Financial Firm Bankruptcy Workshop
July 25-26, 2011

Day One: Bankruptcy and Derivatives

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Overview

The first day of the workshop focused on the preferential treatment of derivatives and repurchase agreements during the bankruptcy process. Some believe this policy helps to mitigate systemic risk by maintaining the ability of sellers of derivatives to perform on their contracts. Others think it contributes to systemic risk by encouraging excessive risk-taking and runs on collateral.

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Speakers

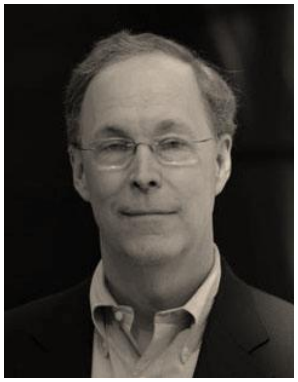
David Skeel

David Skeel is the S. Samuel Arsht Professor at the University of Pennsylvania Law School. He is the author of *Icarus in the Boardroom: The Fundamental Flaws in Corporate America and Where They Came From* (Oxford University Press, 2005); *Debt's Dominion: A History of Bankruptcy Law in America* (Princeton University Press, 2001); and numerous articles on bankruptcy, corporate law, Christianity and law, and other topics. His recent articles include "Assessing the Chrysler Bankruptcy," *Michigan Law Review* (forthcoming 2010 with Mark Roe), and "Bankruptcy or Bailouts?," *Journal of Corporation* Law (forthcoming 2010 with Ken Ayotte). Professor Skeel has also written commentaries for the *New York Times*, *Wall Street Journal, Weekly Standard, Financial Times, Los Angeles Times*, *Philadelphia Inquirer* other publications.

Franklin Edwards

Franklin R. Edwards is the Arthur F. Burns Professor of Free and Competitive Enterprise at the Columbia University Graduate School of Business. His primary areas of expertise and academic research are financial regulation, banking and securities markets, derivatives markets, hedge funds, and corporate governance, and he has taught MBA courses dealing with all of these areas. He is a founding member of the Financial Economists Roundtable, a member of the Shadow Financial Regulatory Committee, and a former member of the board of directors of the Futures Industry Association. He received a Ph.D. in Economics from Harvard University in 1964 and a J.D. from New York University in 1968.

Professor Edwards' recent publications include: "Derivatives and the Bankruptcy Code: Why the Special Treatment?" (With Edward Morrison) in the *Yale Journal of Regulation* (2005); "Derivatives and Systemic Risk: What Role Can the Bankruptcy Code Play?" (with Edward Morrison) in *Systemic Financial Crises: Resolving Large Bank Insolvencies* (2005); "U.S. Corporate Governance: What Went Wrong and Can It Be Fixed?" in *Market Discipline Across Countries and Industries* (2004); and "The Regulation of Hedge Funds: Financial Stability and Investor Protection," in *Hedge Funds: Banks and Regulation* (2004). His many academic publications include articles dealing with many topics that are now central policy issues, such as "Hedge Funds and the Collapse of Long-Term Capital Management" (1999), "The Decline of Traditional Banking and the Rise of Nonbank Financial Institutions" (1996), "Mutual Funds and Financial Stability" (1996), "OTC Derivatives Markets and Financial Fragility" (1996), "The Clearing Association in Futures Markets: Guarantor and Regulator" (1984), and "Extreme Price Movements and Margin Levels" (1988). He is also the author of the book *The New Finance: Regulation and Financial Stability* (1996), co-author of the textbook *Futures and Options* (1992), and editor of *Issues in Financial Regulation* (1979).



Doug Diamond

Douglas Diamond is Merton H. Miller Distinguished Service Professor of Finance and Richard N. Rosett Faculty Fellow at The University of Chicago Booth School of Business, a research associate of the National Bureau of Economic Research, and a visiting scholar at the Federal Reserve Bank of Richmond. Diamond is a member of the Squam Lake group a non-partisan, non-affiliated group of 15 top academics who have come together to offer guidance on the reform of financial regulation. He is a fellow of the American Academy of Arts and Sciences, the Econometric Society and the American Finance Association. He has taught at Yale and been a visiting professor at the Hong Kong University of Science and Technology as well as the University of Bonn. His research focuses on financial intermediaries, liquidity and financial crises.

Financial Firm Bankruptcy Workshop

July 25-26, 2011

Day Two: Alternative Failure Resolution Approaches

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Overview

The second day of the workshop focused on proposals to reform the bankruptcy code with respect to financial-firm failures. Such changes would supplement the Orderly Liquidation Authority created by the Dodd-Frank Act.

Financial Firm Bankruptcy Workshop
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Day Two: Alternative Failure Resolution Approaches

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Speakers

Tom Jackson

Thomas Jackson is Distinguished University Professor at the University of Rochester, where he served as President from 1994-2005. A graduate of Williams College and Yale Law School, Professor Jackson clerked for Marvin Frankel, SDNY, and then Justice Rehnquist at the Supreme Court before beginning his academic career at Stanford Law School in 1977, where he focused on bankruptcy law, culminating in his 1986 book *The Logic and Limits of Bankruptcy Law*. After a brief stint at Harvard Law School, he became Dean of the University of Virginia School of Law in 1988, and subsequently was Provost at the University of Virginia, before moving to Rochester. In 1988, the Supreme Court appointed him Special Master in a case involving unclaimed dividends involving every state in the nation. Currently, he is a member of the Resolution Project at the Hoover Institution Working Group on Economic Policy.

Robert Bliss

Robert R. Bliss is the F. M. Kirby Chair in Business Excellence at the Schools of Business at Wake Forest University, where he teaches courses in derivatives, financial engineering, and capital markets. Prior to returning to academia, Dr. Bliss served as a senior financial economist at Federal Reserve Bank of Chicago and held research positions at the Bank of England and the Federal Reserve Bank of Atlanta. Previously, Dr. Bliss taught finance at Indiana University. Professor Bliss's research interests include fixed income securities and derivatives, structured finance, risk management, financial regulation, and the law and economics of insolvency. Professor Bliss earned his doctorate in finance from the University of Chicago.

Viral Acharya

Viral V. Acharya is the C.V. Starr Professor of Finance at New York University Stern School of Business (NYU-Stern), Research Associate of the National Bureau of Economic Research (NBER) in Corporate Finance, Research Affiliate of the Center for Economic Policy Research (CEPR) in Financial Economics, Research Associate of the European Corporate Governance Institute (ECGI), member of Advisory Scientific Committee of European Systemic Risk Board (ESRB), and an Academic Advisor to the Federal Reserve Banks of Cleveland, New York and Philadelphia, and the Board of Governors. He completed Bachelor of Technology in Computer Science and Engineering from Indian Institute of Technology, Mumbai in 1995 and Ph.D. in Finance from NYU-Stern in 2001. Prior to joining Stern, he was at London Business School (2001-2008). He was the Academic Director of the Coller Institute of Private Equity at London Business School (2007-09) and a Senior Houblon-Normal Research Fellow at the Bank of England (Summer 2008).

Viral's primary research interest is in theoretical and empirical analysis of systemic risk of the financial sector, its regulation and its genesis in government-induced distortions, an inquiry that cuts across several other strands of research – credit risk and liquidity risk, their interactions and agency-theoretic foundations, as well as their general equilibrium consequences. He has published articles in the American Economic Review, Journal of Finance, Journal of Financial Economics, Review of Financial Studies, Journal of Business, Rand Journal of Economics, Journal of Financial Intermediation, Journal of Money, Credit and Banking, and Financial Analysts Journal. He is a current editor of the *Journal of Financial Intermediation* (2009-) and associate editor of the *Journal of Finance* (2011-), *Review of Corporate Finance Studies* (RCFS, 2011-) and *Review of Finance* (2006-).

Viral is the recipient of Best Paper Award in Corporate Finance - Journal of Financial Economics, 2000, Best Paper Award in Equity Trading - Western Finance Association Meetings, 2003, Outstanding Referee Award for the Review of Financial Studies, 2003, the inaugural Lawrence G. Goldberg Prize for the Best Ph.D. in Financial Intermediation, Best Paper Award in Capital Markets and Asset Pricing - Journal of Financial Economics, 2005 (First Prize) and 2007 (Second Prize), the inaugural Rising Star in Finance (one of four) Award, 2008, European Corporate Governance Institute's Best Paper on Corporate

Governance, 2008, Distinguished Referee Award for the Review of Financial Studies, 2009, III Jaime Fernandez de Araoz Award in Corporate Finance, 2009, Viz Risk Management Prize for the Best Paper on Energy Markets, Securities, and Prices at the European Finance Association Meetings, 2009 and Excellence in Refereeing Award for the American Economic Review, 2009, Review of Finance Best Paper Award, 2009 and Best Conference Paper Award at the European Finance Association Meetings, 2010.

At Stern, Viral co-edited the books *Restoring Financial Stability: How to Repair a Failed System*, John Wiley & Sons, March 2009 and *Regulating Wall Street: The Dodd-Frank Act and the New Architecture of Global Finance*, John Wiley & Sons, November 2010. He is also the co-author of the forthcoming book *Guaranteed to Fail: Fannie Mae, Freddie Mac and the Debacle of Mortgage Finance*, Princeton University Press, March 2011 and Harper Collins (India), forthcoming. He is the current PhD coordinator in the Finance department at Stern.