



Conference on

**RESEARCH, RISK AND REGULATION
IN THE HEDGE FUND INDUSTRY**

November 18-20, 1999 * Durham, NC



THURSDAY, NOVEMBER 18, 1999

Washington Duke Inn, 3001 Cameron Blvd., Durham, NC

5:00-8:00 p.m. **Registration**

6:30-7:30 p.m. **Reception**

7:30 p.m. **Welcoming Dinner**

Introduction: Stephen Wallenstein, Exec. Dir. Global Capital Markets Center
Welcome: Rex Adams, Dean, Fuqua School of Business, Duke University
Clark Havighurst, Interim Dean, School of Law, Duke University

FRIDAY, NOVEMBER 19, 1999

Washington Duke Inn, 3001 Cameron Blvd., Durham, NC

8:00 - 9:00 a.m. **Continental Breakfast**

9:00-10:45 a.m. **Session I: Introduction to Hedge Funds Research and
 Preview of Conference Topics**

Moderator: Albert "Pete" Kyle, Fuqua School of Business, Duke University
Presenters: William N. Goetzmann, School of Management, Yale University
 David A. Hsieh, Fuqua School of Business, Duke University
 Todd Pulvino, J.L. Kellogg Graduate School of Management,
 Northwestern University

The panel will discuss topics that are currently the focus of academic research into the hedge fund industry. Specific topics will include: survivorship bias and its implications for empirical and event study research; the current regulatory framework; and comparisons between hedge funds and other financial institutions. This discussion will set the stage for the later sessions, as well as raising key issues to be examined throughout the Conference.

10:45-11:00 a.m. **Break**

11:00-12:30 p.m.

Session II: Hedge Funds & Institutional Investors

Moderator: William N. Goetzmann, School of Management, Yale University

Presenters: Cynthia Frost, Duke Management Company
Douglas Breeden, Smith Breeden Associates, Inc.
Howard Wohl, Ivy Asset Management

In this panel, institutional investors will address the role of hedge funds as part of institutional portfolios. They will assess many of the same issues raised in the first session, but from the standpoint of the market, rather than academia. In addition, they will introduce some new areas for debate, such as risk management issues and disclosure requirements, which are covered in more depth in subsequent sessions.

12:30-2:00 p.m.

Lunch

Keynote Speaker: Meyer "Mike" Eisenberg, United States Securities and Exchange Commission

2:00-3:30 p.m.

Session III: Risk Management

Moderator: S. Viswanathan, Fuqua School of Business, Duke University

Presenters: Richard Lindsey, Bear Stearns Securities Corporation
Brian Simpson, First Union Capital Markets Group
Gary Smeal, The Chase Manhattan Bank

This session will address risk management from various standpoints. The panel will consider how best to manage counterparty risk, both from loans and other balance-sheet items, and from off-balance-sheet transactions such as foreign exchange and derivative products. They will discuss how to measure risk, as well how to reduce risk by a) netting, b) collateral and c) legal agreements with features such as termination and default covenants.

3:30-3:45 p.m.

Break

3:45-5:15 p.m.

Session IV: Disclosure & Regulation

Moderator: Steven L. Schwarcz, Law School, Duke University

Presenters: Charles Adams, International Monetary Fund
John Kambhu, Federal Reserve Bank of New York
Richard Lindsey, Bear Stearns Securities Corporation
John F. ("Jack") Rigney, Seward & Kissel
Peter Greenough, Greenough & Co.

This session will address whether changes in hedge fund regulation are appropriate, particularly in the aftermath of last year's dramatic hedge fund failures and the spillover into the global financial markets. The panel will consider to what extent hedge funds should be regulated, and draw comparisons with their more heavily regulated counterparties. Should hedge fund regulation be overseen by an existing regulatory body, or should a new entity be created? What implications will such a decision have on the legal issues involved in regulating the hedge fund industry?

5:30-6:30 p.m. **Duke Global Capital Markets Center Advisory Board Annual Meeting
(Board Members Only)**

6:30-7:30 p.m. **Reception**

7:30 p.m. **Dinner**
Keynote speaker: Merton Miller, University of Chicago

SATURDAY, NOVEMBER 20, 1999

Washington Duke Inn, 3001 Cameron Blvd., Durham, NC

8:30 - 9:30 a.m. **Continental Breakfast**

9:30 a.m.-12:00 p.m. **Session V: Future Academic Research/Open Discussion/Conference
Summary**

Moderator: David Hsieh, Fuqua School of Business, Duke University
Presenters: Ravi Bansal, Fuqua School of Business, Duke University
Jennifer Carpenter, Leonard N. Stern School of Business, New
York University
Pete Kyle & Wei Xiong, Fuqua School of Business, Duke
University
Narayan Naik, London Business School
Anthony Richards, International Monetary Fund

Academic research presentation :

Bansal: The Forward Premium Puzzle

Carpenter: Hedge Fund Compensation

Kyle/Xiong: Model of Hedge Fund & Market Equilibrium

Naik: Multi-period Performance Persistence

Richards: Relative Value Trading

12:15-2:00 p.m. **Closing Luncheon**