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IFM Funds Research on Current Financial Market Issues

Story Highlights:

- Six studies to be undertaken include DMA; clearinghouse and system risk; OTC-clearing; and position limits
- Research to be done by independent academics from Yale, University of Illinois, Singapore Management University, University of Delaware, HEC Paris, and Hong Kong Baptist University

Washington DC – May 03, 2010 – The Institute for Financial Markets (IFM) is pleased to announce the awarding of grants to fund studies on high-priority issues whose understanding and potential resolutions are of critical importance to the trading and clearing of listed derivatives worldwide. The research will be completed by internationally-recognized academics in the field, and their independent findings will be used to educate market users, policy makers, regulators, academics, and other interested parties. Individual research studies will be subjected to a rigorous peer-review process and published in a special edition of the Review of Futures Markets, a respected financial journal.

“The response received to the IFM's first annual Call of Papers and Grants was incredibly positive” said IFM Chairman Peter F. Borish. “We received 42 thought-provoking proposals from leading researchers all over the globe.” Given the excellent quality of the proposals received, the Grant Advisory Committee decided to fund six research projects; one more than initially put forward in the 2010 Call for Papers and Grants.

Criteria used to award and fund the projects included the character of the research problem, the implications of the proposed research and the anticipated contribution of the research to the futures and options on futures literature and fit with the IFM's mission and

research objectives. The research to be undertaken encompasses a selection of timely topics in financial and commodity derivatives from position limit analysis to the effects of Direct Market Access and include:

- **Clearinghouse, Margin Requirements and Systemic Risk**
Jeffrey H. Harris, University of Delaware and Christophe Perignon, HEC Paris
- **Policy Implications of Position Limits: An Agent-Based Analysis**
Bernard Lee, Shib-Fen Cheng and Annie Koh, Singapore Management University
- **Direct Market Access in Exchange-Traded and Cleared Derivatives**
Abmet K. Karagozoglu, Hofstra University
- **Survey and Critical Evaluation of Studies and International Practices on How Futures Clearinghouses Can Accommodate Over-the-Counter Cleared Products and Traditional Futures**
Joseph K. W. Fung, Hong Kong Baptist University
- **Assessment of Pending Legislation on Clearinghouse Risk**
Eugene L. Kunda and Robert Hauser, University of Illinois
- **Direct Market Access and High-Frequency Data**
Frank J. Fabozzi, Yale University

The selection process was completed by the IFM and its Advisory Committee of the Clearing Corporation Foundation Endowed Fund, which consists of industry professionals with a deep acumen in the derivatives business. The committee includes **Michael C. Dawley**, Managing Director, Goldman, Sachs & Co.; **Ronald Filler**, Professor of Law and Director, Center on Financial Services Law, New York's Law School; **John M. Damgard**, President, Futures Industry Association; **Peter F. Borish**, Chairman and CEO, Computer Trading Corporation; and **Walter Lukken**, Chief Executive Officer, New York Portfolio Clearing and former acting chairman and commissioner of the U.S. Commodity Futures Trading Commission.

The 2010 research and education project will be managed and promoted by the IFM and the findings will be released in fall 2010. Research findings also may be used in IFM educational courses. Funding for this year's awards is part of endowment to fund

futures and options research made possible by generous \$2 million gift to the IFM from The Clearing Corporation Charitable Foundation.

About the Institute for Financial Markets:

The Institute for Financial Markets (IFM) is a nonprofit Section 501(c)(3), industry-sponsored educational foundation, and an independent affiliate of the Futures Industry Association. Headquartered in Washington DC, the IFM's mission is to promote professional knowledge, judgment and integrity by providing research, educational resources and training to financial services industry participants and to interested constituencies including investors, journalists, academicians and public-policy makers.

The IFM in cooperation with Kent State University publishes the Review of Futures Markets — a financial journal that brings a unique balance of theory and practice to the derivatives trading and futures markets. This journal offers insightful articles that appeal to a high-level audience including market practitioners, exchange professionals, researchers and financial engineers among others.

As a nonprofit organization, the Institute funds its activities from two principal sources: the generous support of a broad range of financial institutions, exchanges, brokerage firms and other participants from a variety of market sectors and the sale of its products and services. The IFM develops product and market-based educational materials and seminars; professional conduct and ethics training; and provides data services globally. For more information on the IFM, please visit www.theIFM.org.

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