

FINANCIAL MARKETS RESEARCH CENTER

Owen Graduate School of Management

Vanderbilt University

Nashville, TN 37203

615-322-3671

**COPING WITH GLOBAL VOLATILITY**

April 15-16, 1999

The past year has been one of significant volatility in all parts of the world. While the U.S. equities markets weathered 1998 surprisingly well, substantial uncertainty remains in the fixed incomes sector and in important regions of the world. The European Union is heading into uncharted territory. Emerging markets continue to have major difficulties in recovering from recent banking and exchange rate crises. Regulatory issues arise with regard to all aspects of financial markets. This conference deals with some of these issues through the presentation of academic papers and discussions by market practitioners and regulators.

The conference is sponsored by the Financial Markets Research Center with the help of a special grant from the New York Stock Exchange.

For more information on the Center, check out our website, <http://mba.vanderbilt.edu/fmrc/> or contact Pat Scott at 615-322-3671, [pat.scott@owen.vanderbilt.edu](mailto:pat.scott@owen.vanderbilt.edu).

**Program**

**Thursday, April 15, 1999: University Club (8:30 AM – 5:00 PM)**

- |                    |   |
|--------------------|---|
| 8:30 AM – 8:55 AM  | Continental Breakfast   |
| 8:55 AM – 9:00 AM  | Introductory remarks: Hans Stoll, Owen School.  |
| 9:00 AM – 9:30 AM  | Volatility and the operation of financial markets. Peter Fisher, Executive Vice President, Federal Reserve Bank of New York.  |
| 9:30 AM – 10:30 AM | <b>Session 1: Equity Volatility.</b> Chair: Peter Layton, Partner, Hull Trading.<br><br>Volatility functions and option pricing. Robert Whaley, Duke University.<br><br>Commentary – Volatility and the option market. William Speth, Director of Research, CBOE. |

- Commentary – Volatility and options trading strategies. José Marques, Director of Equity Research, Hull Equity Management.
- 10:30 AM – 11:00 AM Break
- 11:00 AM – 12:00 PM **Session 2: Fixed Income Volatility.** Chair: Roger Huang, Owen School.
- The Stochastic Volatility of Short-Term Interest Rates: Some International Evidence. Clifford Ball, Owen School.
- Commentary – Louis Scott, Morgan Stanley Dean Witter.
- 12:15 PM – 1:15 PM Luncheon
- 1:30 PM – 2:30 PM **Session 3: Europe and the Euro.** Chair: David Brunner, President, Paribas Corporation.
- European Equity Markets and the EMU: Are Differences among Countries Slowly Disappearing? Geert Rouwenhorst, Yale University.
- Commentary – The Euro and European Financial Markets. Brian Fabbri, Chief Economist North America, Banque Paribas.
- 2:30 PM – 3:00 PM Break
- 3:00 PM – 4:30 PM **Session 4: Emerging Markets.** Chair: George Sofianos, Managing Director, New York Stock Exchange.
- A Rational Expectations Model of Financial Contagion. Laura Kodres, IMF, and Matt Pritsker, Federal Reserve Board.
- Corporate Governance and Risks in Emerging Markets: Evidence from East Asia. Stijn Claessens, Principal Economist, Financial Economics Group, and Simeon Djankov, Financial Economist, World Bank.
- Commentary – The Russian Ruble Collapse. Dick McDonald, Economist, Chicago Mercantile Exchange.
- Commentary – Emerging Markets Sovereign Risk. Amy Falls, Head Analyst for Emerging Markets, Morgan Stanley Dean Witter.

**Thursday Evening, April 15, 1999: Loews Vanderbilt Plaza Hotel**

7:00 PM Dinner

**Friday Morning, April 16, 1999: Loews Vanderbilt Plaza Hotel**

7:15 AM – 8:45 AM Financial Markets Research Center Advisory Board Meeting and breakfast

**Friday, April 16, 1999 – Owen School Room 222 (8:15 AM – 1:00 PM)**

8:15 AM – 9:00 AM Continental Breakfast

9:00 AM – 10:15 AM **Session 5: Risk Management.** Chair: Jeffrey P. Davis, Chief Investment Officer, Fundamental Strategies, State Street Global Advisors.

Price Risk: There Is No “Holy Grail,” but Don’t Bash VaR Yet. Michel Crouhy, Senior Vice President, and Robert Mark, Executive Vice President, Canadian Imperial Bank of Commerce.

Risk Capital and VaR. Paul Kupiec. Principal Economist, Freddie Mac.

Commentary – Clinton Lively, Managing Director, Global Risk Management, Bankers Trust.

10:15 AM – 10:45 AM Break

10:45 AM – 11:45 AM **Session 6: Regulatory Issues.** Chair: Hans Stoll, Owen School.

John Damgard, President, Futures Industry Association.  
Rick Kilcollin, former President, Chicago Mercantile Exchange.  
Pat Parkinson, Associate Director, Division of Research and Statistics, Federal Reserve Board.

12:00 PM – 1:00 PM Luncheon

**Friday, April 16, 1999 – Post Conference Activities**

2:00 PM – 5:00 PM Dewey Daane Invitational Tennis Tournament – Belle Meade Club

2:00 PM – 4:00 PM Ron Masulis Invitational Hike – Radnor Lake