The NYU Salomon Center and the Derivatives Research Project are pleased to open the new Millennium with a conference on the topic of Risk Management. Recognition of the importance of risk management in our economy has grown rapidly in recent years, as have the techniques for assessing and dealing with financial risks. We are delighted to present an unusually strong roster of leading academics and practitioners at the forefront of the field of risk management, who will review the current state of the art in this area, and look ahead toward the new directions where rapid advances are being made in this evolving area.

It can be argued that modern financial theory began in the 1950s, when Harry Markowitz thought of applying the formal mathematics of probability theory to the problem of managing risk in an asset portfolio. The 1970s saw the advent of formal models for pricing options and other derivative contracts, whose primary purpose is also risk management and hedging. But the events of the 1990s, made it clear that effective risk management is a critical element for success, and indeed, for long term survival, for financial institutions, nonfinancial firms, and even for nonprofit organizations and governmental bodies. It is also clear, however, that risk management must extend far beyond the use of standard derivative instruments in routine hedging applications.

The program spans two days. The first day will focus on specific types of financial risks and the instruments and procedures that have been developed to assess risk exposure and to manage its impact. Sessions will cover the technology of risk measurement, such as Value at Risk and extreme value theory; new classes of risk, such as liquidity risk, whose importance is just
beginning to be appreciated; new financial instruments and markets for risk management, such as derivative contracts based on weather and on insurance risks; and finally, credit risk, which has become one of the most important areas of practical interest for risk management. The lunchtime Keynote Address will be given by Stephen Ross.

The second day will focus on risk management from the perspective of the firm and the financial system as a whole. Sessions will cover risk management in the international arena, risk management from the regulator's viewpoint, and risk management for financial institutions. Lunchtime will feature an open discussion by the conference participants, after the event, of Y2K risk: How, and how well, did the financial system handle a risk that was eminently predictable but hard to evaluate, and what lessons for the future can we draw from the experience?

*Program Chairmen:* Stephen Figlewski and Richard M. Levich, Stern School of Business, NYU
Thursday, January 13 – Identifying, Modeling and Hedging Risks

8:30  Registration and Continental Breakfast

8:50  Welcome  
George Daly, Dean, Stern School of Business  
Ingo Walter, NYU Salomon Center

9:00  Session 1. New Approaches to Measuring Financial Risk  
Chair: Matthew Richardson, Stern School of Business

Speakers -  
Ronald Dembo – Algorithmics, Inc.  
Frank Diebold – Stern School of Business  
Paul Kupiec – Freddie Mac

10:30  Refreshment Break

10:45  Session 2. Nonstandard Risks: Liquidity, Volatility and Legal Risks  
Chair: William Silber, Stern School of Business

Speakers  
Francis Longstaff – UCLA  
Emanuel Derman – Goldman Sachs  
Thomas Russo – Lehman Brothers

12:15  Luncheon  
Keynote Speaker: Stephen Ross, Massachusetts Institute of Technology

2:00  Session 3. Designing and Pricing New Instruments for Insurance and Weather Risks  
Chair: Tobey Russ, AIG Risk Finance

Speakers  
Kenneth Froot – Harvard School of Business  
Richard Jefferis – Koch Industries  
Joseph Cole – Hedge Financial Products

3:30  Refreshment Break

3:45  Session 4. Modeling and Managing Credit Risk Exposure  
Chair: George Handjinicolaou, Dresdner, Kleinwort, Benson

Kenneth Singleton – Stanford University  
Michel Crouhy – Canadian Imperial Bank of Commerce  
Robert Jarrow – Cornell University

5:15  Cocktail Reception
Friday, January 14 – Managing Risk in Financial Institutions

9:00  **Session 5. Risks in International Markets**  
Chair: D. Sykes Wilford, CDC Investment Management

Speakers
Darryll Hendricks – Federal Reserve Bank of New York  
Mark Kritzman – Windham Capital Management  
Anthony Morris – Warburg Dillon Read  
Roberto Rigobon – Massachusetts Institute of Technology

10:45  *Refreshment Break*

11:00  **Session 6. The Role of Regulation and Capital Requirements in Financial Institutions**  
Chair: Barry Schachter, Chase Manhattan Bank

Speakers
Anthony Saunders – Stern School of Business  
Bruce Brittain – Lyster, Watson & Co.  
Christine Cumming – Federal Reserve Bank of New York

12:30  *Luncheon*

*Open Discussion: "Y2K Risk" – How Well Did the System Respond?*

2:30  **Session 7. Risk Management: Where Are We Headed?**  
Chair: Roy Smith, Stern School of Business

Speakers -
Robert Litzenberger – Goldman Sachs  
Leslie Rahl – Capital Market Risk Advisers  
Richard Bookstaber – Moore Capital Management

4:00  Adjourn and Conference Reception

The conference will be held in the main auditorium at the Henry Kaufman Management Center, 44 West 4th Street, New York City--part of the New York University Leonard N. Stern School of Business. The School is accessible via the N, R (to 8th Street), A, B, C, D, E, F (to West 4th Street) or #6 (to Astor Place) subway routes.
REGISTRATION FORM

CONFERENCE ON
RISK MANAGEMENT: THE STATE OF THE ART

January 13-14, 2000

Conference Fee: $895.00
(IAFE members: $795; Academics & Government Regulators: $450.00)

Conference fee includes all materials, breakfast, lunch, refreshments, and reception

Advance reservations are necessary and must be made by Friday, January 7

For additional information, call (212) 998-0700   Fax (212) 995-4220

To register, complete the form and mail together with a check payable to New York University to:
New York University Salomon Center, Stern School of Business,
44 West 4th Street, Suite 9-160, New York, NY 10012

Name: __________________________________________________________

Affiliation: _______________________________________________________

Address: _________________________________________________________

City, State, Zip Code: ______________________________________________

Telephone: ___________________________ Fax ____________________________

E-mail: ___________________________________________________________________

Enclosed is a check for (check one)______$895    ____$795   ____$450