



Observations of a Financial Engineer on Retirement Finance
 Featuring Nobel Laureate & IAFE Senior Fellow **Robert Merton** as Dinner Speaker

IAFE Annual Conference Reception and Dinner
 May 16th 6:15pm, Jane Restaurant, 100 West Houston Street, New York

Dinner Sponsor **SHIDLER**
 UNIVERSITY OF HAWAII AT MĀNOA
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MFE PROGRAM



Financial Facts, Fantasies and Fallacies?

The International Association of Financial Engineers presents its newly expanded 19th Annual Conference

For the first time the IAFE Annual Conference has been expanded to a day and a half event including a Dinner, a reception and multiple seminar tracks. Now in its 19th year, the IAFE Annual Conference attracts approximately 250 senior and mid level practitioners from the banking, asset management, risk management, derivatives, structured finance, insurance, institutional investor, legal, and alternative investment communities.

May 16th and May 17th, 2011
 NYU Kimmel Center – New York City
[Click here to Register](#)

Conference Highlights

- *The Impact of the AXA/Rosenberg/SEC Model Risk Settlement on Quant Funds*
- *Liquidity Risk and High Frequency Trading*
- *Risk Appetite and Attitude*
- *Lawyers and Practitioners Exchange Views on Swaps Clearing, Lehman Flip Clauses/Bid-Offers and other Topics of Mutual Interest*



Keynote Speech:
Financial Facts, Fantasies and Fallacies?

Peter Carr, Managing Director and Global Head of Market Modeling, Morgan Stanley & 2010 IAFE/SunGard Financial Engineer of the Year

Main Conference Agenda

Day Two
May 17th

8:45 am
Registration Coffee
& Light Breakfast

9:00 am
IAFE Annual General
Membership Meeting

9:15 am
Opening Remarks
Richard Lindsey, Principal, Callcott Group & IAFE Chairman

9:20 am
The Impact of the AXA/Rosenberg/SEC Model Risk Settlement on Quant Funds

Giovanni Beliossi, Managing Partner & CEO, FGS Capital LLP & IAFE Board Member

Bradley Bondi, Partner, Cadwalader, Wickersham & Taft

Barry Schachter, Chief Risk Officer, Woodbine Capital Advisors LP & IAFE Advisory Board Member

Moderator: Peter Niculescu, Partner, Capital Market Risk Advisors

In the wake of the AXA Rosenberg/SEC Model Risk settlement (<http://www.sec.gov/news/press/2011/2011-37.htm>), model risk is an important issue not only for quant funds but for all financial institutions. The result of the SEC settlement may be the formulation of new rules governing model disclosure and oversight. Financial institutions often do not review models used for investing or hedging to the same rigorous standards as models used in financial statements or disclosures. One possible result of the SEC settlement could be the application of much greater review and oversight requirements on investment and hedging models.

10:30 am Mid-Morning Break

10:45 am
Liquidity Risk and High Frequency Trading

Pete Kyle, Charles E. Smith Chair Professor of Finance, University of Maryland

Ross Garon, Managing Director, Quantitative Strategies, S.A.C. Capital Advisors, L.P.

Moderator: Roy Henriksson, Chief Investment Officer, Advanced Portfolio Management and IAFE Liquidity Risk Committee Co-Chair

In the aftermath of the Flash Crash of May 6, 2010, the structure of the U.S. financial markets and their potential fragility have come under heightened scrutiny from regulators, policy makers, and market participants. Much of the focus has been on the role and function of algorithmic and high frequency trading in the impacted markets. This panel will examine how high frequency and algorithmic trading may have impacted the way markets operate, the pros and cons of high frequency trading with respect to market liquidity, and whether high frequency trading has or could be the primary cause of liquidity shocks in the financial system.

12:00 pm Lunch Sponsored by
UC Berkeley, Haas School, Masters in Financial Engineering

The Berkeley MFE

Highlights from Breakout Sessions on Day One, May 16th

Investor Risk Committee & Liquidity Risk Committee Host

How to Address the Systemic Part of Liquidity Risk—the Final (?) Frontier

Liquidity Risk Committee Track

Technical Agenda for Liquidity Risk Management Systems

Securitization Track

Securitization Risk Retention Rules: Panacea or Punishment

Credit Risk Committee Track

Counterparty Credit Risk Modeling Workshop

[Click Here for Full Details and Speakers on Page 4 of Brochure](#)

1:00pm

Keynote Speech: *Financial Facts, Fantasies and Fallacies?*

*Peter Carr, Managing Director and Global Head of Market Modeling,
Morgan Stanley & 2010 IAFE/SunGard Financial Engineer of the Year*



2:15 pm

Risk Appetite and Attitude

Mike Alix, SVP, Risk Management, Financial Institutions Supervision Group, New York Federal Reserve Bank

Tom Woods, Senior Executive VP and CRO, CIBC

Eric Reiner, Managing Director, Firm-wide Risk Control and Methodology, UBS AG

Moderator: Lesley Daniels Webster, Principal, Daniels Webster Capital Advisors and retired Head of Market Risk at J.P. Morgan

Establishing, articulating, communicating, and measuring the level of risk that is acceptable to a firm has become an area of keen interest to regulators and Boards. Best practice has evolved from quantification of metrics to communication of "Risk Attitude" i.e. limit governance, attitude towards complexity, "hard to value" etc. Establishing a risk appetite includes the formulation of multiple risk metrics including VaR, stress testing and other metrics designed to measure Black Swan-type risks that need to be calculated.

3:30 pm Mid-Afternoon Break

3:45 pm

Lawyers and Practitioners Exchange Views on Swaps Clearing, Lehman Flip Clauses/Bid-Offers and Other Topics of Mutual Interest

Neil Binder, Partner, Richards Kibbe & Orbe, LLP

Joshua Cohn, Partner, Mayer Brown LLP

Guy Dempsey, Partner, Katten Muchin Rosenman, LLP

Michael S. Etkin, Member, Lowenstein Sandler PC

Eric Moser, Partner, Alternative Investments Practice, Milbank

Don Thompson, Managing Director and Associate General Counsel, JPMorgan Chase

Moderator: Richard Lindsey, Principal, Callcott Group & IAFE Chairman & former Director of Market Regulation for the U.S. Securities and Exchange Commission

The financial crisis has spawned a tremendous uptick in financial engineering litigation and the Dodd-Frank Bill is poised to have a significant impact on OTC derivatives and structured finance. The panel will explore topics of mutual interest to practitioners and lawyers from "How will the clearing of swaps resolve the bid/offer spread debates between counterparties and the next Lehman" to "Flip clauses-what will be the impact on the structured finance industry if Metavante is not overturned".

5:00 pm Wine and Cheese Reception

3:00pm – 6:00pm

**Concurrent Breakout Sessions & Workshops
Topics in Financial Engineering**

3:00-4:20pm

**Investor Risk Committee & Liquidity Risk Committee Joint Track
How to Address the Systemic Part of Liquidity Risk—the Final (?) Frontier**

Laura Kodres, Assistant Director and Division Chief, Global Financial Stability Division, IMF

Systemic liquidity risk was at the heart of the recent crisis—funding markets for financial institutions dried up and central banks had to intervene in unprecedented amounts using untried methods. More needs to be done to develop macroprudential techniques to measure and mitigate systemic liquidity risks and some IMF staff have come up with some initial thoughts about how to do this. But such a targeted macroprudential tool presupposes a robust methodology for measuring systemic liquidity risk and an institution's contribution to this risk on which to base it. We consider three different approaches to measuring systemic liquidity risk and devise associated macroprudential tools to mitigate it.

4:35-6:00pm

**Liquidity Risk Committee Track
Technical Agenda for Liquidity Risk Management Systems**

Alan King, Research IBM

Other Panelist To Be Confirmed

The most frightening phase of the Financial Crisis of 2007-8 began with the bankruptcy of Lehman Brothers. During the week that followed, the solvency of the prime brokers at the heart of the US Banking System came into question. The two-year long decline in the quality of MBS-related securities widely used as collateral in transactions had undermined the liquidity of the financial system to the point where the core transaction systems were threatened. There has been much discussion of the early warning signs of the liquidity crisis. But data and models needed to support effective action were then and are still sorely lacking. In this talk, we will discuss a technical agenda that addresses some of the challenges in developing liquidity risk management solutions.

4:35-6:00pm

**Investor Risk Committee Track
Securitization Risk Retention Rules: Panacea or Punishment**

Andrew Davidson, President, Andy Davidson & Company & IAFE Advisory Board Member

David Schwartz, Managing Director, Financial Engineering, Duff & Phelps

Proposed rules for risk retention could serve to better align incentives or lead to the creation of "retention avoidance" strategies. Either way, there will be great opportunities for creative financial engineers.

3:00-6:00pm

**Credit Risk Committee Track
Counterparty Credit Risk Modeling Workshop**

Dan Rosen, CEO & Co-Founder, R2 Financial Technologies

David Saunders, Assistant Professor, Department of Statistics & Actuarial Science, University of Waterloo

Eduardo Canabarro, Managing Director & Global Head of the Quantitative Risk Groups, Morgan Stanley

The recent financial crisis has highlighted the need for the industry to understand the complexity and interconnectedness of the over-the-counter derivatives markets, and to develop better approaches for accurately measuring, managing and mitigating Counterparty Credit Risk (CCR). In particular, the Basel Committee identified several areas where capital for CCR proved to be inadequate, and has revamped its treatment in Basel III. For instance, wrong-way risk was evident through the crisis and was not adequately incorporated into the framework. Second, mark-to-market losses due to credit valuation adjustments (CVA) were not directly capitalized, with roughly two-thirds of CCR losses due to CVA. Also, large financial institutions were more interconnected than previously modeled. Finally, Central Counterparties were not widely used to clear trades. This workshop discusses the evolution of CCR measurement, the latest techniques available to practitioners, as well as some of the key issues and challenges to implement an effective CCR program in the aftermath of the crisis and in the context of new Basel III regulation.

Pricing

IAFE Members

\$50—1 ½ Day Conference & Breakouts

\$250—1 ½ Day Conference & Breakouts & Robert Merton Dinner

(Dinner has Limited Availability With First Priority Going to IAFE Members)

IAFE Non-Members

\$200—1 ½ Day Conference & Breakouts

\$400—1 ½ Day Conference & Breakouts & Robert Merton Dinner

\$450—1 ½ Day Conference & Breakouts & Robert Merton Dinner & One Year Membership to IAFE

(Dinner has Limited Availability With First Priority Going to IAFE Members)

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Sponsorships

Sponsorships are still available - for more details contact David Jaffe, Executive Director, IAFE at 646-736-0705

About the International Association of Financial Engineers (IAFE)

The IAFE is the not-for-profit, professional society dedicated to fostering the profession of quantitative finance by providing platforms to discuss cutting-edge and pivotal issues in the field. Founded in 1992, the IAFE is composed of individual academics and practitioners from banks, broker dealers, hedge funds, pension funds, asset management firms, technology firms, regulatory bodies, accounting, consulting and law firms, and universities across the globe.

For more information about the IAFE, please visit www.iafe.org.

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