

swiss : finance : institute



Activity Report
2009-2010

As a world-leading financial center building on a rich history, Switzerland's financial sector has the natural ambition of housing a world-leading research and training center in banking and finance.

The Swiss Finance Institute is the product of this ambition. Established at the initiative of the Swiss Bankers Association, it is a private foundation created in 2006 with the support of the Swiss banking and finance community and the Swiss stock exchange together with the Swiss Confederation, the Swiss National Science Foundation and several Swiss universities with the aim of advancing research activities in finance and executive education in the banking and finance sector.

The Swiss Finance Institute encompasses three pre-existing foundations: the International Center for Financial Asset Management and Engineering (FAME), the Swiss Banking School and the Stiftung Banking and Finance an der Universität Zürich. This merger has led to the creation of one of the major European providers of research, doctoral training and advanced executive education in banking and finance. This report gives an overview of Swiss Finance Institute's activities during 2009 and the first half of 2010.

Table of contents

Word from the Board	4
Swiss Finance Institute Faculty	5
Research Highlights	6
The Swiss Finance Institute Research Partner: NCCR FINRISK	9
The Swiss Finance Institute PhD Program in Finance	10
PhD Graduate Placements	12
Executive Education	13
Media Profile	18
Swiss Finance Institute Knowledge Transfer Activities	18
Structure and Overseeing Bodies	20
Governing Bodies	21
2009 Facts & Figures	23
Publications in Academic Journals and Books by SFI Researchers – 2009 and Forthcoming	26
Swiss Finance Institute Research Paper Series	30
Overview of courses offered in 2009 by the Swiss Finance Institute	33

Word from the Board

Full steam ahead!

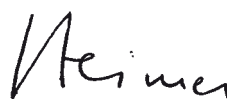
The Swiss Finance Institute continues its aim of increasing Switzerland's attractiveness for outstanding researchers, teachers, and students. But where do we stand more than four years into our activities? The following pages provide the detailed answers to this question but following you will find some first indications:

- Cooperation agreements with all of our academic partners have been renewed at the end of 2009.
- Twelve new professors were hired by our academic partners over the last eighteen months with the support of the Swiss Finance Institute.
- SFI Researchers have produced more internationally recognized top publications than ever before with twenty-four publications. That is three times more than in the same period just three short years ago!
- A new SFI-funded research project has been launched on Banking and Regulation by NCCR-FINRISK, SFI's research partner.
- The PhD program has been growing steadily with an exceptionally high number of students entering the program in 2009! Upon successful completion of their studies, SFI graduates are being recruited in top institutions both in academia and industry as can be seen by the placements mentioned on page twelve of this report!
- Despite tough market conditions, more than 530 participants followed SFI executive education programs with 145 graduates completing a diploma course in 2009. And the 2009 edition of the Senior Management Program in Banking launched in 2008, was completely full with participants from all over Europe!

- Finally, a growing number of Knowledge Transfer activities continue to provide applied knowledge to both research and industry. SFI Podcasts make a number of these events accessible to individuals from around the globe.

This Activity Report provides an occasion for us to express our admiration and gratitude to Prof. Jean- Pierre Danthine who held the position of Managing Director of Swiss Finance Institute from 2006 through 2009. His unyielding determination, ongoing commitment, and outstanding leadership paved the way for our first successes and set the rhythm during these first years of Swiss Finance Institute's activities. The Swiss Finance Institute is still young and will continue under the guidance of SFI's new Managing Director, Prof. Claudio Loderer, to solidify these successes. Prof. Loderer will join the Institute in February 2011.

We would also like to extend our appreciation for the continued support of our academic partners, the federal government, and industry members who contribute to making the Swiss Finance Institute a success. We would like to thank in particular Mr. Patrick Odier and Mr. Francesco Morra, members of the Foundation Board who have left during this period, as well as Prof. Ioannis Karatzas of Columbia University for his engagement with the Scientific Council since 2006. We have also appreciated the guidance provided by Prof. René Capitelli, Mr. Curdin Duschletta and Mr. Per Etholm through their participation in the Executive Education Advisory Board.



Olivier Steimer
Chairman of the Foundation Board



Swiss Finance Institute Faculty

Since its creation in 2006, Swiss Finance Institute has continued working with its academic partners in reinforcing faculty with the goal of becoming an internationally recognized finance research institute in Europe. First traces of reaching this goal are becoming evident.

The Swiss Finance Institute (SFI) aims at achieving a leading position among finance research institutes within Europe in major areas relevant for banking and finance. This will contribute to increasing Switzerland's attractiveness for outstanding researchers, teachers and students over time. Currently, there are more than fifty SFI Faculty Members, of which twelve professors have been recruited over the last eighteen months. Attesting to the engagement of these full-time researchers in the field of banking and finance and related disciplines, more than one half of the faculty members hold SFI Chairs or Fellowships.

This reinforcement of an already solid network has led to a substantial increase in the outstanding research work produced by SFI Faculty on a regular basis. As can be seen in the following pages of this report, the number of top quality publications of SFI researchers in the internationally recognized best academic journals has increased significantly. This has led to the Swiss Finance Institute being included in a number of international rankings after only four years of activity. The impact that this has is significant for Switzerland's world-wide visibility and the contribution that it makes on the international financial research agenda.

Center Highlights

Since July 2009 the SFI Academic Partners have successfully recruited a number of new professors:

In the Léman Center Professors Damir Filipovic, Rüdiger Fahlenbrach, Anders Trolle, Lorian Mancini and Semyon Malamud have recently joined the EPFL. At the University of Geneva, new recruit Prof. Inès Chaieb, will begin as an tenure-track assistant professor this fall.

In the Lugano Center, Prof. Alberto Plazzi will join as a tenure-track assistant professor and has been awarded an SFI Junior Chair.

In the Zürich Center, in the fall of 2009, Prof. Kjell Nyborg joined the University of Zurich (UZH) and was awarded an SFI Senior Chair. In parallel, Prof. Henrik Hasseltoft joined UZH as a tenure track assistant professor. Prof. Jean-Charles Rochet who was an SFI Visiting Professor since August 2009, joined the University of Zurich as an SFI Senior Chair in spring 2010. At ETHZ two new faculty members have joined SFI: Prof. Joseph Teichmann and Prof. Halil Mete Soner with an SFI Senior Chair.



Swiss Finance Institute Faculty (June 2010)

Philippe Bacchetta
Giovanni Barone-Adesi**
Tony Berrada
Peter Bossaerts*
Inès Chaieb (August 2010)
Marc Chesney
François Degeorge*
Paul Embrechts*
Rüdiger Fahlenbrach****
Giovanni Favara
Damir Filipovic*
Francesco Franzoni****
Patrick Gagliardini****
Rajna Gibson Brandon**
Manfred Gilli
Amit Goyal*
Michel Habib*
Henrik Hasseltoft
Thorsten Hens***
Martin Hoesli
Julien Hugonnier****
Jean Imbs
Eric Jondeau
Felix Kübler*
Markus Leippold (August 2010)
Henri Loubergé
Semyon Malamud****
Lorian Mancini
Erwan Morellec*
Eric Nowak
Kjell G. Nyborg*
Claudio Ortelli
Per Östberg (August 2010)
Marc Paoletta
Alberto Plazzi**** (August 2010)
Jean-Charles Rochet*
Michael Rockinger***
Olivier Scaillet*
Karl Schmedders
Norman Schürhoff*
Martin Schweizer**
Halil Mete Soner
Didier Sornette
Pascal St-Amour
Josef Teichmann
Fabio Trojani***
Anders Trolle****
Paolo Vanini
Alexander Wagner
Mei Wang
Alexei Zhdanov**** (on leave 2009-2010)
Alexandre Ziegler

- * Senior Chair
- ** Distinguished Service Senior Chair
- *** Research Fellow
- **** Junior Chair

Research Highlights

The visibility of the Swiss Finance Institute in the international academic world will in large part be proportional to the number and quality of publications by affiliated researchers in top academic journals, i.e., those journals that historically have been first in promoting the ideas that have changed financial practices.

The Scientific Council of SFI places extra weight on publications appearing in the following journals: Journal of Finance, Journal of Financial Economics, Review of Financial Studies, American Economic Review, Journal of Political Economy, Quarterly Journal of Economics, Econometrica and Review of Economic Studies. In 2009 and the first half of 2010 the following twenty-four articles were accepted for publication or published:

2009

Flight-to-Quality or Flight-to-Liquidity? Evidence from the Euro-Area Bond Market, **A. Beber**, M. W. Brandt, and K. Kavajecz, *the Review of Financial Studies*, vol. 22(3), pp 925-957, 2009.

Equilibrium Portfolio Strategies in the Presence of Sentiment Risk and Excess Volatility, **B. Dumas**, A. K. Urshev, R. Uppal, *the Journal of Finance*, vol. 64(2), pp 579-629, 2009.

Underinvestment vs. Overinvestment: Evidence from Price Reactions to Pension Contributions, **F. Franzoni**, *the Journal of Financial Economics*, vol. 92(3), pp 491-518, 2009.

Ambiguity Aversion and the Term Structure of Interest Rates, **P. Gagliardini**, P. Porchia and **F. Trojani**, *the Review of Financial Studies*, vol. 22(10), pp 4157-4188, 2009.

Cross-Section of Option Returns and Volatility, **A. Goyal** and A. Saretto, *the Journal of Financial Economics*, vol. 94(2), pp 310-326, 2009.

Finance, Institutions and Risk Sharing in International Portfolios, M. Fratzscher and **J. Imbs**, *the Journal of Financial Economics*, vol. 94(3), pp 428-447, 2009.

Information Percolation with Equilibrium Search Dynamics, D. Duffie, **S. Malamud** and G. Manso, *Econometrica*, vol. 77(5), pp 1513-1574, 2009.

Asymmetric Information and Adverse Selection in Mauritian Slave Auctions, D. Georges, **P. St-Amour** and D. Vencatachellum, *the Review of Economic Studies*, vol. 76(4), pp 1269-1295, 2009.

A general stochastic volatility model for the pricing of interest rate derivatives, **A. Trolle** and E. Schwartz, *the Review of Financial Studies*, vol. 22(5), pp. 2007-2057, 2009.

Unspanned stochastic volatility and the pricing of commodity derivatives, **A. Trolle** and E. Schwartz, *the Review of Financial Studies*, vol. 22(11), pp. 4423-4461, 2009.

Level Playing Fields in International Financial Regulation, A. Morrison and **L. White**, *the Journal of Finance*, vol. 64(3), pp 1099-1142, 2009.

2010 or forthcoming

Infrequent Portfolio Decisions: A Solution to the Forward Discount Puzzle, **Ph. Bacchetta** and E. van Wincoop, *the American Economic Review*, vol. 100(3), pp 870-904, 2010.

Exploring the Nature of 'Trader Intuition', A. J. Bruguier, S. R. Quartz, **P. L. Bossaerts**, *the Journal of Finance*, forthcoming.

Equilibrium Asset Pricing and Portfolio Choice Under Asymmetric Information, B. Biais, **P. L. Bossaerts** and C. Spatt, *the Review of Financial Studies*, vol. 23(4), pp 1503-1543, 2010.

Ambiguity in Asset Markets: Theory and Experiment, **P. L. Bossaerts**, P. Ghirardato, S. Guarnaschelli and W. Zame, *Review of Financial Studies*, vol. 23(4), pp 1325-1359, 2010.

Auctioned IPOs: The U.S. Evidence, **F. Degeorge**, F. Derrien and K. Womack, *the Journal of Financial Economics*, forthcoming.

Why do firms appoint CEOs as outside directors?,
R. Fahlenbrach, A. Low and R. Stulz, *the Journal of Financial Economics*, vol. 97(1), pp 12-32, 2010.

Underinvestment Vs. Overinvestment: Evidence From Price Reactions To Pension Contributions,
F. Franzoni, *the Journal of Financial Economics*, vol. 92 (3), pp 491-518, 2010

Performance Persistence in Institutional Investment Management, J. Busse, **A. Goyal** and S. Wahal, *the Journal of Finance*, vol. 65 (2), 765-790, 2010.

Dynamic Investment and Financing under Personal Taxation, **E. Morellec** and **N. Schürhoff**, *the Review of Financial Studies*, vol. 23(1), pp 101-146, 2010.

Price Discovery in Illiquid Markets: Do Financial Asset Prices Rise Faster Than They Fall?, **N. Schürhoff**, R. C. Green and D. Li, *the Journal of Finance*, forthcoming.

Correlation Risk and Optimal Portfolio Choice, A. Buraschi, P. Porchia and **F. Trojani**, *the Journal of Finance*, vol. 65(1), pp 393-420, 2010.

False discoveries in mutual fund performance: Measuring luck in estimated alphas, L. Barras, **O. Scaillet** and R. Wermers, *the Journal of Finance*, vol. 65, pp 179-216, 2010.

Pricing American options under stochastic volatility and stochastic interest rates, A. Medvedev and **O. Scaillet**, *the Journal of Financial Economics*, vol. 98, pp 145–159, 2010.

Names appearing in bold indicate SFI Faculty members at the time of acceptance or publication of an article in the journal.

In addition 50 research papers were placed into the SSRN – Swiss Finance Institute series in 2009.

This series was launched in 2006 as a collaborative project between SFI and NCCR FINRISK with both partners sharing costs equally. This series is published on the SSRN website www.ssrn.com/link/swissfinance-institute.html. A complete list of these papers is available on pages 30-33 of this report.

“Today it is clearer than ever that it is only on the basis of the utmost competences that Switzerland will durably maintain its position as an international financial center. The goal of the Swiss Finance Institute is to deliver unsurpassed excellence in research and teaching and thus be the common Swiss platform to develop and nurture these competences. It is a unique collective effort by academia and industry that has already achieved important milestones and is increasingly recognized abroad. It is essential that this enterprise be given the time to reach its lofty cruising altitude.”

Jean-Pierre Danthine, Member of the Governing Board of the Swiss National Bank, former Managing Director of the Swiss Finance Institute



In 2009, the Swiss Finance Institute Outstanding Paper Award celebrated its 10th Anniversary!

The Outstanding Paper Award was begun in 1999 as the International Center FAME's Research Prize and has been carried on by the Swiss Finance Institute as the Outstanding Paper Award since 2006. The list of recipients over these past 10 years features a number of distinguished international researchers, and many of the research papers have gone on to be published in some of the best academic journals.

This award seeks to distinguish an unpublished research paper making an outstanding contribution to the field of finance over the previous 12 months. The jury selecting the winning paper is composed of all Swiss Finance Institute chaired professors and Fellows and is headed by Prof. Michel Habib.

The 2009 winners of the Outstanding Paper Award were Professors Bruce Carlin (UCLA) and Gustavo Manso (MIT) for their paper entitled "Obfuscation, Learning, and the Evolution of Investor Sophistication". The findings of this paper were presented to the Swiss academic community in Geneva on April 12, 2010. The next day the findings of this paper were the object of a public lecture on "Strategic Price Complexity" by Prof. Carlin in Zurich.



François Degeorge

Banque Privée Espirito Santo Prize

The Banque Privée Espirito Santo Prize was awarded to **François Degeorge** (University of Lugano and SFI), François Derrien (HEC Paris) and Kent Womack (Tuck School of Business, Dartmouth College) at the 4th Annual Meeting of the Swiss Finance Institute in Zurich for their paper entitled "**Auctioned IPOs: The U.S. Evidence**". This paper is forthcoming in the Journal of Financial Economics.

The prize acknowledges their research findings on the U.S. evidence of auctioned initial public offerings (IPOs). The paper analyzes investor behavior and mechanism performance in auctioned IPOs. The authors find evidence that auctioned IPOs perform well under two important criteria: they exhibit highly elastic demand, and they attract strong and predictable participation from institutional investors. This mechanism allows the underwriter and the issuer to extract information, on which some investors try to free ride. Retail bids are less informative than institutional bids, but do not seem to affect the information-extraction mechanism enough to discourage institutional investors from participating. Those institutional investors, who provide more information, are rewarded by obtaining a larger share of the deals that have higher initial returns. In highlighting this, the results of the paper suggest that auctioned IPOs could therefore be an effective alternative to traditional bookbuilding.

The Swiss Finance Institute Research Partner: NCCR FINRISK



Fruitful collaboration between NCCR-FINRISK and Swiss Finance Institute continues during 2009 and 2010.

The beginning of FINRISK's third phase (2009-13) has gotten off to a good start: the overall research output reflects the continued growth in faculty as the number of A-rated publications has been maintained. FINRISK has established one new research module on Banking and Regulation and launched two new research projects on Dynamic Asset Pricing and Systemic Risk and Dynamic Contract Theory. Over the past year, FINRISK has been fortunate to integrate a total of 9 new professors into its research activities. Researchers involved in FINRISK have continued to publish a high number of articles, with a total of 54 new publications of which nearly 20% were in A-rated journals. Finally the change in directorship from Prof. Rajna Gibson Brandon to Prof. Michel Habib has proceeded smoothly.

New SFI-funded FINRISK Research Project

As previously announced, the former FINRISK research project on "Equilibrium Asset Pricing", which was fully funded by SFI and headed by former SFI Professor Bernard Dumas (UNIL) was dissolved following Prof. Dumas' departure. In its place a new FINRISK project on "Systemic Risk and Dynamic Contract Theory", headed by Prof. Jean Charles Rochet (SFI and UZH), has been launched as of June 2010. This new project will provide the basis for a new FINRISK research module on "Banking and Regulation". The objective of this project is to develop dynamic models of financial intermediaries subject to endogenous financial frictions. These models are to be simple enough that they can provide easily testable quantitative predictions and reasonably calibrated policy recommendations for the prevention of systemic crises.

The development of such models is particularly crucial for understanding better financial institutions such as banks, insurance and reinsurance companies, pension funds and hedge funds for which risk management policies are core activities. The on-going financial crisis has revealed on several occasions that inappropriate risk management policies can precipitate well established financial institutions into financial turmoil and lead to a general crisis of confidence that hurts not only the entire financial

sector, but propagates also to the real sector. A proper economic analysis of the risk management policies of banks and other financial institutions (vis à vis other firms) is complicated by two facts: first financial innovation (with in particular the development of structured finance) has completely changed the way banks perform their lending activities and more generally the global allocation of risks among economic agents; second, commercial banks are a politically sensitive sector of the economy: in spite of the fact that they are heavily regulated and supervised by prudential authorities, political authorities feel obliged to intervene and bail out insolvent institutions under the pressure of media and public opinions.

9th SFI / FINRISK Annual Workshop in Finance

This year's annual doctoral workshop organized by SFI and FINRISK took place on June 21-22, 2010 and was once again generously sponsored by the Study Center Gerzensee Foundation. Nearly 40 PhD students and 30 Faculty Members attended the meeting. In view of the workshop, a total of 23 papers were selected out of 39 high-quality submissions by SFI and FINRISK PhD students. The papers were presented by the authors, then discussed by another PhD student and finally commented on by senior researchers such as René Stulz (Ohio), Jérôme Detemple (Boston) and faculty members present. Based on all of the presentations and discussions that took place, the winners of the "Best Paper Doctoral Award" as well as the "Best Discussant Doctoral Award" were selected. For more information on these prizes please refer to the section on the SFI PhD program.

The FINRISK Research Day 2010 was again successfully held, as in recent years, in parallel with the SFI / FINRISK Annual Doctoral Workshop. The Research Day took place on the second day of the meeting and brought together more than 70 researchers of the entire FINRISK network. The Research Day is very much appreciated amongst researchers because the event offers the opportunity to interact with colleagues, discuss their research work and identify common research interests for future joint working projects. This year's event was highlighted by the keynote speech "Reforming Capitalism" given by Prof. Jean-Charles Rochet who recently joined the University of Zurich as an SFI Senior Chair.

The Swiss Finance Institute PhD Program in Finance

The Swiss Finance Institute PhD Program in Finance is targeted towards the pursuit of academic excellence. It aims at providing rigorous and inspiring PhD studies in finance with an intellectual environment and curriculum comparable with the top PhD programs in Europe and North America. The program seeks to offer the best training possible to both future academics and those contemplating a career in industry.

As of June 2010, there were 76 active students enrolled in the SFI PhD program in finance. The program takes place across the three SFI Centers with students in Léman (27), Lugano (18) and Zurich (31). Each year an incoming class of approximately 22 students joins the program. The 2009/2010 academic year had an exceptionally large incoming class with 34 students entering the program, which was somewhat tempered by 20 students graduating from the program over the last 18 months. By the end of 2010, approximately 85 active students will be enrolled in the program.

The Swiss Finance Institute (SFI) finances students in their first year of the program to allow for full-time dedication to their studies. In subsequent years, the students often work as teaching and research assistants in local institutes while writing their thesis, following advanced courses and pursuing their research interests. SFI further supports students by providing financing for travelling to international conferences and workshops and even for support for the academic job market. SFI's research partner, NCCR-FINRISK, also contributes to supporting the students.

SFI / FINRISK Doctoral Courses

A total of 13 doctoral courses in finance were jointly organized by FINRISK and SFI in 2009/2010. According to the FINRISK / SFI cooperation agreement, these courses are offered to doctoral students from any Swiss University.

- Behavioral Portfolio Theory, Enrico De Giorgi (University of Lugano and Swiss Finance Institute)
- Lectures on Stochastic General Equilibrium, Martine Quinzii (University of California, Davis) and Michael Magill (University of Southern California) as SFI Visiting Professors

- Weak Instruments and Weak Identification, Franco Peracchi (Rome)
- Dynamic Asset Pricing, Suleyman Basak (London Business School)
- Time Series Methods in Financial Econometrics, Patrick Gagliardini (University of Lugano and Swiss Finance Institute)
- Numerical Methods in Finance, Eckhard Platen (UT Sidney)
- Dynamic Corporate Finance, Erwan Morellec (EPFL and Swiss Finance Institute)
- Microeconomics of Banking: Lessons from the Subprime Crisis, Jean-Charles Rochet (University of Zurich and Swiss Finance Institute)
- Advanced Derivatives, Giovanni Barone-Adesi and Antonietta Mira (University of Lugano and Swiss Finance Institute)
- Market Microstructure and its Applications, Aditya Kaul (University of Alberta, Canada)
- Time Series Analysis, Alain Monfort (CREST, Paris)
- Corporate Finance II, Vikas Mehrotra (University of Alberta, Canada)
- Market Microstructure, Kerry Back (Rice University)

PhD Awards & Support:

Swiss Finance Institute Best Paper Doctoral Award

The annual SFI Best Paper Doctoral Award was started in 2003 by the International Center FAME and from 2006 has been extended to all Swiss Doctoral Students in Finance under the auspices of FINRISK and SFI. It awards a PhD student for an outstanding research paper presented at the Annual PhD Workshop organized by FINRISK and SFI. The winning paper is nominated by a committee formed of outside experts participating in the Workshop and is selected by faculty representatives from each SFI Academic Center. The Award is bestowed upon the winner at the SFI Annual Meeting and the recipient receives CHF 2'000 and a certificate for her/his accomplishment. In 2009, the Award was given to Cornelius Schmidt, an SFI student from the University of Lausanne at the SFI Annual Meeting for his paper entitled "How internal capital markets reduce conglomerates' values".

Swiss Finance Institute Best Discussant Doctoral Award

The annual SFI Best Discussant Doctoral Award was begun by SFI in 2007 and is awarded to Swiss Doctoral Students in Finance for an outstanding discussion of a paper presented at the Annual PhD Workshop organized by FINRISK and SFI. The recipients are selected by the chairpersons of the respective workshop sessions. The Awards are bestowed upon the winners at the SFI Annual Meeting and the recipients receive CHF 1'000 (to be shared among the winners) and a certificate for her/his accomplishment. In 2009 the recipients were Anna Cieslak (University of St. Gallen) and Ilaria Piatti (University of Lugano), who received their awards at the Annual Meeting.

PhD Students Recognized for Outstanding Research Work at International Conferences

In August 2009, the Best Overall Conference Paper Prize at the European Finance Association's Annual Meeting was awarded to Philip Valta, at the time an SFI PhD student at the Léman Center, where he presented the paper "Is Shareholders' Strategic Default Behavior Priced? Evidence from the International Cross-Section of Stocks" co-authored with SFI Faculty Member Prof. Giovanni Favara and Prof. Enrique Schroth, a former SFI Faculty Member. Philip Valta has since graduated and started as an assistant professor in fall 2009 at HEC Paris.

In April 2010, the "Outstanding International Finance Paper Award" of the Eastern Finance Association (EFA) Meeting was awarded in April to Jan Wrampelmeyer (SFI PhD student at the University of Zurich) for the paper entitled "Liquidity in the Foreign Exchange Market: Measurement, Commonality, and Risk Premiums". The paper, selected among 280 other papers, was written in collaboration with Prof. Lorian Mancini (SFI Faculty Member) and Angelo Ranaldo (Swiss National Bank). Jan Wrampelmeyer will be visiting Columbia University in fall 2010.

Advanced Doctoral Grants and PhD Study Abroad

Swiss Finance Institute PhD students with academic ambitions are strongly encouraged to spend an extended visit abroad in a top department under the prearranged supervision of a researcher interested in the PhD student's research. The far-reaching network of SFI Faculty members facilitates these placements in top institutes. While exposing students to some of the best international departments, these study abroad periods also provide opportunities for students to build up their own academic network.

In view of supporting these students, on the recommendation of the Scientific Council, SFI offers a program of advanced doctoral grants coordinated with the financial support often available from the SNSF and guaranteeing financial support for up to CHF 40'000 per candidate.

PhD students who studied abroad during 2009 and the first half of 2010 abroad are:

- **Marina Druz** from the University of Lugano visited Harvard University, USA, February to August 2009 (supervisor: Zeckhauser)
- **Matthias Kurmann** from the University of Lausanne visited University of California San Diego, USA from January to April 2010.
- **Rodolfo Prieto** from the University of Lausanne visited MIT's Sloan School of Management, USA, spring 2009 (faculty sponsor: Kogan)
- **Jan Wrampelmeyer** from the University of Zurich visited Columbia University in New York, USA, spring 2010 (Faculty sponsor: Hodrick)



PhD Graduate Placements

The Swiss Finance Institute PhD Program graduates are increasingly successful at securing notable positions at prestigious academic and financial institutions, both in Switzerland and around the globe!

The Swiss Finance Institute has one of the largest PhD programs in finance in the world. Currently, one third of the students graduating from the program strive for academic placements. As can be seen by the recent outstanding placements, SFI graduates are beginning to make their mark around the globe!

Academic Placements

Following in the footsteps of 2008's truly exceptional placement campaign, the Swiss Finance Institute is proud to announce that this year's season has also gone extremely well. This year's students on the academic job market were invited to more than 135 interviews at the ASSA meeting in January 2010. By fall 2010, seven graduates will have started positions as assistant professors at top institutions on the four continents of North America, Europe, Asia and Australia!

Following are the academic placements for the 2009/2010 recruiting season:

- **Zhihua (Cissy) Chen**, SFI PhD graduate of the University of Lausanne, starts this fall as an Assistant Professor at the **Shanghai University of Finance and Economics**, China.
- **Alexandre Jeanneret**, SFI PhD graduate of the University of Lausanne, starts this summer as an Assistant Professor at **HEC Montréal**, Canada.
- **Elise Payzan Le Nestour**, SFI PhD graduate of the Federal Institute of Technology of Lausanne (EPFL), starts this fall as an Assistant Professor at the **University of New South Wales**, Australia.
- **Florian Peters**, SFI PhD graduate of the University of Zurich, starts this fall as an Assistant Professor at the **University of Amsterdam (UvA)**, Netherlands.
- **Rodolfo Javier Prieto Katunarcic**, SFI PhD graduate of the Federal Institute of Technology of Lausanne (EPFL), starts this fall as an Assistant Professor of Finance at **Boston University** in the United States of America.
- **Giovanni Walter Puopolo**, SFI PhD graduate of the University of Lausanne, begins this fall as an Assistant Professor at **Bocconi University**, Italy.
- **Philip Valta**, SFI PhD graduate of the Federal Institute of Technology of Lausanne (EPFL), begins this fall as an Assistant Professor at the **School of Management, HEC Paris**, France.

SFI PhD Graduates 2009-2010

The following students graduated from the SFI PhD Program during 2009 and the first half of 2010:

2009

- **Mohammad Alami Bayat**, Europe, America and Caspian Sea Countries Expert, Ministry of Petroleum, Iran
- **Matteo Bonato**, Quantitative Analyst - Model Validation, Credit Suisse, Switzerland
- **Gorazd Brumen**, Morgan Stanley Risk Management Group, London, United Kingdom
- **Maria Cecilia Bustamante**, Assistant Professor of Finance, London School of Economics, United Kingdom
- **Zhihua (Cissy) Chen**, Assistant Professor, Shanghai University of Finance and Economics, China
- **Dominik Colangelo**, Scientific researcher, Department of Statistics, University of St. Gallen (HSG), Switzerland
- **Mihnea Constantinescu**, Senior Researcher at CUREM (Center for Urban and Real Estate Management), Swiss Banking Institute, University of Zurich, Switzerland
- **Giuseppe Corvasce**, Visiting scholar at the Volatility Institute, NYU Stern, USA
- **Philipp Fasnacht**, Risk Manager, Credit Suisse, Switzerland
- **Nicola Fusari**, Visiting scholar at Kellogg School of Management, Northwestern University, USA
- **Jens Martin**, Assistant Professor of Finance, University of Amsterdam (UvA), the Netherlands
- **Emilio Osambela**, Assistant Professor of Finance, Tepper School of Business, Carnegie-Mellon University, USA
- **Elise Payzan-Le Nestour**, Assistant Professor of Finance, Australian School of Business
- **Luca Taschini**, Research Associate, London School of Economics, United Kingdom
- **John Theal**, Portfolio risk management, Central Bank of Luxembourg, Luxembourg
- **Valeria Volpe**, Quantitative analyst in the investment planning and control unit, Allianz, Italy
- **László Nimród Vulkán**, Associate Director at Risk Methodology, UBS, Zurich, Switzerland
- **Giovanni Walter Puopolo**, Assistant Professor of Finance, Bocconi University, Italy

2010

- **Jürg Burkhard**, Head of Portfolio and Risk Management for the private equity practice, LGT Capital Partners
- **Alexandre Jeanneret**, Assistant Professor of Finance, HEC Montréal, Canada
- **Philip Valta**, Assistant Professor of Finance, HEC School of Management, Paris, France
- **Rodolfo Javier Prieto Katunarcic**, Assistant Professor of Finance, Boston University, USA

Executive Education



Overview 2009

In its fourth year of operation under the umbrella of the Swiss Finance Institute, Executive Education offered 28 courses to 535 participants from all over the world. 60 % of participants of our international courses came from outside Switzerland, representing 39 different nationalities and demonstrating once again the international recognition of our programs.

Executive Education is where the intellectual capital of the Swiss Finance Institute can have the most immediate impact on the finance industry. However, research results need to be conveyed in a palatable and practical form. And this is where SFI Executive Education wants to excel on an international level!

The fact that the Swiss Finance Institute Executive Education can look back on 27 years of experience through its predecessor organization, gives it a sound basis to build on. To achieve its goal the Swiss Finance Institute has developed a clear and focused, but also very ambitious, strategy for its Executive Education offering:

- It concentrates exclusively on advanced graduate-level finance courses on the one hand, and on bank management courses for executives on the other.
- In these areas, the Swiss Finance Institute offers open-enrolment programs on a graduate level, as well as Diploma and Master Programs with highly selective admittance.
- With a few exceptions, all programs aim at a global audience, thus fostering the exchange of ideas on the foremost frontiers of knowledge and experience.

In 2009, the Swiss Finance Institute again offered its now traditional 4+1-week immersion Certificate

Program in Financial Asset Management and Engineering (FAME), as well as another 11 one-week courses on various topics in finance.

In bank management, the 7-week two-year SFI Executive Program was offered for the 22nd year in a row, the 5-week SFI Advanced Executive Program for the 14th time and the 4-week Senior Management Program in Banking for the 2nd time. The Swiss Finance Institute delivered the Swiss module for the Masters in Wealth Management offered by the Singapore Management University together with the Wealth Management Institute of Singapore for the 5th time. Additionally, the Swiss Finance Institute offered 2 open-enrolment courses for executives.

The number of in-house programs delivered has again grown and is currently at 9. The most prominent new program is a comprehensive management program for Vietnamese Bank Directors conducted by the Swiss Finance Institute on behalf of the Swiss State Secretariat for Economic Affairs (SECO). The SFI has been selected for this project based upon the quality of its international faculty, the in-depth experience in executive education and the close similarities between its bank executive programs and the training needs of senior Vietnamese banking executives. The main objective of the training program is to enhance the management knowledge base and hands-on capabilities of Vietnamese managers primarily from the state-owned commercial banks, in order to prepare them for the privatization of their institute. The main cooperation partners in this project besides SECO are the State Bank of Vietnam and the Vietnamese Bankers' Association. The program was officially launched with opening events in July

2009, attended by 60 participants, embassy staff and representatives of Vietnamese banks and associations. The training program, which is delivered in Hanoi and Ho Chi Minh City over a period of roughly eighteen months, is organized around thematic modules comprehensively covering essential bank management concepts and methods. The program comprises a total of 14 modules which will be delivered until 2011.

Key figures for the Swiss Finance Institute executive education in 2009

- *In 2009 the SFI offered 28 courses for a total of 43 weeks*
 - > 12 courses in advanced finance for a total of 15 weeks
 - > 7 courses in bank management for a total of 20 weeks
 - > 9 in-house training courses for a total of 8 weeks
- *535 participants took one or more of the Institute's courses; 145 graduated from one of its diploma courses.*
- *In the SFI international programs roughly 60% of participants came from outside Switzerland, representing 39 different nationalities.*

The Executive Education offering: Finance The Geneva Executive Courses in Finance

The Geneva Executive Courses in Finance are a suite of independent courses. Each course addresses a selected finance topic, where it offers a superb overview of the current status and modern developments relevant to practitioners. The GECF courses are attended by participants from a broad spectrum of private financial institutions, central banks and international financial organizations.

The courses have a history of more than 25 years and over the years participants from more than 1300 institutions and approximately 100 countries have attended the courses.

The Swiss Finance Institute is registered with the CFA Institute as an Approved Provider of continuing education programs. The CFA Institute awards CE credits for the attendance of a Geneva Executive Course in Finance.

As in the previous years, in 2009 courses were offered in the following areas:

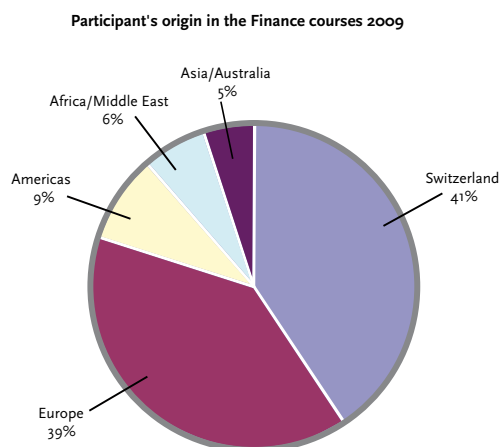
- Risk management, derivatives and trading
- Asset management
- Financial modeling and quantitative methods

The main feature of the Swiss Finance Institute courses lies in the fact that our professors have unique insight into the functioning of financial markets through their research and their consulting activities. This enables them to see both the theoretical and practical aspects, which, given their pedagogical skills, they are able to convey effectively to course participants. Selected practitioners join in to demonstrate how they use the financial modeling, risk and asset management tools in their day-to-day life.

Financial Asset Management and Engineering Program (FAME)

In its 14th year, FAME is an intensive 4+1-week program designed to provide applied training in state-of-the-art techniques and practices used in asset management and financial engineering. Taught in Lausanne in a technology laboratory, FAME is preceded by an optional one-week course which covers the foundations of finance. In the program each module is taught by a leading academic supported by practitioners. 13 participants joined this program in 2009 representing 7 countries from around the globe.

The international nature of the Geneva Executive Courses in Finance and the FAME program can be seen in the graph below:



The Executive Education offering: Bank Management

In bank management, the focus of the Swiss Finance Institute is to provide insight on key trends in the financial industry, both on a strategic and on an operational level. The concepts underlying these trends are presented by academics selected for their extensive industry involvement, and their understanding of the implications of these concepts for the finance industry. Senior executives are invited to present their institution's reaction to these developments.

A systematic and regular update of the topics and course structure ensures that the needs of the market are constantly met. Finally, the carefully selected participants are of the highest calibre, ensuring a critical discussion of the ideas presented among peers.

Seminars in Bank Management

In 2009 the Swiss Finance Institute organized two international seminars with 27 participants, the International Private Banking and Wealth Management Retreat and the International Wealth and Tax Planning Seminar held in cooperation with CFA Institute. The most prestigious of these seminars is the five-day Retreat for Managing Directors. The Retreat assembles academic opinion leaders and senior private banking executives to discuss research and practical advances in the increasingly complex and globalized wealth management sector. Attendees are drawn from all over the world including North America, Europe, the Middle East and Asia.

SFI Executive Program and SFI Advanced Executive Program in Bank Management

These two German-speaking part-time bank management programs brought together a total of 172 participants in 2009. The aim of these programs is to develop a broadened understanding of the finance industry, and thereby achieve an improved quality of decision-making as well as a superior ability to interact with colleagues from other business areas.

The SFI Executive Program runs for 7 weeks which are spread over a two year period. It is aimed at young Vice Presidents; the SFI Advanced Executive Program consists of 25 days spread over one year, and is aimed at Senior Vice Presidents and Executive Directors. Both programs are comparable in style to a shortened MBA program, with extensive use of cases, class discussions, and group presentations to incorporate the experience of the widely diverse participants. Both programs utilize about a dozen professors selected from Swiss and foreign universities, each of them responsible for leading one specific subject. Up to eighty senior executives join for special presentations and in-depth discussions.

Senior Management Program in Banking

In 2008 the Swiss Finance Institute launched the Senior Management Program in Banking with a full enrolment of 25 participants from all over Europe. Despite the financial crisis the program managed to attract again 16 international participants for its second cycle in 2009. The program brings together a dynamic international faculty, industry leaders and peers to present and discuss strategic developments in the finance industry. The program is split into four blocks lasting 4 to 6 days, with each block taking place at a different European financial center. The course is held in English.

Master Program

The Swiss Finance Institute is also responsible for the two-week Swiss module of the Master in Wealth Management offered by the Singapore Management University, with the Wealth Management Institute as third partner. The Swiss module was held for the 5th time in 2009, with 51 participants from Singapore and South East Asia.

Participants in Executive Education courses in 2009

Finance

<i>Geneva Executive Courses in Finance</i>	<i>72</i>
<i>FAME Certificate</i>	<i>13</i>

Bank Management

<i>Banking seminars</i>	<i>27</i>
<i>SFI Bank Management programs</i>	<i>188</i>
<i>Masters programs</i>	<i>51</i>
<i>In-house programs</i>	<i>184</i>

<i>Total</i>	<i>535</i>
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Outlook 2010

In the Executive Program 2010/2011, 48 participants have successfully completed the Fundamentals of Finance course. This is a one-week course which is a prerequisite for the admittance to the core part of the Executive Program.

The Advanced Executive Program 2010 started in February with the first of its ten 2.5 day modules with 28 participants. The program will last until December 2010.

Finally, the third cycle of the Senior Management Program in Banking successfully started with 27 participants. Of the latter, 12 come from Switzerland, 6 from Latin America, 5 from the Middle East, 3 from Europe and 1 from Asia. The initial module in Geneva will be followed by another three modules to be held in London, Madrid and Bratislava.

The FAME program was successfully completed with 13 participants from countries as diverse as Saudi

Arabia, Italy, USA, Estonia, Germany and Mexico.

The financial crisis has impacted participation in executive education courses globally. The Swiss Finance Institute has not entirely escaped this trend. We have noticed a decrease in the number of participants since the middle of 2008. But this is typically only a short-term reaction to a crisis, and is followed by a catch-up period, as people know the importance of life-long learning in the financial industry. As of spring 2010 we could already observe an increase in participation on selected programs such as our international Senior Management Program and our national Advanced Executive Program for senior managers.

We have received a great interest in our newly launched Executive MBA in Asset and Wealth Management, which we are offering jointly with Tepper School of Business at Carnegie Mellon University and HEC Lausanne, University of Lausanne as of 2011. This global dual degree program addresses bank managers, senior relationship managers and investment professionals from around the world, active in private banking or in institutional asset management. The Asset and Wealth Management Executive MBA integrates financial know how and business management.

The program engages some of the world's foremost academics to teach the theoretical concepts, while leading practitioners discuss the associated practical challenges. This is then put into the special perspective of managing the asset and wealth management business. The program involves six two-week classroom modules spread over 20 months, based alternately at the Tepper School of Business at Carnegie Mellon University, Pittsburgh, Pennsylvania, and at HEC Lausanne, Switzerland. Graduates of this new program will receive Executive MBA Degrees from the Tepper School of Business and from HEC Lausanne. The inaugural class begins in May 2011, and is expected to attract about 30 investment professionals from around the world.

For a complete list of the Executive Education courses offered by the Swiss Finance Institute in 2009 see pages 33-34.

Alumni Association

The Swiss Finance Institute Alumni Association (SFIAA) took over from the former Swiss Banking School Alumni Association on April 28, 2006. Graduates from the Executive Program, Advanced Executive Program, International Wealth Management Executive MBA, Financial Asset Management and Engineering Program and the Senior Management Program in Banking are eligible to join. There are now over 1'250 members of the SFIAA.

The Swiss Finance Institute Alumni Association promotes

- networking among its members;
- further education of its members by means of seminars and lectures (in collaboration with the Swiss Finance Institute);
- contributing to the ongoing improvement of the Swiss Finance Institute.

In addition to an annual meeting of members, the Swiss Finance Institute Alumni Association and the Swiss Finance Institute jointly organize the Alumni Luncheons with prominent guest speakers as well as the SFIAA Golf Trophy in August.

2009 Alumni Luncheons

January 22, 2009

Beat Kappeler

Commentator NZZ am Sonntag, Le Temps Geneva,
Author

March 25, 2009

Martin Scholl

CEO, Zurich Cantonal Bank

August 18, 2009

Dr. Martin Maurer

Secretary General, Association of Foreign Banks in
Switzerland

October 08, 2009

Boris Collardi

CEO Bank Julius Bär & Co. Ltd., Zurich

In order to promote the networking among women in the SFIAA, Female Luncheons have been launched in 2008. At this year's event 44 women participated:

May 19, 2009

Dr. Doris Aebi

Founder member of "aebi+kuehni ag – tailor-made
solutions in recruiting"



Media Profile

During 2009, the Swiss Finance Institute received 263 print and radio references, a significant increase compared to 125 in 2008. The increase was mainly due to the three factors:

1. Many former graduates of the Executive Program and the Advanced Executive Program were promoted during this period and mentioned their diploma from the Swiss Banking School or the Swiss Finance Institute in their biographies.
2. Jean-Pierre Danthine, Managing Director of the Swiss Finance Institute, was appointed to the Governing Board of the Swiss National Bank and this received wide press coverage.
3. The appointment of Patrick Odier, former member of the Swiss Finance Institute Foundation Board, as Chairman of the Swiss Bankers Association also contributed to the increase in media references.

The Institute enjoyed many high-quality media references between the months of September to December, coinciding with the Institute's main knowledge transfer event the Annual Meeting. A total of 68 media references appeared between September and December 2009.

In 2009, 3 press releases were distributed. The first announced the outstanding academic placements of 5 Swiss Finance Institute PhD candidates at top institutions in Europe and the United States. In July, the second announced the launch of the Vietnam Bank Directors Training Program on behalf of the Swiss State Secretariat for Economic Affairs (SECO). Finally the third announced the winners of the annual prize awarded by Banque Privée Espirito Santo and the Swiss Finance Institute.

The Swiss Finance Institute newsletter is published twice a year. The January 2009 edition highlighted the 3rd Annual Meeting, whereas the September 2009 edition focused on the outstanding academic placements of graduates from SFI's PhD program, new SFI Faculty hirings, the Knowledge Transfer Panel on the Future of Swiss Banking and the launch of the management training program for Vietnamese bankers. In January 2010, Newsletter No. 7 included highlights of the 4th Annual Meeting. Moreover, it announced the promotion of three SFI professors and reported on the Executive Program Graduation Ceremony.

Swiss Finance Institute

SFI Knowledge Transfer provides platforms at the cutting edge of research and business, providing applied knowledge by organizing events to encourage dialogue between research and the banking industry.

A variety of events are organized each year; breakfast seminars, lunch or evening events, panel discussions and one conference every year.

In addition, some of our seminars are provided on our website as video podcasts in order to share valuable knowledge.

The number of the Swiss Finance Industry Breakfast Seminars has increased in 2009. These presentations are aimed at providing food for thought on industry-oriented topics. Despite taking place in Zurich so early in the day at 7AM, these seminars are very well attended.

The main Knowledge Transfer event of the year, the Swiss Finance Institute Annual Meeting, is held each fall. Following is a synopsis of the 2009 Meeting:

4th Annual Meeting

The 4th Annual Meeting assembled more than 250 distinguished academics and finance practitioners on November 30, 2009 in Zurich for sessions on Corporate Governance, Regulations, the Swiss Banking Industry and Global Financial Markets.

Throughout the Annual Meeting, the presentations captivated both researchers and practitioners. One question addressed was "Will regulation save us from another crisis?". According to Martin Hellwig, Director at the Max Planck Institute for Research on Collective Goods in Bonn the answer was "Not necessarily". His research suggested that fine tuning would not lead to an improved regulatory regime. "No consideration has been given to the possibility that regulation itself might have been co-responsible for the financial crisis", he emphasized. "Thus, the prevailing system of regulation needs to be substantially reformed". Prof. Viral V. Acharya, NYU Stern Professor of Finance presented an interesting joint effort of 33 faculty members at NYU on how to restore financial stability after the crisis. The conference ended with a panel discussion during which experts had a look towards the future of banking!

From left: Bénédict Hentsch, Martin Spieler, Urs Rohner, Paolo Vanini



Knowledge Transfer Activities

In the following section you will find a list of events which have taken place during the period covered by this report. More detailed information and video podcasts on our seminars can be found on our website.

2009

- **Time Changed Markov Processes in Unified Credit-Equity Modelling**
Prof. Peter Carr, Director of the Masters in Math Finance Program at New York University and Head of Quantitative Financial Research at Bloomberg LP
Zurich, Swiss Finance Breakfast Seminar, 26.03.2009
- **Policy Issues Facing the Market for Credit Derivatives**
Presentation: Prof. Darrel Duffie
Geneva, 09.06.2009
- **Second Society for Financial Econometrics (SoFIE) meeting**
Geneva, 10.06. – 12.06.2019
- **“Finanzplatz Schweiz: Zurück in die Zukunft”**
A Panel on the Future of Swiss Banking
Panelists: Bénédict G.F. Hentsch, Banque Bénédict Hentsch & Cie SA, Paolo Vanini, ZKB, Urs Rohner, Credit Suisse Moderator: Martin Spieler, Handelszeitung
Zurich, Swiss Finance Industry Panel Discussion 15.06.2009
- **The Norwegian Government Pension Fund: Saving petroleum revenues for the future**
Dr. Tom A. Fearnley, Norwegian Ministry of Finance
Zurich, Swiss Finance Breakfast Seminar, 25.06.2009
- **What is the Future for Banking in the Aftermath of the Global Financial Crisis?**
Prof. Hyun Song Shin, Princeton University, Advisor of G-20 and BIZ
Zurich, Swiss Finance Breakfast Seminar, 29.06.2010
- **Alumni Workshop: Banking, Taxes and Politics – Switzerland quo vadis?**
Module leader: Prof. Alfred Mettler, Georgia State University, Atlanta
Guest speakers: Daniel Zuberbühler, Vice president VR FINMA, Berne
Heinz Jeger, Partner and Member of the Board, Baumann & Cie, Banquiers, Basel
Zurich, 13.11.2009
- **Pension affordability - What is it realistic to promise and expect?**
Brendan Kennedy, CEO of the Pensions Board, Dublin
Zurich, Swiss Finance Breakfast Seminar, 26.11.2009

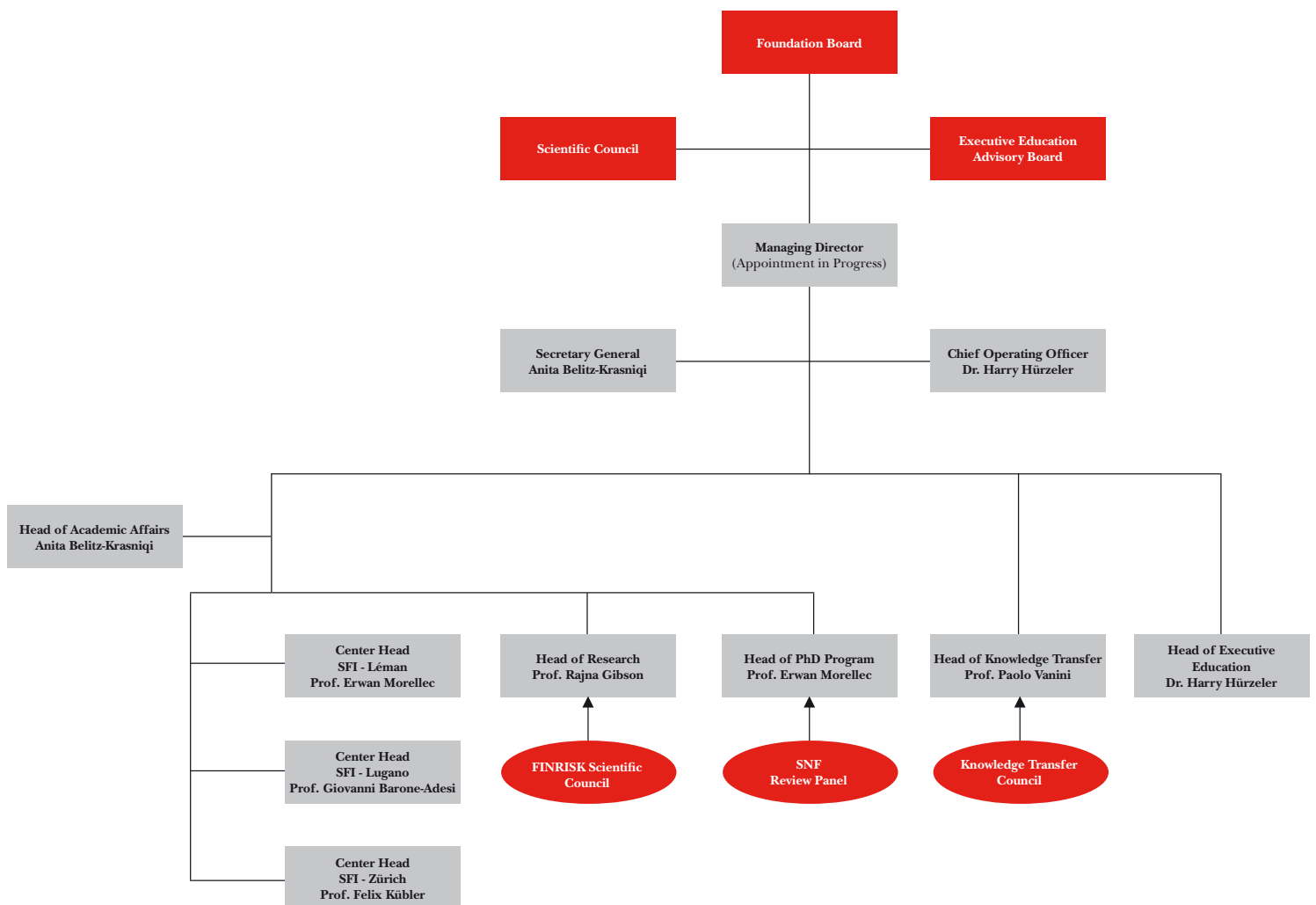
- **4th Annual Meeting**
Conference with applied and research sessions on: Corporate Governance, Regulations, Swiss Banking Industry and Global Financial Market
Zurich, 30.11.2009
- **Swiss Banking: Views from the Swiss Bankers Association and FINMA**
with Dr. Urs Ph. Roth, CEO of the Swiss Bankers Association (SBA), who will speak about Swiss Banking, and Dr. Urs Bischof from FINMA, Member of the Extended Executive Board, who will focus on aspects of risk management.
Lugano, Swiss Finance Industry Event, 09.12.2009

2010

- **Strategien für den Bankenplatz Schweiz**
Urs Ph. Roth, CEO der Schweizerischen Bankiervereinigung (SBVg)
Zurich, Swiss Finance Industry Event, 28.01.2010
- **State of the art in asset allocation: diversification management**
Prof. Attilio Meucci, Head of the research effort of ALPHA, the portfolio analytics and risk platform at Bloomberg in New York
Zurich, 19.03.2010 and Lugano, Swiss Finance Industry Event, 22.03.2010
- **Strategic Price Complexity**
Dr. Bruce Carlin, Professor of Finance at UCLA and co-author of the Swiss Finance Institute Outstanding Paper Award's 2009 award-winning paper.
Zurich, Swiss Finance Industry Event, 13.04.2010
- **Klimawandel – Was gilt? Was ist zu tun?**
Panel Diskussion mit Thomas Stocker, Klimaforscher und Prof. an der Universität Bern, Sabine Doebeli, Leiterin Nachhaltigkeit, Bank Vontobel, René Nicolodi, Leiter nachhaltige Anlagen, Zürcher Kantonalbank und Hans Rentsch, Ökonom und Wirtschaftspublizist. Paolo Vanini, SFI Director of Knowledge Transfer sowie Leiter Strukturierte Produkte & Cross Assets ZKB moderiert die Diskussion.
Zurich, Swiss Finance Panel Discussion, 29.04.2010
- **Anforderungen an Eigenmittel, Liquidität und Risikomanagement in der Zeit nach der Finanzkrise**
Referent: Dr. Urs Bischof, FINMA, Leiter Abteilung Risikomanagement
Zurich, Swiss Finance Breakfast Seminar, 19.05.2010

Structure and Overseeing Bodies

swiss:finance:institute



Governing Bodies

The main governing body of the Swiss Finance Institute is the Foundation Board. It includes representatives of its founding members as well as representatives of its academic regional centers. The Foundation Board is advised by the Scientific Council on matters of scientific content and by the Executive Education Advisory Board on matters of Executive Education.

Foundation Board

The Foundation Board members represent the entire finance and banking community in Switzerland, both locally and internationally. Swiss Finance Institute gratefully acknowledges the participation of Mr. Patrick Odier, as representative of the Swiss Private Bankers Association, who has since left the Foundation Board.

Swiss Finance Institute Foundation Board – June 2010

Chair

Mr. Olivier Steimer

Chairman of the Board of Directors
Banque Cantonale Vaudoise, Lausanne

Deputy chairs

Mr. Hans-Ulrich Meister

CEO Credit Suisse Switzerland, Zurich

Dr. Francesco Morra

CEO Switzerland, Wealth Management & Swiss Bank,
UBS AG, Zurich

Members

Mr. Raymond J. Baer

Chairman of the Board of Directors, Julius Baer,
Zurich - as representative of the Association of Swiss
Commercial and Investment Banks in Switzerland

Mr. Renaud de Planta

Managing Partner of Pictet Asset Management, Pictet
& Cie - as representative of the Swiss Private Bankers
Association

Prof. Dr. Andreas Fischer

Rector, University of Zurich - as representative of the
Swiss Finance Institute Zurich Center

Mr. Antonio Foglia

Chairman of the Executive Committee, Banca del
Ceresio, Lugano – as representative of the Ticino
Bankers Association

Prof. Dr. Peter Gomez

Chairman of the Board of Directors, SIX Swiss
Exchange SA, Zurich

Dr. Alfredo Gysi

CEO, BSI SA, Lugano – as representative of the
Association of Foreign Banks in Switzerland

Dr. Philipp Halbherr

Head Investment Banking and Member of the
Executive Committee, Cantonal Bank of Zurich, Zurich

Prof. Dr. Piero Martinoli

President, University of Lugano - as representative
of the Swiss Finance Institute Lugano Center

Dr. Urs Ph. Roth

CEO, Swiss Bankers Association, Basle

Prof. Dr. Jean-Dominique Vassalli

Rector, University of Geneva - as representative of the
Swiss Finance Institute Léman Center

Dr. Pierin Vincenz

CEO, Raiffeisen Group, St. Gallen

Scientific Council

The Swiss Finance Institute Scientific Council (SC) counts 5 international experts nominated as a result of a wide consultation with its university partners with the aim at arriving at a broad consensus on the representation of the Scientific Council of the Swiss Finance Institute main fields of research: financial mathematics, financial econometrics, investments, and corporate finance. The Foundation Board of the Swiss Finance Institute has committed to make discussions with scientific content exclusively under the recommendation of its Scientific Council. The Swiss Finance Institute is very fortunate to count on the enthusiastic support of 5 internationally renowned experts under the chairmanship of:

Prof. Dr. René Stulz

Fisher College of Business, Ohio State University

Members

Prof. Dr. Tim Bollerslev

Fuqua School of Business, Duke University

Prof. Dr. Patrick Bolton

Columbia Business School, Columbia University

Prof. Dr. Michael Brennan

Anderson School of Management, UCLA

Prof. Dr. Darell Duffie

Stanford Graduate School of Business

The Swiss Finance Institute gratefully acknowledges the participation of Prof. Dr. Ioannis Karatzas of Columbia University from 2006 until 2009.

The cooperation agreement with the Swiss Finance Institute and the Swiss National Science Foundation indicates that the International Scientific Council of FINRISK is to act as the main supervisory body for all activities and funding of research projects.

Executive Education Advisory Board

The Executive Education Advisory Board is the main supervisory body concerned with Executive Education. The Executive Education Advisory Board ensures that the Executive Education offering of the Swiss Finance Institute is of the highest quality, addresses the needs of the industry and is well coordinated with other initiatives within Switzerland. The Swiss Finance Institute gratefully acknowledges the participation of Dr. Urs Hofmann from Credit Suisse as the Chair of the Executive Education Advisory Board from 2006 until 2009. The Swiss Finance Institute also gratefully acknowledges the participation of Prof. Dr. René Capitelli, Mr. Curdin Duschletta and Mr. Per Etholm for their participation in the Executive Education Advisory Board.

The members of the Executive Education Advisory Board in June 2010 are:

Chair

Dr. Gabriela Payer

UBS Global Head Leadership & Learning

Members

Prof. Dr. Rudolf Grünig

University of Fribourg

Dr. Jürg Gutzwiller

Member of the Board, RBA-Holding

Dr. Siegfried Hoenle

Chief Learning Officer and Head of Business School, Credit Suisse

Andreas John

Head of Business Area Private Banking Clients Spain, Portugal, France, Belgium, Russia, Central Asia, Eastern Europe, Greece, Credit Suisse

Mr. Cédric Lüthy

Head of Management Development and Training, Lombard Odier Darier Hentsch & Cie

Prof. Dr. Alfred Mettler

Georgia State University

Mr. Lukas Stucky

Head Julius Baer Academy, Bank Julius Baer & Co. Ltd

Mr. Matthias Wirth *

Swiss Bankers Association

* *Executive Education Advisory Secretary*

2009 Facts & Figures



Summary of 2009 financial accounts

Balance sheet as of December 31, 2009

	31.12.2009
	<u>CHF</u>
ASSETS	
Current assets	
Cash and cash equivalents	21'796'617
Accounts receivable	1'500
Other receivables	144'940
Prepaid expenses and accrued income	555'363
Total current assets	<u>22'498'420</u>
Fixed assets	
Investment portfolios	50'862'788
Due from Securities Lending and Borrowing	10'559'260
Deposits	55'788
Office equipment	80'718
IT equipment	50'177
Total fixed assets	<u>61'608'731</u>
TOTAL ASSETS	<u><u>84'107'151</u></u>
LIABILITIES AND FOUNDERS' EQUITY	
Short-term liabilities	
Accounts payable	706'628
Other payables	42'645
Research accounts	1'074'959
Accrued expenses and deferred income	1'406'364
Long term loans founders	8'000'000
Total short-term liabilities	<u>11'230'595</u>
Founders' equity	
Foundation capital	15'000'000
Reserves	37'564'785
Retained earnings	
- As of January 1, 2009, from SFI donations and operations	18'188'972
Net result from donations and operations	2'122'799
Total founders' equity	<u>72'876'556</u>
TOTAL LIABILITIES AND FOUNDERS' EQUITY	<u><u>84'107'151</u></u>

**Profit and loss statement
for the period from January 1 to December 31, 2009**

	31.12.2009
	<u>CHF</u>
Income from Executive Education courses	4'352'913
Expenses from Executive Education courses	-2'874'155
Net result from courses before general expenses	<u>1'478'758</u>
Expenses Research	-3'108'885
Expenses PhD Program	-897'659
Income from Knowledge Transfer	148'656.50
Expenses from Knowledge Transfer	<u>-250'874.44</u>
Expenses Projects	161'478
Net operating result before general expenses	<u>-2'468'526</u>
 GENERAL EXPENSES	
Personnel expenses	-2'613'895
Other operating costs	-723'496
Net operating result	<u>-5'805'916</u>
Net extraordinary income	84
Donations	4'720'329
 INCOME/EXPENSES ON INVESTMENTS	
Total realized and unrealized gains on investments	3'430'353
Administration and bank fees	-222'051
Total income/expenses on investments	<u>3'208'302</u>
RESULT FROM DONATIONS AND OPERATIONS FOR YEAR 2009	<u><u>2'122'799</u></u>

Publications in Academic Journals and Books by SFI Researchers – 2009 and Forthcoming

Philippe Bacchetta

Predictability in Financial Markets: What Do Survey Expectations Tell Us?, with E. Mertens and E. van Wincoop, *Journal of International Money and Finance*, vol. 28, pp 406-426, 2009.

Exchange Rate Volatility and Productivity Growth: The Role of Financial Development, Ph. Aghion, Ph. Bacchetta, R. Ranci re, and K. Rogoff, *Journal of Monetary Economics*, vol. 56, pp 494-513, 2009

Can Parameter Instability Explain the Meese-Rogoff Puzzle?, with E. van Wincoop and T. Beutler, *International Seminar on Macroeconomics*, forthcoming.

Giovanni Barone-Adesi

Value at Risk under Jump GARCH processes, with G. Sorwar, *Banking and Finance Review*, forthcoming.

Tony Berrada

Bounded rationality, and asset pricing with intermediate consumption, *Review of Finance*, vol.13(4), pp 693-725, 2009.

Peter Bossaerts

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Predicting Risk in a Multiple Stimulus - Multiple Reward Environment, with M. d'Acremont and M. Gilli, *Reward And Decision Making*, ed. J.C. Dreher and L. Tremblay, Academic Press, 2009.

Encoding of marginal utility across time in the human brain, with A. Pine, B. Seymour, J. Roiser, K. Friston, H.V. Curran and Ray Dolan, *Journal of Neuroscience*, vol. 29, pp. 9575-9581, 2009.

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Marc Chesney

Mathematical Methods for Financial Markets, with M. Jeanblanc and M. Yor, 2009, Springer Finance.

Paul Embrechts

Different Kinds of Risk, in *Handbook of Financial Time Series*, with H. Furrer and R. Kaufmann, Eds. T.G. Andersen, R.A. Davis, J.-P. Kreiss and Th. Mikosch, pp 729-751, 2009.

Additivity properties for Value-at-Risk under Archimedean dependence and heavy-tailedness, with J. Neslehova and M.V. W uthrich, *Insurance: Mathematics and Economics*, vol. 44, pp 164-169, 2009.

Multivariate extremes and the aggregation of dependent risks: examples and counter-examples, with D.D. Lambrigger and M.V. W uthrich, *Extremes* 12, pp 107-127, 2009.

Panjer recursion versus FFT for compound distributions, with M. Frei, *Mathematical Methods of Operations Research*, vol. 69(3), pp 497-508, 2009.

Copulas: A personal view, *Journal of Risk and Insurance*, vol. 76, pp 639-650, 2009.

Bounds for the sum of dependent risks having overlapping marginals, with G. Puccetti, *Journal of Multivariate Analysis*, vol. 101, pp 177-190, 2009.

Testing for structural changes in exchange rates dependence beyond linear correlation, with A. Dias, *European Journal of Finance*, vol. 15(7), pp 619-637, 2009.

Giovanni Favara

Reconsidering the Role of Money for Output, Prices and Interest Rates, with P. Giordani, *Journal of Monetary Economics*, vol. 56(3), pp 419-430, 2009.

Francesco Franzoni

Learning about Beta: time-varying factor loadings, expected returns, and the conditional CAPM, *Journal of Empirical Finance*, forthcoming.

Rajna Gibson Brandon

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Marc Oliver RIEGER, University of Zurich
Thorsten HENS, University of Zurich and Swiss Finance Institute

N°46

Homogeneous Volatility Bridge Estimators

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Financial Markets Equilibrium with Heterogeneous Agents

Jaksa CVITANIC, CALTECH
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Semyon MALAMUD, EPFL and Swiss Finance Institute
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N°44

Liquidity in the Foreign Exchange Market: Measurement, Commonality, and Risk Premiums

Loriano MANCINI, EPFL and Swiss Finance Institute
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N°43

Private Equity Performance and Liquidity Risk

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Eric NOWAK, University of Lugano and Swiss Finance Institute
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House Prices, Disposable Income, and Permanent and Temporary Shocks

Patricia FRASER, Curtin University of Technology and University of Aberdeen
Martin HOESLI, University of Geneva (HEC and SFI), University of Aberdeen and Bordeaux Management School
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N°41

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N°39

Bubble Diagnosis and Prediction of the 2005-2007 and 2008-2009 Chinese stock market bubbles

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N°38

Robust Resampling Methods for Time Series

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N°37

Growing wealth with fixed-mix strategies

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N°36

Dragon-Kings, Black Swans and the Prediction of Crises

Didier SORNETTE, ETH Zurich and Swiss Finance Institute

N°35

Most Efficient Homogeneous Volatility Estimators

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N°34

Equilibrium Driven by Discounted Dividend Volatility

Jaksa CVITANIC, Caltech, Division of Humanities and Social Sciences

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N°33

The Relative Contributions of Private Information Sharing and Public Information Releases to Information Aggregation

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N°32

Survival and Evolutionary Stability of the Kelly Rule

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N°31

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N°29

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N°25

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N°23

Fourth Order Pseudo Maximum Likelihood Methods

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N°22

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N°21

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Cognitive Biases, Ambiguity Aversion and Asset Pricing in Financial Markets

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N°19

A Satisficing Alternative to Prospect Theory

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N°17

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N°16

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N°15

Financial Bubbles, Real Estate bubbles, Derivative Bubbles, and the Financial and Economic Crisis

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N°14

A Consistent Model of 'Explosive' Financial Bubbles With Mean-Reversing Residuals

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N°13

Variance Covariance Orders and Median Preserving

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N°12

Efficiency in Large Dynamic Panel Models with Common Factor

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N°11

The Role of Signal Precision and Transaction Costs in Stock, Option and Volatility Trading

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Dynamic Capital Structure under Managerial Entrenchment: Evidence from a Structural Estimation

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N°6

An Empirical Analysis of Alternative Portfolio Selection Criteria

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N°5

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N°4

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N°2

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February 2009 – November 2009

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The Advanced Executive Program helps senior executives from financial and related sectors to strengthen their management competences, to broaden their factual knowledge and to promote integrated thinking with respect to the current dramatic trends in the financial sector. The course comprises 10 modules, each lasting two and a half days. The course is held predominantly in German.

June 2009 – January 2010

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August 2009 – August 2011

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The Swiss State Secretariat of Economic Affairs assigned the Swiss Finance Institute to implement a comprehensive management training program for senior Vietnamese bank executives. The Swiss Management Program in Banking takes place in Hanoi and Saigon and consists of 14 modules of 3 days each. Participants are director-level bank executives from State Owned Commercial Banks who want to enhance and expand their management knowledge and practical capabilities.

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Seminars in Private Banking

The following seminars last 5 days each and are aimed at Executives from clearly targeted segments. They are taught by a mixture of academics and senior practitioners.

- **International Private Banking and Wealth Management Retreat**
Various academics and CEOs from Private Banking
- **International Wealth and Tax Planning**
Various academics and experts from Wealth Planning

Seminars in Private Banking

The following seminars last 5 days each and are aimed at Executives from clearly targeted segments. They are taught by a mixture of academics and senior practitioners.

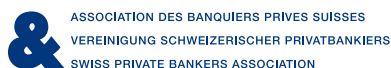
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Various academics and experts from Wealth Planning

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