
Contents

Acknowledgments	xi
Introduction	1
Mark Carey and René M. Stulz	
I. MARKET RISK, RISK MODELING, AND FINANCIAL SYSTEM STABILITY	
1. Bank Trading Risk and Systemic Risk	29
Philippe Jorion	
2. Estimating Bank Trading Risk: A Factor Model Approach	59
James O'Brien and Jeremy Berkowitz	
<i>Comments on chapters 1 and 2:</i>	
Kenneth C. Abbott	
Paul Kupiec	
<i>Discussion Summary</i>	
II. SYSTEMIC RISK	
3. How Do Banks Manage Liquidity Risk? Evidence from the Equity and Deposit Markets in the Fall of 1998	105
Evan Gatev, Til Schuermann, and Philip E. Strahan	
<i>Comment:</i> Mark Carey	
<i>Discussion Summary</i>	

- 4. Banking System Stability:
A Cross-Atlantic Perspective** 133
Philipp Hartmann, Stefan Straetmans, and
Casper G. de Vries
Comment: Anthony Saunders
Discussion Summary
- 5. Bank Concentration and Fragility:
Impact and Mechanics** 193
Thorsten Beck, Asli Demirgüç-Kunt, and
Ross Levine
Comment: René M. Stulz
Discussion Summary
- 6. Systemic Risk and Hedge Funds** 235
Nicholas Chan, Mila Getmansky,
Shane M. Haas, and Andrew W. Lo
Comment: David M. Modest
Discussion Summary

III. REGULATION

- 7. Systemic Risk and Regulation** 341
Franklin Allen and Douglas Gale
Comment: Charles W. Calomiris
Discussion Summary
- 8. Pillar 1 versus Pillar 2 under Risk Management** 377
Loriana Pelizzon and Stephen Schaefer
Comment: Marc Saidenberg
Discussion Summary

IV. NEW FRONTIERS IN RISK MEASUREMENT

- 9. Global Business Cycles and Credit Risk** 419
M. Hashem Pesaran, Til Schuermann, and
Björn-Jakob Treutler
Comment: Richard Cantor
Discussion Summary
- 10. Implications of Alternative Operational Risk
Modeling Techniques** 475
Patrick de Fontnouvelle, Eric S. Rosengren,
and John S. Jordan
Comment: Andrew Kuritzkes
Discussion Summary

11. Practical Volatility and Correlation Modeling for Financial Market Risk Management	513
Torben G. Andersen, Tim Bollerslev, Peter F. Christoffersen, and Francis X. Diebold	
<i>Comment:</i> Pedro Santa-Clara	
<i>Discussion Summary</i>	
12. Special Purpose Vehicles and Securitization	549
Gary B. Gorton and Nicholas S. Souleles	
<i>Comment:</i> Peter Tufano	
<i>Discussion Summary</i>	
13. Default Risk Sharing between Banks and Markets: The Contribution of Collateralized Debt Obligations	603
Günter Franke and Jan Pieter Krahnen	
<i>Comment:</i> Patricia Jackson	
<i>Discussion Summary</i>	
Biographies	635
Contributors	639
Author Index	643
Subject Index	651

