westport Capital Management Corporation, Global Capital Management Limited and JWH Investment Management, Inc., all affiliates of JWH. He was Senior Vice President, Research and Trading, at JWH from May 1998, through December, 2001. Currently he serves as a member of the board of the Futures Industry Association.

15.45

A Practical Valuation Of Power Derivatives

Energy Derivatives

- The collapse of Enron, and business as "usual" in the Nordic market
- What are power forwards?
- Any need for seasonality and mean reversion?
- Power Swaptions
- Hybrid pay-off power swaptions
- Max smoothness in the power market.

Espen Haug
Proprietary Derivatives Trader
JPMORGAN
Espen Gaarder Haug is a leading expert on derivatives theory and its practical implications. Haug is currently working as a proprietary derivatives trader for J.P. Morgan New York. Prior to joining J.P. Morgan he worked for several years as a senior option trader for Paloma Partners and Amaranth Advisors, a market neutral hedge fund based in USA. He has developed systems and tools for options and interest rate derivatives for the Chase Manhattan Bank Derivatives Research and Trading Group (Europe), and has also worked for several years in Den Norske Bank.

16.30

Beers & Networking

17.15

End of Main Conference

MAIN CONFERENCE DAY 3
Thursday 11th May 2006

GLOBAL DERIVATIVES & RISK MANAGEMENT 2006 TRADER FORUM

11.40

Probabilities - Everything Else Is A Derivative
- Examining the FED FUND's futures
- Options on FED FUNDS futures (an option on a digital)
- The mapping between those and Eurodollar futures
- Complete the mapping to the complete yield curve Whether concepts like "risk premium" and "risk neutrality" have any operational content in a fully arbitrage able [Complete Arrow Debreu] marketplace
- HYPER ARBITRAGE structures - where one actually gets paid to make money in every state of the world.

Stan Jonas, *Managing Director*
FIMAT USA, DUTCH BOOK PARTNERS
See page 9 for biographical details

12.20

Event Stream Processing – A New Software Approach To Analyzing And Acting On Financial Data
- An introduction to the emerging software discipline of Event Stream Processing
- Some areas in which it is being applied including algorithmic trading, automated risk management, transaction monitoring and instrument pricing

Giles Nelson, *Director, Business Development*
PROGRESS APAMA
Giles Nelson is Director of Business Development within the Progress Real Time Division. He is responsible for working with partners and customers developing the Progress Real Time Division's event processing platform. Prior to joining Progress Giles was the co-founder of Apama, a pioneering event processing software vendor, acquired by Progress in April 2005. Before founding Apama, Giles led a variety of IT consultancy projects, designing and deploying innovative systems for clients including FTSE100 and Fortune 100 companies, the British Government and the European Commission. Giles holds a Ph.D. from Cambridge University, UK.

13.00

Lunch & Opportunity To Visit The Derivatives & Risk Management 2006 Exhibition

14.15

Successful Dynamic Hedging Of Correlation Risk In The Latest Generation Of Innovative Equity Structures

Ajay Khanna, *Head of Trading,* **WACHOVIA SECURITIES**

15.00

Advances In The Risk Management And Trading Of A Portfolio Of Correlation Positions
- An overview of the latest market/model development
- Applications to other asset classes

Martin St-Pierre
Global Head of Structured Credit Derivatives Trading
BEAR STEARNS
See page 10 for biographical details

15.45

Meeting The Challenge Of Advanced Pricing Of Complex Derivatives Through The Use Of High Frequency Data
- Complex derivatives and high frequency data
- Issues of frequency data: data quality, intra-day seasonality of volatility, scaling law of absolute price change, volatility smile
- Outlook for complex derivatives

Richard Olsen, *CEO,* **OANDA**
Dr. Olsen founded The Olsen Group in Zurich in 1985 as a research and development organization. As a provider of currency management tools and information to financial institutions, Olsen & Associates gained an international reputation as a pioneer of high frequency finance. Richard Olsen is CEO of OANDA, a leading provider of currency conversion tools, decision-support tools and currency market transaction services and runs Olsen Ltd, a research and development company for currency programs.

16.30

Beers & Networking

17.15

End of Main Conference

NEW DEVELOPMENTS IN RISK MEASUREMENT & MANAGEMENT

11.40

How To Integrate Hedge Fund Risk With Total Portfolio Risk?

Bernard Lee, *Director of Risk Management,* **BLACKROCK**
Bernard Lee, Ph.D., CFA, is Director of Risk Management for the BlackRock Fund of Hedge Funds. He is also actively involved in risk management issues related to BlackRock's single-strategy hedge funds and equity products. In 2005, he received the "Intel Best Risk Analytics Initiative of the Year" award from Incisive Media (publisher of Risk Magazine.) Prior to joining BlackRock in 2004, Dr. Lee was a Principal and Head of Quantitative Research at Allianz Hedge Fund Partners. Dr. Lee is a contributing author to Intelligent Hedge Fund Investing, a recent RISK Book. He also serves on the editorial board of academic journals and acts as an anonymous referee for a well-known industry magazine on risk.

12.20

Trends In Managed Futures And Insights Into AHL
- Changes in and growth of the managed futures/CTA industry
- The AHL approach: purely systematic model based trading decisions
- Portfolio of over 100 instruments, trading 24 hours-a-day
- Risk: assessment and control, analysis of drawdowns
- New opportunities: electronic execution

Anthony Ledford, *Senior Statistical Analyst*
MAN INVESTMENTS
Anthony Ledford focuses on trading systems development for AHL. Prior to joining the AHL investment management team in 2001 he lectured in statistics at the University of Surrey. Dr Ledford read Mathematics at Cambridge University and holds a PhD from Lancaster University in the development and application of multivariate extreme value methods.

13.00

Lunch & Opportunity To Visit The Derivatives & Risk Management 2006 Exhibition

14.15

Successfully Managing Energy Price Risk Energy Risk
- The nature of energy risk
- Risk management themes and derivative instruments
- Case studies in structuring and risk analysis

Steve Leppard
Global Head of Structured Products
BPRISKMANAGER, BP
Dr Steve Leppard is Head of bpriskmanager's Global Structured Products Group, with global responsibility for the origination and structuring of cross-commodity and hybrid derivatives products for bpriskmanager's clients. Steve's prior roles include working for Societe Generale in Paris, where he was the Senior Strategist for the Gaselys JV with Gaz de France, and head of the quantitative analysis groups for Enron Europe and BP. He is the author of the recently-published "Energy Risk Management" from Risk Books.

15.00

Risk Neutral Valuation Under Counterparty Risk For New Exotic Derivative Products
- Counterparty risk valuation in general
- Induced hybrid features, model-dependence and optionality
- Two examples from interest rates and equity
- The case of swap portfolios, possibly with netting agreements
- The case of equity payoffs: equity return swaps
- The importance of the underlying/counterparty correlation

Damiano Brigo, *Head of Credit Models,* **BANCA IMI**
Damiano Brigo moved to financial modeling in 1997, following a Ph.D. in stochastic filtering with differential geometry. In 1998 he moved to Banca IMI, where he has been appointed as Head of the Credit Models department, after formerly working at the Financial Models department on cross-currency and interest-rate derivatives, smile modeling and risk measurement. Over the years he has published several academic and practitioner-oriented articles in financial modeling, probability and systems theory journals. He is author of the book "Interest Rate Models: Theory and Practice".

15.45

Managing The Risk In Mortgage Derivatives
Speaker tbc

16.30

Beers & Networking

17.15

End of Main Conference

For The Latest Programme Updates, Please Visit: www.icbi-derivatives.com

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DATES

- **Main Conference: 9th-11th May 2006**
- **Workshops: 8th & 12th May 2006**
  - Advanced Volatility Analysis - 8th May 06
  - Valuation Of Credit Derivatives - 8th May 06
  - Interest Rate Derivatives - 12th May 06
  - Equity & Credit Derivatives - 12th May 06

www.icbi-derivatives.com

VENUE DETAILS

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Website: **www.montparnasse.lemeridien.com**
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Global Derivatives Trading & Risk Management 2006

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Job title | Department
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Person who will attend if I have to cancel:
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Job title | Department
Direct Tel | Mobile Tel
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Signature

YOUR COMPANY DETAILS

Company Name: | Nature of Company's business:
Address:

Postcode:

PLEASE SELECT YOUR EARLY BIRD PACKAGE	DATES	BOOKING FEE BEFORE 3 Feb 2006	SAVE	BOOKING FEE BEFORE 3 Mar 2006	SAVE	BOOKING FEE BEFORE 31 Mar 2006	SAVE	BOOKING FEE AFTER 31 Mar 2006	SAVE
5 DAY PACKAGE **Main Conference + 1 Pre & 1 Post Workshop:** ☐John Hull/CDO or ☐Bruno Dupire/Volatility ☐Interest Rates or ☐Carr/Madan/Equity & Credit	8 - 12 May 06 8 May 06 12 May 06	**£3,697** + 19.6% VAT = £4,421.61	£1,100	**£4,097** + 19.6% VAT = £4,900.01	£700	**£4,497** + 19.6% VAT = £5,378.41	£300	**£4,597** + 19.6% VAT = £5,498.01	£200
4 DAY PACKAGE **Main Conference + Please Tick One Workshop** ☐John Hull/CDO ☐Bruno Dupire/Volatility ☐Interest Rates ☐Carr/Madan/Equity & Credit	8 - 11 or 9 - 12 May 06 8 May 06 12 May 06	**£2,898** + 19.6% VAT = £3,466.01	£800	**£3,198** + 19.6% VAT = £3,824.81	£500	**£3,498** + 19.6% VAT = £4,183.61	£200	**£3,598** + 19.6% VAT = £4,303.21	£100
☐ **3 DAY PACKAGE Main Conference Only**	9 - 11 May 06	**£2,099** + 19.6% VAT = £2,510.40	£500	**£2,299** + 19.6% VAT = £2,749.60	£300	**£2,499** + 19.6% VAT = £2,988.80	£100	**£2,599** + 19.6% VAT = £3,108.40	
1 DAY PACKAGE Workshop only - please tick one: ☐John Hull/CDO ☐Bruno Dupire/Volatility ☐Interest Rates ☐Carr/Madan/Equity & Credit	8 May 06 12 May 06	**£899** + 19.6% VAT = £1,075.20	£200	**£999** + 19.6% VAT = £1,194.80	£100	**£1,099** + 19.6% VAT = £1,314.40		**£1,099** + 19.6% VAT = £1,314.40	

Savings include Multiple Booking & Early Booking Discounts. All discounts can only be applied at the time of registration and discounts cannot be combined. All discounts are subject to approval. Please note the conference fee does not include travel or hotel accommodation costs.

PAYMENT DETAILS

Please use this form as our request for payment. Fax and phone bookings should be made with a credit card number, or followed up by a posted registration form. Places are only guaranteed by full payment, which must be received before the conference.

I will pay by:
☐ Cheque/bankers draft made payable to IIR Ltd for £..
☐ Invoice to be sent to my company
☐ Europe: Bank transfer, to: Barclays Bank plc, 54 Lombard St, London UK. Account Name: IIR Ltd (ICBI), International Division.
Account no: 90631663 Sort Code: 20-65-82. Swift: BARCGB22 IBAN GB13 BARC 2065 8290 6316 63
Please insert delegate name and Conference Code KN2121 in the transmission details.

Please debit my Mastercard ☐ Visa ☐ Eurocard ☐ American Express ☐
Card Number
Expiry Date / with the sum of £
Signature

CANCELLATION POLICY

CANCELLATION POLICY: Should you be unable to attend, a substitute delegate is always welcome at no extra charge. Alternatively, we will make a prompt refund less a service charge of 10% of the fee for cancellations received in writing (letter or facsimile) no later than 5 April 2006. Where notice is given between this date and 24 April 2006, refunds will be 50% of the fee, thereafter we regret that no refunds can be made.

PERSONAL DATA

Personal data is gathered in accordance with the Data Protection Act 1998. Your details may be passed to other companies (in countries within or outside the EEA) who wish to communicate with you offers related to your business activities. If you do wish to receive these, please tick the box ☐

Additional Requirements. Please notify ICBI at least one month before the conference date if you have any additional requirements e.g. wheelchair access, large print etc.

CD ROM

☐ I am unable to attend, but please send me the CD rom at £365 including postage and packing.