



Latest Developments:
After the Credit Crunch:
Credit Derivatives Pricing, Hedging,
Modelling & Trading Techniques

London: 17th – 19th March 2008

This workshop provides THREE booking options

Register to ANY ONE day TWO days or all THREE days of the workshop

Register to ANY TWO days of the workshop and receive £200 discount

Register to ALL THREE workshop days and receive £300 discount

Topics:

Day 1: Credit Derivatives: Pricing, Hedging, Modelling & Trading Techniques

- **Pricing and Hedging of Credit Derivatives: Information-Based Models**
- **Credit Volatility - Options and Beyond**
- **New products on credit volatility**
- **Tranches: Trading and Hedging in a Challenging Market**
- **Correlation sensitivity of delta-hedged tranches**
- **Spread Neutral Short Correlation Trades**
- **Tranche convexity vs. Options Volatility**
- **Arbitrage-free pricing of Credit Index Options**
- **The armageddon pricing measure and the role of correlation during the subprime crisis**

Presenters:

Dorje C. Brody: Royal Society University Research Fellow, Imperial College London

Jerome Brun: Head of Quantitative Credit Research, Société Générale

Alberto Gallo & Abel Elizalde: Credit Derivatives Strategy, Bear Stearns

Lane P. Hughston: Professor of Financial Mathematics, King's College London

Massimo Morini: Head of Credit Models, IntesaSan Paolo Bank

Day 2: Credit Derivatives: Pricing, Hedging, Modelling & Trading Techniques

- **Subprime Shock on Credit Markets**
- **New product developments in the aftermath of subprime**
- **One-factor models for Credit Derivatives - From iTraxx to TABX**
- **Base Expected Loss and Non-arbitrage Conditions**
- **Correlating multivariate Levy spread processes**
- **Portfolio Credit Derivatives Modelling**
- **Copula approaches and default time modelling**
- **Dynamic Portfolio Loss Modelling**
- **BSLP: Bivariate Spread-Loss Portfolio Model**

Presenters:

Salah Amraoui: Structured Credit Trading, BNP Paribas

Matthias Arnsdorf: Quantitative Research, JP Morgan

Jochen Felsenheimer: Head of Credit Strategy & Structured Credit, UniCredit Market & Investment Banking

Joao Garcia: Head of Credit Modelling, Dexia Bank

Serge Goossens: Senior Quantitative Analyst, Dexia Bank

Topics:

Day 3: "After The Storm: The Future of Structured Credit"

- **Lessons to be learned**
- **The correlation crisis of 2005**
- **The subprime meltdown of 2007**
- **Coping with CDO pricing**
- **Super senior pricing**
- **Prepayment risk (LCDX and ABS CDOs)**
- **Proper risk management of CDOs**
- **Idiosyncratic vs systemic risk**
- **Correlation risk**
- **Other leverage structures**
- **LSS and CDPCs**
- **Rating agency approaches**

Presenter:

Jon Gregory: Global Head of Credit Derivatives Research, Barclays Capital

Day 1: Credit Derivatives: Pricing, Hedging, Modelling & Trading Techniques

09:00 – 11:00 / Pricing and Hedging of Credit Derivatives:
/ Information-Based Models:
/ Dorje C. Brody, Imperial College London &
/ Lane P Hughston, King's College London

- Information-driven asset-price dynamics
- Modelling the cash flows
- Modelling the flow of information
- Derivation of the credit-risky bond price process
- Defaultable discount bond dynamics
- Simulation of credit-risky bond price processes
- Dynamic model calibration
- Options on credit-risky bonds
- Dynamic hedging of a credit-risky bond option
- Volatility and correlation modelling
- Baskets of correlated bonds

11:00 – 11:15 Break

11:15 – 12:45 / Credit Volatility - Options and Beyond:
/ Jerome Brun, Société Générale

- CDS options, and Black's formula
- Credit index options:
 - Payoff specificity
 - Back to Black
 - Models without smile?
- Trading strategies involving index options
- New products on credit volatility

12:45 – 13:45 Lunch

**13:45 – 15:45 / Tranches: Trading and Hedging in a
/ Challenging Market:
/ Alberto Gallo & Abel Elizalde, Bear Stearns**

Trading Tranches

Securitization, Liquidity and the Economy

- **Explaining the impact of cash and synthetic securitization on the real economy.**

The Credit Crunch: What Happened and What's Next?

- **Analyzing the events of 2007 and the upcoming turning point in the credit cycle.**

Structured Credit Products

- **The economics and mechanics of standardized products.**

Creative Destruction: the Evolution of Credit Derivatives

- **The products which are poised to succeed and the ones which will disappear.**

Trading Credit Derivatives

Knowing the risks and using these instruments at your advantage.

- **Trading the curve, basis, recovery rates, index replication**
- **Volatility trading**
- **Correlation and convexity trading**
- **Relative value in IG and HY tranches**

New Strategies and Innovations

Our approach and how our strategies have outperformed the market.

- **Supercharging tranche convexity**
- **Spread-neutral short correlation trades**
- **Buying out-of-the-money tranches**

15:45 – 16:00 Break

**16:00 – 17:30 / Arbitrage-free pricing of Credit Index Options.
/ The armageddon pricing measure and the role of
/ correlation during the subprime crisis:
/ Massimo Morini, IntesaSan Paolo Bank**

- **Analysis of mapping methods through intertemporal testing. The behaviour in August 2007 compared to May 2005. The consequences for the hedging of credit correlation derivatives.**
- **Using heterogeneous correlations and scenario correlations for capturing systemic risk. The effect on CDO and CDO square**

Day 2: Credit Derivatives: Pricing, Hedging, Modelling & Trading Techniques

09:00 – 10:30 / Subprime Shock on Credit Markets:
/ Jochen Felsenheimer, UniCredit Market &
/ Investment Banking

- "The long-term effect from the subprime shock on credit markets"
- New product developments in the aftermath of subprime:
- Back to Basics & m-t-m immunization

10:30 – 11:00 Break

11:00 – 12:30 / Dynamic Portfolio Loss Modelling:
/ Matthias Arnsdorf, JP Morgan

Outline:

- Background
- Products
- Key factors in loss modelling
- BSLP: Bivariate Spread-Loss Portfolio Model
- Local intensity model
- Stochastic intensity model

In Practice:

- Calibration
- Tranche options
- Risk and hedging

12:30 – 13:30 Lunch

**13:30 – 15:30 / One-factor models for Credit Derivatives
/ From iTraxx to TABX:
/ Serge Goossens, Dexia Bank**

One-factor models for Synthetic Corporate CDO indices and tranches

- **Gaussian Copula: Implied compound vs Base Correlation**
- **Levy vs Gaussian Base Correlation**
- **Base Expected Loss and Non-arbitrage Conditions**
- **Explaining Base Correlation Smile**

Dynamic Spread Modelling for Credit CPPI and CPDO

- **Levy vs Gaussian driven dynamic processes**
- **Correlating multivariate Levy spread processes**
- **Assessing risks on CPPI and CPDO under Levy and Gaussian models**

Pricing TABX: adapting standard one factor market models

- **The importance of the ABS market**
- **CDS of ABS and Pay-As-You-Go (PAUG)**
- **Benchmark for CDS of ABS**
- **ABX.HE / TABX and the ABS correlation market**
- **Gaussian and Levy Base Correlation for TABX**
- **Risk neutral prepayment speeds**

15:30 – 15:45 Break

**15:45 – 17:30 / Portfolio Credit Derivatives Modelling:
/ Salah Amraoui, BNP Paribas**

- **Pricing of portfolio credit**
- **Copula approaches and default time modelling**
- **Factor copulas**
- **Analytical pricing and Monte Carlo simulation**
- **Risk management and factor aggregation**

Day 3: "After The Storm: The Future of Structured Credit"

Jon Gregory, Barclays Capital

Lessons to be learned

- The correlation crisis of 2005
- The subprime meltdown of 2007
- Pricing issues
- Risk management issues
- The role of the rating agencies

Coping with CDO pricing

- Dealing with strike, maturity, region and spread level
- Super senior pricing
- Tackling more advanced structures (long/short, amortising)
- Prepayment risk (LCDX and ABS CDOs)

Proper risk management of CDOs

- Idiosyncratic vs systemic risk
- Credit risk
- Correlation risk
- Default risk
- Cross sensitivities

Other leverage structures

- Portfolio TRS structures
- CPPI and CPDO
- LSS and CDPCs
- Rating agency approaches

Day schedule:	09:00 – 17:00
Break:	10:30 – 10:45
Lunch:	12:30 – 13:30
Break:	15:15 – 15:30



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Workshop Fees:

- Any One day: £999 + UK VAT
- Any Two days: £1798 + UK VAT
(Including £200 Discount)
- All Three days: £2697 + UK VAT
(Including £300 Discount)
- 30% discount Academic delegates

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To register please fax the completed booking form to:

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Flight details:

All delegates flying into London on the morning of the event are reminded that they should arrive 30 minutes before the workshop starts for registration. The hotels West End location is approximately 1 hour from all 3 main London airports, Heathrow, Gatwick and City. Returning flights should equally allow for the events finishing time.

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