INTERNATIONAL RISK MANAGEMENT CONFERENCE

Venice, June 22-24, 2009

Financial instability. A new world framework?

An interdisciplinary analysis of a new risk scenario.

Venice, Italy: June 22-24, 2009
Ca' Foscari University of Venezia

This international Credit and Financial Risk Conference (IRMC2009) brought together 211 leading experts from Academia and Professionals for a three-day conference in Venice, Italy. Scholars and practitioners from more than 19 countries worldwide have discussed about risk and the company and bank implications. The mission of the conference was to provide a forum for recent advances in risk management. It has been accomplished. IRMC2009 presented the latest research from the major schools of thought and a diversity of new approaches to Risk Management: Corporate Finance, Banking and Financial Mathematics. Risk is, in fact, a multifactor concept to be addressed from different perspectives. Starting from the latest theories and tools developed in the Risk Management field, we have moved to Corporate Finance, where risk is studied both in the value maximization framework and in strategies for mitigating risk. Banking is concerned with Risk Capital and Capital Requirements. The Basel II framework played a key role in risk assessment and measurement and it affects banks' and customers' portfolio selection and performance. Risk can also be addressed from an actuarial and statistical perspective. A final research area has been addressed by the conference: financial accounting that is increasingly involved in the risk assessment process in these fields of studies.

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KEYFACTS from the 2° Edition 2009

Edition:	2°	Location	Venice - Italy	Date	June 22th-24th	
Title:	Financial Instability. A New World Framework? An interdisciplinary analysis of a new risk scenario.					
Host Institution	University Ca' Foscari Venezia – Italy – Prof. Giorgio Bertinetti & Prof Guido Mantovani					
Co-chair:	NYU – Stern School Of Business – Salomon Center – Prof. Edward. Altman University of Trieste – Director of School of Finance – Prof. Maurizio Fanni University of Florence – Prof. Oliviero Roggi					
Keynote Speakers	**Prof. Edward Altman – NYU Stern School of Business –Salomon Center** • Lecture "Post chapter 11 bankruptcy performance: avoiding chapter 22" • *Professional Workshop:* Current Conditions and outlook of Global Credits Markets: a tale of Three Periods" **Prof. Anthony Saunders – NYU Stern School of Business** • Lecture "The cost of being private: evidence from the loan market" Co-authors: Steffen S. **Prof. William Ziemba – University of British Columbia** • Lecture "What signals worked and what did not, 1980 - 2009"					
Consultants	Bocconi University – Prof. Maurizio Dallocchio University of Cagliari – Prof. Riccardo De Lisa					
Dead Lines & Date	1 May – Full papers					
Registered Participants:	152	Guests & Authorities	59			
Paper submitted	83	Paper Accepted	52	Paper Presented	49	
Scientific Committee	Prof Edward Altman (New York University) Prof. Viral Acharya (New York University) Prof. Antonella Basso (University Ca' Foscari of Venezia) Prof. Annarita Bacinello (University of Trieste) Prof. Giorgio Bertinetti (University Ca' Foscari of Venezia) Prof. Paolo Biffis (University Ca' Foscari of Venezia) Prof. Marco Bigelli (University of Bologna) Prof. Menachem Brenner (New York University) Prof. Lorenzo Caprio (University Cattolica) Prof. Ada Carlesi (University of Pisa) Prof. Francesco Colombi (University La Sapienza of Rome) Prof. Maurizio Dallocchio (Bocconi University) Prof. Riccardo De Lisa (University of Cagliari) Prof. Maurizio Fanni (University of Trieste) Prof. Marcello Galeotti (University of Florence)					

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	Prof. Elisa Luciano (University of Turin) Prof. Guido Mantovani (University Ca' Foscari of Venezia) Prof. Mario Massari (Bocconi University) Prof. Ugo Rigoni (University Ca' Foscari of Venezia) Prof. Oliviero Roggi (University of Florence) Prof. Anthony Saunders (New York University)
Sponsors	Main Sponsor: Banca della Marca Events Sponsor: Casinó di Venezia Fondazione Teofilo Intato Università Ca' Foscari Venezia
Auspicies	Accademia Italiana di Economia Aziendale Associazione per la Matematica Applicata alle Scienze Economiche e Sociali ADIFIN
Conference Management	Centro Studi per L'Economia la Politica e la Finanza: Finanza Firenze www.finanzafirenze.org
Info	Prof. Oliviero Roggi – academic coordinator Email: oliviero.roggi@unifi.it Tel +390554374720
Next edition Candidates	2010 – University of Naples – Capri or University of Florence – San Gimignano or EMLYON Lyon France

Venice, June 22-24, 2009

Financial instability. A new world framework?

An interdisciplinary analysis of a new risk scenario.

List of papers accepted

Title	Authors
Modelling a housing and mortgage crisis	Goodhart - Tsomocos - Vardoulakis
Crises and Hedge Fund Risk	Pelizzon - Billio - Getmansky
Financial turmoil and asymmetric information theory: evidence from e- MID platform	Battaglia - Porzio - Meles - Starita
Banking crises and banking market structure	Suarez - Fernandez - Gonzales
The Effects of Insurer Distress onthe Insured Municipal Bond	Pu Liu – Brune
Pricing insurance contracts following the cost of capital: some conceptual issues	Floreani
Modelling deposit insurance scheme losses under Basel II	De Lisa - Zedda -Vallascas - Campolongo - Marchesi
The efficacy of short selling restrictions: evidences from Italy in post-Lehman turmoil	Sampagnaro - Mattarocci
Information flow, volatility measure and jump prediction	Xu - Taylor - Wojakowski
Volatility as an Asset Class for Long - Term Investors	Signori - Brière - Burgues
Stock price fluctuations in selected industrialized countries	Hayat - Narayan
Multivariate two factor variance gamma process for asset returns	Marfè
Why is timing perverse	Matallin - Moreno - Rodriguez
Market efficiency and insider trading. An analysis of takeover announcements in Italy	Garro - Dallocchio - Salvi - Bonini
Investment Options with Debt Financing Constraints	Koussis - Martzoukos
Driving or "Bleeding-dry" force: what's the Private Equity role?	Salvi - Bonini - Garro
An Empirical Analysis of the Impact of the Credit Default Swap. Index Market on Large Complex Financial Institutions	Calice - Ioannidis
The value added of rating outlooks and rating reviews to corporate bond ratings	Rijken - Altman
Bankruptcy Prediction	Topaloglu - Yildirim
The value of qualitative information in SME risk management	Altman – Sabato – Wilson
Basel II Credit Loss Distributions under Non-Normality	Batiz-Zuk - Christodoulakis - Poon
Nonlinearity of Bank Capital and Charter Value	Jokipii
Excess capital of European banks: does bank heterogeneity matter?	Angola - Distinguin - Rugemintwari

FINANZA FIRENZE CENTRO STUDI

Capital, Liquidity and Risk Allocation in the Banking Euro-Zone Sector	Kowalczyk
The Risk microstructure of corporate bonds a case study from the german corporate bond market	Fruhwirth – Schneider - Sogner
A Non-parametric Test for Financial Contagion with application to the Canadian banking system	Li
Carry Trade and Return Crash Risk	Tabarrei - Sy
Towards a Well-diversified Risk Measure: A DARE Approach	Kouontchou - Hamidi - Maillet
Corporate Risk Management: The Hedging Footprint	Mackay - Moeller
Auditor Resignation versus Dismissal and Earnings Management	Yongtae - Myung Seok
Enterprise Risk Management and Financial Stability in Dual-Board Corporate Governance System	Wu - Li - Ding - Jia
Can Precious Metals Add Glitter To Your Portfolio?	Taurasi - Mengoli
Multiple attribute evaluation of company financial level. Applying soft methodology (fuzzy approach)	Zmeskal - Dluhosova
The risk in the within horizon: a test applied to Dollar Cost Averaging	Pampurini - Borello
Intraday liquidity in gross payment systems	Callado
Corporate distress and restructuring with macroeconomic fluctuations	Oxelheim - Wihlborg
Building SME rating. A comparison between the non-accounting and the fundamental models on Italian companies	Roggi - Sabato - Giannozzi
Rating philosophy and dynamic properties of internal systems. A general framework and an application to back testing	Cornaglia – Morone
The Impact of European Bank Mergers on Bidder Default Risk	Hagendorff - Vallascas
An empirical assessment on Turkish Optimal Foreign Exchange Reserves	Ertug
Regulatory and economic capital theory and practice: evidence from the field	Van Laere – Baesens
CEO Stock Options and Risk Taking in the US Banking Sector	Barontini - Bozzi - Madaro
Market discipline and banking supervision the role of subordinated debt	Distinguin
Copula-Use in Interest Rate Risk Management of Russian Banks	Penikas - Simakova - Titova
Behavioral traits, ambiguity aversion, rollover risk and market freezes. A possible connection	Rinaldi
Minsky Option and Subprimes	Oldani
What was wrong with credit ratings for securitizations? - Evidence from ABS, CDO and MBS markets	Rosch - Scheule

A Wavelet-heterogeneous Index of Market Shocks for assessing the Magnitude of Financial Crises	Boucher - Jannin - Maillet - Raymond
Country risk and foreign direct investment in transition economies	Mateev – Milev
Corporate Scandals, Capital Structure and Contagion Effect	Bonini - Boraschi
Interaction between foreign financial services and foreign direct investment in Transition Economies: An empirical analysis with focus on the manufacturing sector	Olszewski
How oil price affects the stock market's Industrial indices: A empirical study of Istanbul Stock Exchange (ISE)	Ozkan

Monday 22th June 2009 - Afternoon

Location: University Ca' Foscari Venice - Economics

Time	Event							
9.00 – 15.00	Conference registration							
15.00 – 16.30	**Opening and plenary session (1)** **Chairman: Giorgio Bertinetti** 15.00 Welcoming remarks University of Venice, Local Authorities greetings, Conference Opening, Giorgio Bertinetti and Oliviero Roggi 15.40 **Edward Altman,** Keynote lecture "Post chapter 11 bankruptcy performance: avoiding chapter 22" Invited discussant: Herbert Rijken (De Vrije Universiteit –Amsterdam)							
16.30	Coffee Break							
16.50 - 18.50	**Parallel session (1)**							
Area		**Financial instability and crisis management**		**Banking, Risk management & Regulation**		**Quantitative Tools for Risk Management**		**Corporate Finance & Risk Management**
		Chairman: Oliver Barry		Chairman: Nai-Fu Chen		Chairman: Elisa Luciano		Chairman: Maurizio Dallocchio
16.50 - 17.15	**Room 9B - Tintoretto**	"Modeling a housing and mortgage crisis" Author: Goodhart C. - Tsomocos D. - Vardoulakis A.	**Room 9C- Tiepolo**	"The Effects of Insurer Distress on the Insured Municipal Bond" Authors: Pu Liu - Brune C.	**Room 10B - Canaletto**	"Information flow, volatility measure and jump prediction" Authors: Xu G. - Taylor S.- Wojakowski R.	**Room 10C - Tiziano**	"Why is timing perverse" Authors: Matallin J.C.- Moreno D. - Rodriguez R.
17.20 - 17.45		"Crises and Hedge Fund Risk" Authors: Pelizzon L. - Billio M. - Getmansky M.		"Pricing insurance contracts following the cost of capital: some conceptual issues" Author: Floreani A.		"Volatility as an Asset Class for Long-Term Investors" Authors: Signori O. - Brière M. - Burgues A.		"Market efficiency and insider trading. An analysis of takeover announcements in Italy" Authors: Garro M. - Dallocchio M. - Salvi A. Bonini S.
17.50 - 18.15		"Financial turmoil and asymmetric information theory: evidence from e-MID platform" Authors: Battaglia F. - Porzio C.- Meles A.- Starita M.		"Modeling deposit insurance scheme losses under Basel II" Authors: De Lisa R. - Zedda S. - Vallascas F. - Campolongo F. - Marchesi M.		"Stock price fluctuations in selected industrialized countries" Authors: Hayat A. - Narayan P.		"Investment Options with Debt Financing Constraints" Authors: Koussis N.- Martzoukos S.
18.20 - 18.45		"Banking crises and banking market structure" Authors: Suarez N. - Fernandez A.I. - Gonzales F.		"The efficacy of short selling restrictions: evidences from Italy in post-Lehman turmoil" Authors: Sampagnaro G.- Mattarocci G.		"Multivariate two factor variance gamma process for asset returns" Author: Marfè R.		Driving or "Bleeding-dry" force: what's the Private Equity role ? Authors: Salvi A. - Bonini S. - Garro M.
20.00	Gala dinner at Casino of Venice							

Version June 16th 2009
Minor changes may be made to the program

Tuesday 23rd June 2009 - Morning

Location: University Ca' Foscari Venice - Economics

Time	Event			
9.30 – 11.15	Parallel sessions (2) and Ph.D Clinic			
Area	Banking and Credit Ratings	Banking, Risk management & Regulation	Quantitative Tools for Investment Risk Management	Corporate & Risk Management
	Chairman: Menachem Brenner	Chairman: Riccardo De Lisa	Chairman: Annarita Bacinello	Chairman: Guido Mantovani
	Room 9B - Tintoretto	Room 9C - Tiepolo	Room 10B - Canaletto	Room 10C - Tiziano
09.30 – 9.55	"An Empirical Analysis of the Impact of the Credit Default Swap. Index Market on Large Complex Financial Institutions" Authors: Calice G. - Ioannidis C.	"Basel II Credit Loss Distributions under Non-Normality" Authors: Batiz-Zuk E. -Christodoulakis G. - Poon S.	"The Risk microstructure of corporate bonds a case study from the german corporate bond market" Authors: Fruhwirth M. - Schneider P.- Sogner L.	"Corporate Risk Management: The Hedging Footprint" Authors: Mackay P. - Moeller S.B
9.55 – 10.20	"The value added of rating outlooks and rating reviews to corporate bond ratings" Authors: Rijken H. - Altman E.	"Nonlinearity of Bank Capital and Charter Value" Author: Jokipii T.	"A Non-parametric Test for Financial Contagion with application to the Canadian banking system" Author: Li F.	"Auditor Resignation versus Dismissal and Earnings Management" Authors: Yongtae K. - Myung Seok P.
10.20 – 10.45	"Bankruptcy Prediction" Authors: Topaloglu Z. - Yildirim Y	"Excess capital of European banks: does bank heterogeneity matter?" Authors: Angola A. - Distinguin I. - Rugemintwari C.	"Carry Trade and Return Crash Risk" Authros: Tabarrei H. - Sy M.	"Enterprise Risk Management and Financial Stability in Dual-Board Corporate Governance System" Authors: Wu Z. - Li Y.- Ding S. - Jia C.
10.45 – 11.15	"The value of qualitative information in SME risk management" Authors: Altman E. – Sabato G. – Wilson N.	"Capital, Liquidity and Risk Allocation in the Banking Euro-Zone Sector" Author: Kowalczyk D.	"Towards a Well-diversified Risk Measure: A DARE Approach" Authors: Kouontchou P. - Hamidi B. - Maillet B.	"Can Precious Metals Add Glitter To Your Portfolio?" Authors: Taurasi D. - Mengoli S.

Time	Event	Posters Session
11.15 – 11.30	Coffee Break	Multiple attribute evaluation of company financial level. Applying soft methodology (fuzzy approach)" Authors: Zmeskal Z. - Dluhosova D. The risk in the within horizon: a test applied to Dollar Cost Averaging" Authors: Pampurini F. - Borello G. "Intraday liquidity in gross payment systems" Author: Callado F.J.
11.30 - 13.00	**Plenary Session (B)** **Chairman R. De Lisa** 11.30 **Anthony Saunders** (New York University) - Keynote lecture "The cost of being private: evidence from the loan market" - Co-author: Steffen S. 12.15 Discussant: Guido Mantovani (University Ca' Foscari – Venice)	
13.00 - 14.00	Lunch	

Tuesday 23rd June 2009 - Afternoon **Location: University Ca' Foscari Venice – Economics**

Time	Event
14.00 – 16.00	**Professional workshop** **Chairman: Oliviero Roggi** **"Lessons from the financial crisis"** **Keynote Speaker: Prof. Edward Altman -** "Current conditions and outlook of Global Credit Markets: a tale of three periods" **Featured Lecture: Cristiano Zazzara – RiskMetrics Group -** "Credit Risk and the Macroeconomy"
16.00-16.15	**Coffee break**
16.15 – 18.30	**Workshop Round Table** **Chairman: Elisa Luciano** Mauro Maccarinelli Risk Management Intesa San Paolo – Head of Market Risk Emma Marcegaglia Italian Association of Entrepreneurs – President (TBC) Roberto Moretti European Forum of Deposit Insurers - President Giovanni Pepe Banca d'Italia (TBC) Marco Cecchi De' Rossi Fitch Ratings Italia – CEO Cosimo Pacciani Royal Bank of Scotland – Head of Corporate Credit for Western Europe
19.30	**Cocktail and Venice boat sightseeing**

Wednesday 24th June 2009 – Morning

Location: University Ca' Foscari Venice- Economics

Time	Event			
9.00-10.45	**Parallel sessions (3) and Ph.D Clinic**			
	Credit Risk Modeling and Default risk	**Banking & Corporate Risk management**	**Quantitative Tools for Risk Management**	**International Corporate Finance & Risk Management**
	Chairman Maurizio Fanni	Chairman: Ugo Rigoni	Chairman: Elisa Luciano	Chairman: Giorgio Bertinetti
	Room 9B - Tintoretto	**Room 9C – Tiepolo**	**Room 10B - Canaletto**	**Room 10C - Tiziano**
9.00 – 9.25	"Corporate distress and restructuring with macroeconomic fluctuations" Authors: Oxelheim L.- Wihlborg C.	"An empirical assessment on Turkish Optimal Foreign Exchange Reserves" Author: Ertug D.	"Copula-Use in Interest Rate Risk Management of Russian Banks" Authors: Penikas H. - Simakova V. - Titova Y.	"Country risk and foreign direct investment in transition economies" Authors: Mateev M. - Milev M.
9.25 – 9.50	Building SME rating. A comparison between the non-accounting and the fundamental models on Italian companies" Authors: Roggi O. - Sabato G. - Giannozzi	"Regulatory and economic capital theory and practice: evidence from the field" Author: Van Laere E. – Baesens B:	"Behavioral traits, ambiguity aversion, rollover risk and market freezes. A possible connection" Author: Rinaldi F.	"Corporate Scandals, Capital Structure and Contagion Effect" Authors: Bonini S. - Boraschi D.
9.50 – 10.15	"Rating philosophy and dynamic properties of internal systems. A general framework and an application to back testing" Authors: Cornaglia A. – Morone M.	"CEO Stock Options and Risk Taking in the US Banking Sector" Authors: Barontini R. - Bozzi S. - Madaro G.	"Minsky Option and Subprimes" Author: Oldani C	"Interaction between foreign financial services and foreign direct investment in Transition Economies: An empirical analysis with focus on the manufacturing sector" Author: Olszewski C.
10.15- 10.40	"The Impact of European Bank Mergers on Bidder Default Risk" Authors: Hagendorff J. - Vallascas F.	"Market discipline and banking supervision the role of subordinated debt" Author: Distinguin I.	"What was wrong with credit ratings for securitizations? - Evidence from ABS, CDO and MBS markets" Authors: Rosch D. - Scheule H.	"How oil price affects the stock market's Industrial indices: A empirical study of Istanbul Stock Exchange (ISE)" Author: Ozkan T.
10.40 – 11.05			"A Wavelet-heterogeneous Index of Market Shocks for assessing the Magnitude of Financial Crises" Authors: Boucher C. - Jannin G. - Maillet B, - Raymond H.	
11.05-11.20	Coffee break			
11.20 - 13.00	**Plenary session (3)** **Chairman: Menachem Brenner NYU-Stern School of Business** **William Ziemba** (University of British Columbia) - Guest lecture "What signals worked and what did not, 1980-2009" **Invited discussant: Menachem Brenner (NYU – Stern School of Business)**			