MANAGING RISK IN FINANCIAL INSTITUTIONS:
FROM THEORY TO PRACTICE

Thursday, Friday, Saturday
April 27-29, 2006

REGISTRATION  PROGRAM
Hofstra University
and the
Merrill Lynch Center for the Study of International Financial Services and Markets
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An International Conference
MANAGING RISK IN FINANCIAL INSTITUTIONS:
FROM THEORY TO PRACTICE
Thursday, Friday, Saturday
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Stuart Rabinowitz
President and Andrew M. Boas and
Mark L. Claster Distinguished
Professor of Law
Hofstra University

M. Patricia Adamski
Senior Vice President for
Planning and Administration
Adolph J. and Dorothy R. Eckhardt Distinguished
Professor of Corporate Law
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George J. Papaioannou
C.V. Starr Distinguished Professor of Finance and Investment Banking
Director, The Merrill Lynch Center for the Study of International Financial Services and Markets

Ehsan Nikbakht
Professor of Finance
Frank G. Zarb School of Business

Athelene A. Collins
Associate Director for Project Development, Budgets and Office Procedures
Hofstra Cultural Center
THURSDAY, APRIL 27, 2006

8 a.m.-4 p.m. CONFERENCE REGISTRATION
Scott Skodnek Business Development Center, Lobby
Joan and Donald E. Axinn Library, Second Floor, South Campus

9-9:15 a.m. WELCOMING REMARKS

9:15-10:30 a.m. MANAGING RISK
Can Insurance Companies Hedge Mortality Risk With Life
Extension Risk Using Securitized Viagers?
Charles Stone, Paris-Dauphine University, France
Anne Zissu, Temple University, Pennsylvania

Risk Weights and Capital Savings Using the Internal VAR Model
Mei-Ying Liu, Soochow University, Taiwan

Exchange Rate Risk Measurement and Management Issues
and Approaches for Firms
Michael Papaioannou, International Monetary Fund, Washington, D.C.

Moderator
George Papaioannou, Hofstra University

10:30-10:45 a.m. COFFEE BREAK

10:45 a.m.-12:15 p.m. Session II
HEDGING INSTRUMENTS
Approaches for Measuring the Duration of Mortgage-Related Securities
Bennett Golub, Managing Director
Black Rock Financial Management, New York

Framing the Individual Investor: The Case of Capital-Guaranteed Funds
Jan Annaert, Anouk Claes and Marc DeCeuster
University of Antwerp, Belgium

Swaps and Other Derivatives: Uses, Regulations and
Other Issues in the Philippines
Sergio Cao, Chancellor, University of Philippines

Moderator
Steven Krull, Hofstra University

12:30-2 p.m. LUNCHEON
Speaker
Charles Smithson
Managing Partner
Rutter Associates LLC, New York

2:15-3:45 p.m. Session III
OPERATIONAL RISK AND TECHNOLOGY
Operational Risk Management and Money Laundering (AML)
Compliance: A Risk-Based Approach to Combating Money
Laundering and Terrorist Financing
John MacKessy, CAMS Director
Forensic and Litigation Consulting, FTI Consulting, New York

The Supervisory Framework Surrounding Non-Bank Participation
in the U.S. Retail Payments System: An Overview
Richard Sullivan, Federal Reserve Bank of Kansas

Operational Risk Management in Financial Institutions:
Some Empirical Evidence From Spain
Ana Fernandez Laviada, Universidad de Cantabria, Spain

Moderator
Anoop Rai, Hofstra University

3:45-4 p.m. COFFEE BREAK

4-5:30 p.m. Session IV
NEW APPROACHES AND SINGLE COUNTRY CASES
Capital Adequacy: A New Approach
Thomas Lutton, Office of Federal Enterprise Oversight, Washington, D.C.

Supervision of Financial Conglomerates: The Case of Chile

Basel II: From Risk Weighting to Risk Rating: Canadian Banks’ Regulatory
Credit Risk Framework in a North American Context
Aleh Kourloukov, Bank of Montreal, Canada

Moderator
Esmeralda Lyn, Hofstra University

5:45-6:15 p.m. TRADING ROOM DEMONSTRATION
C.V. Starr Hall, Room 104, South Campus

Using Trading Rooms in the Finance Curriculum:
Tools for Risk Management and Quantitative Finance
Ahmet Karagozoglu, Hofstra University
FRIDAY, APRIL 28, 2006

8 a.m.-4 p.m.  CONFERENCE REGISTRATION  
Scott Skodnek Business Development Center, Lobby  
Joan and Donald E. Axinn Library, Second Floor, South Campus

9:10-3:45 a.m.  MODELING  
Cyclicality in Catastrophic and Operational Risk Management  
Linda Allen and Turan Ball  
Baruch College, City University of New York  
Uncertainty in Value at Risk Estimates Under Parametric and Non-Parametric Modeling  
Tatiana Miazhynskaia and Wolfgang Aussenegg  
Vienna University of Technology, Austria  
Managing Oil Price Risk: An Objective Comparison of VAR Modeling Techniques  
Alexandra Costello, University of Lethbridge, Alberta, Canada

Moderator  
Greg van Inwegen, Director, Quantitative Analysis and Risk Management  
Ivy Asset Management Corp. Garden City, New York

10:30-10:45 a.m.  COFFEE BREAK

10:45 a.m.-12:15 p.m.  REGULATIONS AND CAPITAL ADEQUACY  
On Umbrella Supervision and the Role of the Central Bank  
Joseph Haubrich and James Thomson  
Federal Reserve Bank of Cleveland  
Tolerating the Treachery: How Courts Have Enabled the Conflict of Interest Between Research and Investment Banking Functions of Security Firms  
Paul Dwyer, Siena College, New York  
Subordinated Debt, Uninsured Deposits, and Market Discipline: Recent Evidence From Bank Holding Companies  
A. Sinan Cebenoyan, Hofstra University  
Fatma Cebenoyan, Hunter College, City University of New York

Moderator  
Andrew Spieler, Hofstra University

12:30-2 p.m.  BUFFET LUNCH

2:15-3:45 p.m.  RISK AND PERFORMANCE  
Double or Nothing: Patterns of Equity Fund Holdings and Transactions  
Stephen Brown, David Gallagher, Onno W. Steenbeck and Peter L. Swan  
New York University

3:45-4 p.m.  COFFEE BREAK

4-5:30 p.m.  RISK AGGREGATION AND ENTERPRISE RISK MANAGEMENT  
Risk Capital Aggregation: The Risk Manager’s Perspective  
Francesco Saita, Newfin Research Center and SDA Bocconi, Italy

Enterprise Risk Management in Action  
Anette Mikes, London School of Economics, England

Hedging Leverage and Shareholder Value: A Testable Theory of Corporate Risk Management Under General Distributional Conditions  
Lutz Hahnestein and Klaus Roder, Universität Regensburg, Germany

Does Diversification Improve the Performance of German Banks? Evidence From Individual Bank Loan Portfolios  
Evelyn Hayben, Banking Analysis and Inspections Division, Österreichische Nationalbank, Germany  
Daniel Porath, Bank Examinations, Deutsche Bundesbank, Germany  
Natalja V. Westernhagen, Department of Banking and Financial Supervision, Deutsche Bundesbank, Germany

Moderator  
K. G. Viswanathan, Hofstra University

6 p.m.  RECEPTION and CONFERENCE BANQUET

Greetings from the Hofstra University community

Introduction  
Ralph S. Polimeni  
Dean, Frank G. Zarb School of Business  
Hofstra University

Academic Keynote Address  
Anthony Saunders  
The John M. Schiff Professor of Finance  
New York University  
Joseph G. Astman Distinguished Conference Scholar
CONTINENTAL BREAKFAST

CREDIT AND SECURITIZATION

Securitizing the Balance Sheet: The Role of Synthetic CDOs (Invited Paper)
John Marshall, Senior Principal, Marshall, Tucker & Associates, LLC and Founding Member, Board of Directors, International Securities Exchange

Deriving Retail Credit Portfolio Correlation Properties From Large Assets-Backed Security Pools
Eric Higgins and Joseph Mason
Drexel University, Pennsylvania

Evaluation of Bank Interest Rate Risk by the Sensitivity of Bank New Interest Margins to Credit, Interest Rate and Term Structure Shocks
Gerald Hanweck, George Mason University and FDIC
Lisa Ryu, Federal Deposit Insurance Corporation

Moderator
Ehsan Nikbakht, Hofstra University

COFFEE BREAK

ROUND TABLE: RISK MANAGEMENT PRACTICE

Don M. Chance
William H. Wright, Jr. Endowed Chair for Financial Services Louisiana State University

Naoki Tabata
Senior Advisor, RHJ International Japan, Inc., Tokyo, Japan

Steven Dresner
Pipe Report, Deal Flow Media, New York

Moderator
Arun Keswani, Associate Multi Asset Strategies, Goldman Sachs, New York

CLOSING REMARKS

George J. Papaioannou, Hofstra University

The Long Island Marriott Hotel and Conference Center in Uniondale, Wingate Inn in Garden City, and Red Roof Inn in Westbury, have been designated as the official conference hotels. Following are the special discounted room rates and cutoff dates for room reservations.

LONG ISLAND MARRIOTT HOTEL
AND CONFERENCE CENTER
101 James Doolittle Blvd.
Uniondale, NY 11553
Att: Reservations Manager
Tel: (516) 794-3800 or (800) 832-6255
Fax: (516) 794-5936
Room rate: $147 per night, single/double occupancy.
Cutoff date: April 5, 2006

WINGATE INN
821 Stewart Avenue
Garden City, NY 11530
Tel: (516) 705-9000; Fax: (516) 705-9100
Room rate: $139 per night, single/double occupancy Friday-Sunday and $155 per night, single/double occupancy Monday-Thursday.
Cutoff date: March 26, 2006

RED ROOF INN*
699 Dibblee Drive
Westbury, NY 11590
Tel: (516) 794-2555; (800) RED-ROOF
Standard Room rate: $94.99 per night, single/double occupancy.
Business King Room: $99.99 per night, single/double occupancy.
When making your reservation, please refer to CPS18984 to receive Hofstra University's discounted rate.
Cutoff date: Based on availability

NOTE: ALL RESERVATIONS WILL BE HELD UNTIL 6 PM, ON DAY OF ARRIVAL UNLESS ACCOMPANIED BY THE FIRST NIGHT'S ROOM DEPOSIT OR SECURED BY A MAJOR CREDIT CARD. RESERVATIONS MADE AFTER THE CUTOFF DATE WILL BE SUBJECT TO AVAILABILITY AT A HIGHER ROOM RATE.

WHEN MAKING YOUR RESERVATIONS, PLEASE IDENTIFY YOURSELF AS A PARTICIPANT IN THE HOFSTRA RISK MANAGEMENT CONFERENCE AT HOFSTRA UNIVERSITY.

Scheduled transportation will be arranged between the Hofstra University campus and contracted hotels. Schedules will be available at the Conference Registration Desk as well as at the participating hotels.

*NOTE: Please be advised that there will be no shuttle service between the Red Roof Inn and the Hofstra University campus. Please see the concierge desk for taxi service.

Room assignments for conference sessions will be listed in the final program, which will be available at the conference registration desk during the conference.

DINING FACILITIES ON CAMPUS:
There are several dining facilities on the Hofstra University campus. Only one dining facility, the Hofstra University Club, requires reservations. You may make reservations for lunch/dinner by calling (516) 463-6648. Reservations are limited.
LOCATION OF HOFSTRA UNIVERSITY

HOFSTRA UNIVERSITY is located in Hempstead, Long Island, New York, about 25 miles east of New York City, less than an hour away by train or automobile.

The Long Island Rail Road (LIRR) has frequent trains to the Hempstead Station and the Mineola Station from Pennsylvania Station, located at 34th Street and 7th Avenue, New York City, as well as from the Flatbush Avenue Station in Brooklyn, New York. Use local taxi service to the Hofstra campus.

Local Taxi Service:
All Island Taxi Service (516) 481-1111
Pub Taxi Service (516) 483-4433
Hempstead Taxi (516) 489-4460

BY CAR: Travel on the Long Island Expressway, Northern State Parkway or Southern State Parkway to Meadowbrook State Parkway to Exit M4 (Hempstead Turnpike). Proceed west on Hempstead Turnpike (Route 24W) to the Hofstra campus (approximately one mile).

TRANSPORTATION FROM AIRPORTS:
The Hofstra campus is located approximately 30 minutes by car from either John F. Kennedy International Airport or LaGuardia Airport.

Call in advance for reservations:

Classic Transportation
Courtesy phones are located in the baggage claim area of JFK and LaGuardia Airports, and are connected directly to Classic dispatch/reservation. Dial 20 to speak directly with the Classic reservation department. Tell the representative what town you wish to go to, and one of their drivers will come inside to help you to the Classic van.

Cost: approximately $30.

Discount: When you reserve your round-trip Airport Shuttle trip online at www.classictrans.com or call (631)567-5100.

Horizon Transportation Service
Personalized Transportation Service (516) 538-4891

Hempstead Limousine Service Corporation
Personalized Transportation Service (516) 485-4399

Long Island Airport Limousine Service (LIALS)
LIALS can be called upon arrival at either JFK or LaGuardia Airport at a public telephone: 656-7000 (no area code required). The phones are monitored from 4 a.m. through midnight, seven days a week.

NOTE: Please be advised that there are no set fares charged by New York City yellow cabs between the airports and the Hofstra campus. Please confirm fee with the driver before starting your trip.

FOR INFORMATION:
HOFSTRA CULTURAL CENTER
200 Hofstra University
Hempstead, New York 11549-2000
Tel.: (516) 463-5669; Fax: (516) 463-4793
E-mail: hofculctr@hofstra.edu

CONFERENCE REGISTRATION FORM

Mail or fax to:
MANAGING RISK IN FINANCIAL INSTITUTIONS:
FROM THEORY TO PRACTICE
Hofstra Cultural Center
200 Hofstra University
Hempstead, NY 11549-2000
Tel: (516) 463-5669
Fax: (516) 463-4793

Name ___________________________ State, Post. ________

Address ________________________
City/State/Zip ____________________
Affiliation ________________________
Telephone ________________________
Fax ____________________
E-mail ________________________

I have made lodging reservations at:
______Long Island Marriott
______Wingate Inn
______Red Roof Inn

Method of payment:
[ ] Check payable to Risk Management Conference
[ ] MasterCard* [ ] Visa*

Cardholder’s Name ____________________________
Card # ____________________________
Exp. Date ____________________________

Cardholder’s Signature ____________________________

*Please add $3 handling fee for credit card orders.

Hofstra University is 100-percent accessible to persons with disabilities.
All events (with the exception of meals) are FREE to Hofstra students, faculty and staff upon presentation of current HofstraCard.

Cancellations: A $10 handling fee will be deducted from registration refunds; however, notice must be received by April 17, 2006.

Returned Checks: A $20 handling fee will be charged for returned checks.
## CONFERENCE FEES

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<thead>
<tr>
<th>REGISTRATION FEE</th>
<th>No. of Persons</th>
<th>Amount</th>
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<tr>
<td><strong>Academic registrant</strong>&lt;br&gt;Must include copy of current school ID&lt;br&gt;(per person cost includes continental breakfast, luncheons and coffee breaks)&lt;br&gt;Early Bird Rate (before April 17)</td>
<td>$100</td>
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<tr>
<td><strong>Regular Rate (after April 17)</strong></td>
<td>$125</td>
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<td><strong>Corporate registrant</strong>&lt;br&gt;(per person cost includes continental breakfast, luncheons and coffee breaks)&lt;br&gt;Early Bird Rate (before April 17)</td>
<td>$225</td>
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<tr>
<td><strong>Regular Rate (after April 17)</strong></td>
<td>$275</td>
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<td><strong>Corporate Package</strong>&lt;br&gt;(per person cost includes conference and all meals)</td>
<td>$300</td>
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<td><strong>Senior Citizens (over 65)</strong>&lt;br&gt;Must include copy of Medicare card&lt;br&gt;(per person cost includes continental breakfast, buffet lunch on Friday and coffee breaks)</td>
<td>$75</td>
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<td><strong>Matriculated non-Hofstra student</strong>&lt;br&gt;Must include copy of current school ID&lt;br&gt;(per person cost includes continental breakfast, buffet lunch on Friday and coffee breaks)</td>
<td>$75</td>
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<td><strong>Luncheon (Thursday, April 27)</strong></td>
<td>$30</td>
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<td><strong>Banquet (Friday, April 28)</strong></td>
<td>$50</td>
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<td><strong>TOTAL</strong></td>
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HOFSTRA AT A GLANCE

LOCATION: Hempstead, Long Island, 25 miles east of New York City. Telephone: (516) 463-6600

CHARACTER: A private, nonsectarian, coeducational university.

FOUNDING DATE: 1935

PRESIDENT: Stuart Rabinowitz, J.D.

COLLEGES AND SCHOOLS: Hofstra College of Liberal Arts and Sciences, Frank G. Zarb School of Business, School of Communication, School of Education and Allied Human Services, New College of Hofstra (innovative college), School of Law, School for University Studies, Honors College, Saturday College, and University College for Continuing Education.

FACULTY (INCLUDING LIBRARIANS): There are 1,246 faculty members, of whom 527 are full-time. Ninety one percent of full-time faculty hold the highest degree in their fields.

STUDENT BODY: Full-time undergraduate enrollment of 8,031. Total University enrollment, including part-time undergraduate, graduate and School of Law, is approximately 13,000. Male-female ratio is 44 to 56.

UNDERGRADUATE DEGREE PROGRAMS: Approximately 140 undergraduate programs of study.

GRADUATE DEGREE PROGRAMS: Graduate degrees are offered in more than 150 programs of study, including Ph.D., Ed.D., Psy.D., and J.D. degrees, advanced certificates and professional diplomas.

THE HOFSTRA CAMPUS: With 113 buildings and 240 acres, Hofstra is an accredited member of the American Association of Botanical Gardens and Arboreta.

LIBRARIES: The Hofstra Libraries are fully computerized and contain 1.2 million volumes (1.6 million with volume equivalents) available for student use. Hofstra’s electronic library provides access to 120 databases and 17,000 full-text journals.

ACCESSIBILITY: Hofstra is 100 percent program accessible to persons with disabilities.

JANUARY AND SUMMER SESSIONS: Hofstra offers a January session and three summer sessions between May and August.
Managing Risk in Financial Institutions: From Theory to Practice

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