Israel Securities Authority

***The School of Business Administration, The Hebrew University of Jerusalem***

***NYU Stern School of Business***

***The University of Florence***

# *IRMC-2016: "Risk Management and Regulation in Banks and Other Financial Institutions – How to Achieve Economic Stability"*

***June 13-15, 2016, Jerusalem***

***Lectures will take place at The Belgium House, Edmond J. Safra campus of The Hebrew University of Jerusalem, Givat Ram and at The Mishkenot Sha'ananim Conference Center***

**Minor changes may be made to the program**
**Legenda: underlined the paper presenter**

***Monday June 13, 2016 – Afternoon***

***Location: Hebrew University of Jerusalem***
***The Belgium House, Edmond J. Safra campus***

| Time | Event | | | |
|---|---|---|---|---|
| 12.30-13.40 | *Registration* | | | |
| 13.40-13.50 | *Greetings: **Oliviero Roggi** and **Dan Galai*** | | | |
| 13.50-14.00 | *Opening remarks and Introduction* | | | |
| 14.00-15.45 | **Plenary 1**<br>**Robert Israel Aumann** (Nobel Laureate in Economics (2005),The Hebrew University of Jerusalem) – *Economic Lessons from the 08-09 Crisis*<br>**Karnit Flug** (Governor of the Bank of Israel) – *The Israeli economy: current trends, strength and challenges* | | | |
| 15.45 –16.15 | Coffee break | | | |
| 16.15 –18.15 | **Parallel session (A)** | | | |
| Area | **A1. Credit risk** | **A2. Systemic risk and contagion** | **A3. Corporate finance and Risk Taking** | **A4. Financial Modeling** |
| | *Chairman*: E.I. Altman | *Chairman: B. Schreiber* | *Chairman: O. Sade* | *Chairman: Z. Wiener* |
| | **Room 1** | **Room 2** | **Room 3** | **Room 4** |
| 16.15 –16.40 | Business cycles from the prospective of a rating agency<br>Authors: Y. Kaniovskyi, D. Boreiko, S. Kaniovski, G. Pflug | What do CDS tell about bank-insurance risk spillovers? Evidence from Europe<br>Authors: A. Paltrinieri, S. Miani, A. Dreassi, A. Sclip | Blockholder Heterogeneity and the Dance Between Blockholders<br>Authors: M. Ziv, C. Hadlock | Banking Globalization, Local Lending and Labor Market Outcomes: Micro-level Evidence from Brazil.<br>Author: M. Ossandon Busch |
| 16.40-17.05 | Application of Actuarial Methods For Corporate Financial Distress Prediction in small emerging market – example from Bosnia and Herzegovina<br>Author: S. Stevanovic | Do capital adequacy and credit quality affect systematic risk? An investigation on a sample of European listed banks at light of EBA stress tests<br>Authors: A. Paltrinieri, S. Miani, J. Floreani | CEO narcissism and corporate risk taking<br>Authors: T. Aabo, N. Bang Eriksen | The determinants of CDS spreads: evidence from the model space<br>Authors: M. Pelster, J. Vilsmeier |
| 17.05 –17.30 | Prepayment and default of consumer loans in online lending<br>Author: Z. Li | What is a SIFI? On the Systemic Importance of Financial Institutions as determined by an Extended CAPM with Systemic Risk<br>Authors: J. Garibal, B. Maillet | Politically motivated corporate decisions: evidence from China<br>Authors: D. Feldman, J. Li, K. Saxena | Deriving Risk-Free Interest Rates from Bond and CDS Quotes: A Model-Independent Approach<br>Authors: S. Smirnov, M. Kurbangaleev, V. Lapshin |
| 17.30-17.55 | Ambiguity, Volatility and Credit Risk<br>Authors: Y. Izhakian, P. Augustin | "Too-Big-To-Fail", Credit Ratings, and Dodd-Frank Act: Evidence from the Bond Market<br>Authors: P. Liu, J. Gu, Y. Shao | Do Firms Hedge Optimally? Evidence from an Exogenous governance Change<br>Authors: S. Huang, U. Peyer, B. Segal | Filtering for Risk Assessment of Interbank Network<br>Authors: M. Simaan, A. Gupta, K. Kar |
| 17.55-18.15 | Q&A | Q&A | Q&A | Q&A |
| 19.00 | *Concert and Cocktail at the Jerusalem Music Center and Montefiore Restaurant* | | | |

***Tuesday June 14, 2016 – Morning***

***Location: Mishkenot Sha'ananim Conference Center***

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**Legenda: underlined the paper presenter**

***Tuesday June 14, 2016 – Morning***

***Location: Mishkenot Sha'ananim Conference Center***

| Time | Event | | | |
|---|---|---|---|---|
| 9.00-11.00 | **Parallel session (B)** | | | |
| Area | **B1. Corporate governance and compensation** | **B2. Banking and liquidity risk** | **B3. Corporate finance and risk management** | **B4. Volatility and Market Behavior** |
| | *Chairman: G. Barone Adesi* | *Chairman: M. Crouhy* | *Chairman: O. Roggi* | *Chairman: M. Brenner* |
| | **Room 1** | **Room 2** | **Room 3** | **Room 4** |
| 9.00-9.25 | Executive Compensation and Operating Leverage<br>Authors: D. Weiss, D. Aboody, S. Levi | High Value Household Deposits in the Eurozone: Single Post-Crisis Approach vs. National Facts and Their Consequences for Funding Stability of Credit Institutions<br>Author: K. Kochaniak | Input Hedging, Output Hedging and Market Power<br><br>Authors: S. A. Ravid, D. De Angelis | Volatility Measures as Predictors of Extreme Returns<br><br>Author: L. Switzer |
| 9.25-9.50 | Optimal regulation, Executive Compensation and Risk Taking by Financial Institutions<br><br>Authors: A. Raviv, J. Hilscher, Y. Landskroner | Liquidity determinants in the UK gilt market<br><br>Authors: E. Beno, F. Zikes | The degree of free cash flow leverage and valuation<br><br>Authors: Y. Kroll, D. Aharon, S. Riff | Multivariate Jump Diffusion Model with Markovian Contagion<br><br>Authors: P.J. De Carvalho, A. Gupta |
| 9.50-10.15 | Contractual and Tournament Incentives in the Mutual Fund Industry<br><br>Author: E. Pikulina | Do Bank Boards Focus Adequately on Risk?<br>Authors: S. Agarwal, S. Kamath, K. Subramanian, P. Tantri | Aggregate corporate debt components and macroeconomic predictability<br><br>Author: O. Milo Cohen | Optimal trading strategies with limit orders<br><br>Author: R. Agliardi |
| 10.15-10.40 | Corporate Governance and Default Risk in Financial Firms over the Post Financial Crisis Period: International Evidence<br>Authors: L. Switzer, J. Wang, Q. Tu | Financial companies' failures: early warning information from systematic and systemic risk measures<br>Authors: O. Roggi, A. Giannozzi, F. Cipollini, F. Menchetti | Volatility, Liquidity, and Liquidity Risk<br>Authors: D. Amiram, B. Cserna, A. Levy | Related Securities and the Cross-section of Stock Return Momentum<br><br>Authors: J. Lee, A. Naranjo, S. Sirmans |
| 10.40-11.00 | Q&A | Q&A | Q&A | Q&A |
| 11.00-11.15 | Coffee break | | | |
| 11.15-12.45 | **Plenary 2**<br>(Chairman: Maurizio Dallocchio, Bocconi University )<br>**Michel Crouhy** (Natixis) - *Stress Testing for Regulatory and Strategic Planning Purposes*<br>**Giovanni Barone Adesi** (Swiss Finance Institute) **–** *Crude Oil option implied VaR and CvaR* | | | |
| 12.45-13.45 | Lunch at Mishkenot Sha'ananim | | | |

***Tuesday June 14, 2016 - Afternoon***

***Location: Mishkenot Sha'ananim Conference Center***

| Time | Event | | | |
|---|---|---|---|---|
| 13.45-15.50 | **Plenary 3**<br>(Chairman: Oliviero Roggi, University of Florence)<br>**Menachem Brenner** (NYU Stern) **–** *Informed Options Trading Prior to Corporate Events*<br>**Linda Allen** (City University of New York) – *What's the Contingency? A Proposal for Bank Contingent Capital Triggered By Systemic Risk*<br>**Yakov Amihud** (NYU Stern) - *The pricing of corporate foreign sales risk* | | | |
| 15.50-16.05 | Coffee break | | | |
| 16.10-18.15 | **Parallel Session (C)** | | | |
| Area | **C1. Behavioral Aspects** | **C2. Financial Decision Making** | **C3. Value-at-Risk (VaR)** | **C4. Banking system and Basel III** |
| | *Chairman:* R. Shalom-Gilo | *Chairman:* I. Venezia | *Chairman: H.A. Benink* | *Chairman: L. Allen* |
| | **Room 1** | **Room 2** | **Room 3** | **Room 4** |
| 16.10-16.30 | CAPM: an absurd model<br>Author: P. Fernandez | Distressed Stocks in Distressed Times<br>Authors: E. Misirli, A. Eisdorfer | Modelling Tail Risk in a Continuous Space - An application to Value at Risk and Expected Shortfall Measurements<br>Author: D. Maillard | Moral language in the Basel Accords: A quantitative analysis<br>Authors: H. Jabotinsky, E. Sagi |
| 16.30-16.55 | The Liquid Hand-to-Mouth: Evidence from Personal Finance Management Software<br>Authors: A. Vardardottir, M. Pagel | Employing Priming to Shed Light on Financial Decision-making Processes: Professionals versus Laymen Behavior<br>Author: D. Kliger | Assessing performance of liquidity adjusted value-at-risk-models<br>Authors: V. Daka, S. Basu | Assessing Basel III<br>Authors: J. Cizel, E.I. Altman, H. Rijken |
| 16.55-17.20 | Can Smoking Harm Your Long-Term Saving Decisions?<br>Authors: O. Sade, A. Hurwitz | Implied Maturity Mismatches and Investor Disagreement<br>Authors: M. Iarovyi, S. Bar-Yosef, I. Venezia | Daily VaR Forecasts of EUR/PLN with Realized Volatility, Bipower Variation and GARCH Models<br>Author: B. Będowska-Sójka | Coupon cancellation and call extension risk: two underestimated risk factors in Contingent Convertibles (CoCos) evaluation<br>Authors: K. Liberadzki, M. Liberadzki |
| 17.20-17.55 | Benefits of Innovation: Quantifying Its Effects on Corporate Performance<br>Authors: R. Moro, S. Aliakbari, D. Nepelski, G. De Prato | Accounting Accruals and Short-Selling: Evidence from Quarterly Data<br>Authors: T. Kang, G. Gotti, B. Erturk | The Effect of Contingent Convertibles (CoCos) on Issuer's Solvability.<br>Authors: K. Liberadzki, M. Liberadzki, P. Jaworski | Bank Risk Dynamics where assets are risky debt claims<br>Authors: S. Peleg, A. Raviv |
| 17.55-18.15 | Q&A | Q&A | Q&A | Q&A |
| 19.15 | *Gala dinner at Mount Zion Hotel* | | | |

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***Wednesday June 15, 2016 – Morning and afternoon*** ***Location: Mishkenot Sha'ananim Conference Center***

| Time | Event | | | |
|---|---|---|---|---|
| Area | **Professional Workshop:** ***New Challenges in Risk Management*** | | | |
| 9.00-10.20 | **Plenary 4**<br>**Shmuel Hauser** (Chairman of the Israel Securities Authority) - *How to reconcile technological progress with investor protection*<br>**Edward I. Altman** (NYU Stern) - *Where Are We in the Credit Cycle?* | | | |
| 10.20-10.40 | Coffee Break | | | |
| 10.40-12.00 | **Plenary 5**<br>**Yossi Beinart** (CEO of the Tel Aviv Stock Exchange) - *The Advantages of Central Clearing*<br>**Ben Golub** (CRO of Blackrock) - *Market-Driven Scenarios: An Approach to Plausible Scenario Construction* | | | |
| 12.00-12.15 | Coffee Break | | | |
| 12.15-13.15 | **Round table*: Regulation issues in Risk Management*****<br>**Moderator: Zvi Wiener** (The Hebrew University of Jerusalem and PRMIA)<br>**Ben Golub** (CRO of Blackrock), **Hedva Ber** (Supervisor of Banks at the Bank of Israel), **Alex Tsigutkin** (CEO of AxiomSL), **Menachem Brenner** *(NYU),* **Gitit Gur-Gershgoren** (Chief Economist at the Israel Securities Authority) | | | |
| 13.15-14.15 | Lunch at Mishkenot Sha'ananim | | | |
| 14.15-16.15 | **Parallel Session (D)** | | | |
| Area | **D1.** ***Workshop on FINTECH, innovation and Risk Management*** | | **D2.** ***Aspects of Risk Management in the Israeli market*** | |
| | *Chairman: Dan Galai* | | *Chairman: Ben Z. Schreiber* | |
| 14.15-14.40 | **Room** | Alla Gil (CEO of Straterix). Stress Scenario Construction: from Black Swans to Snowball Effect | **Room** | The Asymmetric Market Reaction of Stockholders and Bondholders to the Implementation of Early-Warnings Pre Going Concern Opinion<br>Authors: K. Bar-Hava, R. Katz |
| 14.40-15.05 | | Alex Tsigutkin (CEO of AxiomSL)<br>Navigating Risk and Regulatory Maze with a Clearer Vision | | Pyramidal ownership - effects of dynamic changes on stocks and bonds<br>Authors: H. Axelrad, D. Galai, G. Gur Gershgoren |
| 15.05-15.30 | | Ronen Feldman (The Hebrew University of Jerusalem)<br>Text Analytics Based Risk Analysis Platform | | Quiet regulation: formal and informal enforcement<br>Author: S. Yadin |
| 15.30-15.55 | | Yonatan Sompolinsky (The Hebrew University of Jerusalem)<br>The Security of Bitcoin and Alternative Blockchain Protocols | | Carry trading in the Israeli FX market: A time-varying currency risk premium<br>Authors: A. Mantzura, B. Schreiber |
| 15.55-16.15 | | Q&A | | Q&A |

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