



Peter Jaeckel & Riccardo Rebonato  
LIBOR Market Model Master Class

Venice: Thursday 12th / Friday 13th April 2007

---

---

## Course Trainers:

### Peter Jaeckel

Peter Jäckel received his DPhil from Oxford University in 1995. He started his career in quantitative analysis and financial modelling in 1997, when he joined Nikko Securities. Following that he worked with Riccardo Rebonato in the Quantitative Research Centre of the enlarged Royal Bank of Scotland Group where his primary responsibilities were independent model validation and derivatives modeling research.

In December 2000, he joined Commerzbank Securities as a quant in their front office product development and derivatives modelling unit (Financial Engineering). Since May 2003 he has been global co-head of the team. Peter is currently Head of Credit, Hybrid, Inflation and Commodity Derivative Analytics, ABN Amro. He is the author of the book "Monte Carlo methods in finance" published by John Wiley's in March 2002.

### Riccardo Rebonato

Riccardo Rebonato is a Visiting Lecturer at Oxford University (Mathematical Finance) and Adjunct Professor at Imperial College (Tanaka Business School). He sits on the Board of Directors of ISDA and on the Board of Trustees for GARP.

He is an Editor for the International Journal of Theoretical and Applied Finance, for Applied Mathematical Finance., for the Journal of Risk and for the Journal of Risk Management in Financial Institutions.

He holds Doctorates in Nuclear Engineering and Science of Materials/Solid State Physics, and was a Research Fellow in Physics at Corpus Christi College, Oxford, UK.

He is the author of the books Plight of the Fortune Tellers – Thoughts on the Quantitative Management of Financial Risk (2007), Volatility and Correlation in Option Pricing (2004, 1999), Modern Pricing of Interest-Rate Derivatives (2002), Interest-Rate Option Models' (1998, 1996). He has published several papers on finance in academic journals. He is a regular speaker at conferences world-wide.

# Day 1: The Practicalities of Libor Market Models: Peter Jaeckel, ABN Amro

9:00 – 10:30

- **Standard and skewed Libor market model dynamics**
- **Derivation of the indirectly stochastic drift**
- **Leaving the canon**
- **Futures convexity corrections in the Libor market model**
- **Speed is everything - the predictor-corrector scheme**

10:30 – 10:45 Break

10:45 – 12:30

- **Parametrisation of correlation and volatility backbone**
- **Factor reduction - pros and cons**
- **Speed is everything - the drift term**
- **Analytical calibration to coterminal swaptions**

12:30 – 13:30 Lunch

13:30 – 17:30

- **Non-parametric volatility specification**
- **Global calibration to the full swaption matrix**
- **Bermudan Monte Carlo**
- **Cross-currency Libor market modeling**
- **Calibration of FX volatilities in a cross-currency Libor market model**

15:30 – 15:45 Break

## Day 2: The Latest Advancements of the LIBOR Market Model Riccardo Rebonato, Royal Bank of Scotland

### Section 1 - 9:00 – 10:30

- **What do we need to price interest-rate derivatives?**
- **Why can the LMM provide the tool we need for this?**

Morning Break: 10:30 – 11:00

### Section 2 - 11:00 – 12:45

- **The no-arbitrage drifts: a universal recipe for all products**
- **Volatility and correlation for the LMM (single currency and multi-currency)**
- **Calibrating to caplets and linking caplet and swaption volatilities**

Lunch: 12:45 – 14:00

### Section 3 - 14:00 – 15:30

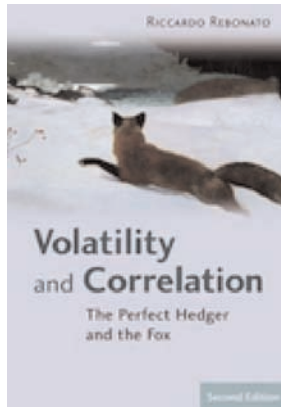
- **Empirical evidence: implied volatility, swaption volatility, Principal Components of volatility changes**
- **The ingredients for the IR smile: displaced diffusion versus CEV – theoretical and practical issues**

Afternoon Break: 15:30 – 16:00

### Section 4 - 16:00 – 17:30

- **Further smile features: stochastic volatility and regime shift**
- **Questions from the delegates**

All delegates will receive a complimentary copy of the following Wiley publication:



**Volatility and Correlation,  
The Perfect Hedger and the Fox**

**by Riccardo Rebonato**



**Workshop Fees:**

12th/13th April 2007 Venice: £1999 + UK VAT

To register please fax the completed booking form to:

**Fax: +44 (0) 1273 201360**

**Sponsorship:**

World Business strategies Ltd, offer sponsorship opportunities for all events, E-mail headers and the web site. Contact Sponsorship: +44 (0) 1273 201352

**Disclaimer:**

World business strategies command the rights to cancel or alter any part of this programme.

**Cancellation:**

By completing of this form the client hereby enters into a agreement stating that if a cancellation is made by fax or writing within two weeks of the event date no refund shall be given. However in certain circumstances a credit note maybe issued for future events.

Prior to the two week deadline, cancellations are subject to a fee of 25% of the overall course cost.

**Delegate details:**

Company:	
Name:	
Position:	
Name:	
Position:	
Name:	
Position:	
Department:	
Address:	
Country:	
Phone:	
E mail:	
Date:	
Signature:	

**Registration:**

Tel: +44 (0) 1273 201352

Fax: +44 (0) 1273 201360

**Contact:**

<http://www.wbstraining.com>

[sales@wbstraining.com](mailto:sales@wbstraining.com)