CONFERENCE PROGRAM

2022 CONFERENCE ON DERIVATIVES & VOLATILITY

11 - 12 November 2022

Chicago, IL

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Welcome to the 2022 Conference on Derivatives and Volatility!

Welcome to the sixth annual Conference on Derivatives and Volatility, co-hosted by Cboe Global Markets and the Financial Management Association International. This year's program offers thirteen paper sessions with a number of timely papers, and keynote addresses by David S. Bates (University of Iowa), and Vance Harwood (Six Figure Investing). We hope you will find something on the program that is especially interesting to you.

Program Co-Chairs:

Torben Andersen, Professor of Finance, Northwestern University
Bjorn Eraker, Professor of Finance, University of Wisconsin-Madison

About Cboe Global Markets and The Options Institute

Cboe Global Markets, Inc. ("Cboe Global Markets" or "Cboe") is one of the world's largest exchange holding companies, offering cutting-edge trading and investment solutions to investors around the world. The company is committed to defining markets and driving the global marketplace forward through product innovation, leading edge technology and seamless trading solutions.

The Options Institute has been the light-bearer of derivatives education since 1985. In the era of information overload, the Options Institute has evolved to keep the everyday investor empowered using education. Through its global network of expert instructors, adjunct faculty, bespoke training programs, and free educational events and content, the OI is the premier education hub for curious minds of all experience levels.

About the Financial Management Association International

Established in 1970, the Financial Management Association (https://www.fma.org/) is a global leader in developing and disseminating knowledge about financial decision making. FMA's mission is to broaden the common interests between academicians and practitioners, provide opportunities for professional interaction between and among academicians, practitioners and students, promote the development and understanding of basic and applied research and of sound financial practices, and to enhance the quality of education in finance. It serves over 5,100 members across 74 countries.

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Conference Program

All conference events will take place on the 7th Floor

Friday, 11 November ***9:00 AM – 9:45 AM***
Registration
9:45 AM – 11:45 AM
Session 1 – Pricing Kernel **Volatility and the Pricing Kernel** **David Schreindorfer**, Arizona State University | Tobias Sichert, Stockholm School of Economics Presenter: David Schreindorfer **Discussant**: Mete Kilic, University of Southern California **Exploring Risk Premia, Pricing Kernels, and No-Arbitrage Restrictions in Option Pricing Models** Steven Heston, University of Maryland | Kris Jacobs, University of Houston | Hyung Joo Kim, University of Houston Presenter: Steven Heston Discussant: Jeroen Dalderop, University of Notre Dame **Uncertainty, Risk, and Capital Growth** **Gill Segal**, University of North Carolina | Ivan Shaliastovich, University of Wisconsin Presenter: Gill Segal Discussant: Francois Gourio (Chicago Federal Reserve)
11:45 AM – 1:45 PM

Luncheon & Keynote Address

Keynote Address

David S. Bates
C. Woody Thompson Professor of Finance, University of Iowa

David S. Bates is the C. Woody Thompson Professor of Finance at the Tippie College of Business of the University of Iowa. He builds, estimates, and tests option pricing models that include jump risks and stochastic volatility, with applications to currency and stock index options. His early research stressed the importance of including asymmetric jumps to capture the risk-neutral skewness implicit in currency and stock index option prices, including in index options prior to the 1987 stock market crash (*J.Finance,* 1991). Later research included testing whether models are consistent with how option prices evolve (including finding early evidence of volatility jumps) and the degree of consistency with the observed evolution of exchange rates and the stock market. He expanded the Fourier inversion approach of Heston (*RFS,* 1993) to include affine processes with constant-intensity and stochastic-intensity price jumps. His more recent research has focused on using Fourier inversion for time series analysis, including estimation of latent state variables such as stochastic volatility and jump intensities. His 2019 *J.Finance* paper examines how stock market crashes develop intradaily, and finds self-exciting volatility spikes. He is currently exploring models of longer-term stock market risk.

1:45 PM – 3:45 PM

Session 2 – Retail Traders and Order Flow

Retail Option Traders and the Implied Volatility Surface
Gregory Eaton, Oklahoma State University | T. Clifton Green, Emory University | Brian Roseman, Oklahoma State University | Yanbin Wu, University of Florida

Presenter: Gregory Eaton
Discussant: Christian Dorion, HEC Montreal

Payment for Order Flow and Asset Choice
Thomas Ernst, University of Maryland | Chester Spatt, Carnegie Mellon University

Presenter: Thomas Ernst
Discussant: Saad Ali Khan (HEC Montreal)

Factor and stock-specific disagreement and trading flows
Fotis Grigoris, Indiana University | Christian Heyerdahl-Larsen, Indiana University | **Preetesh Kantak,** Indiana University

Presenter: Preetesh Kantak
Discussant: Vincent Bogousslavsky, Boston College

3:45 PM – 4:30 PM

Coffee Break

4:30 PM – 5:50 PM

Session 3 – Information Content on Option Prices

Pricing Event Risk: Evidence from Concave Implied Volatility Curves
Lykourgos Alexiou, University of Liverpool Management School | **Amit Goyal,** University of Lausanne | Alexandros Kostakis, University of Liverpool Management School | Leonidas Rompolis, Athens University of Economics and Business

Presenter: Amit Goyal
Discussant: Paola Pederzoli, University of Houston

How Common is Insider Trading? Evidence from the Options Market
Oleg Bondarenko, University of Illinois at Chicago | Dmitriy Murayvev, Michigan State University

Presenter: Oleg Bondarenko
Discussant: Clifton Green (Emory University)

5:50 PM - 7:30 PM

Conference Dinner

Practitioner Keynote Presentation

Vance Harwood
Six Figure Investing

After graduating from the University of Colorado with a BS in Electrical Engineering, Vance embarked on a 35-year career working for Hewlett Packard and other high-tech companies in technical and managerial roles in R&D, Marketing, and Finance. His career in high-tech included two international assignments, 5 patents, and managing engineering teams in Colorado, California, Germany, and Shanghai. Vance changed careers in 2011, developing a financial blogging/consulting business. His blog, Six Figure Investing has logged over 5 million page views, and he has been quoted in Barron's, Reuters, and the Wall Street Journal. Vance blogs and tweets @6_figure_invest, on investor psychology, Exchange Traded Funds (ETF), volatility topics such as the VIX® index, and volatility ETFs with VIX® futures as their underlying securities. Vance is on the advisory board and is a Senior Consultant for Invest in Vol. Vance and his wife Heidi live in Erie, CO.

Saturday, 12 November
9:15 AM – 9:45 AM

Registration

9:45AM – 11:45 AM

Session 4 – Option Returns

Common Factors in Equity Option Returns
Alex Horenstein, University of Miami | Aurelio Vasquez, ITAM | Xiao Xiao, University of London

Presenter: Alex Horenstein
Discussant: Piotr Orlowsky, HEC Montreal

Risk Preferences Implied by Synthetic Options
Ian Dew-Becker, Northwestern University | Stefano Giglio, Yale University

Presenter: Ian Dew-Becker
Discussant: Bjorn Eraker, University of Wisconsin - Madison

Why Does Options Market Information Predict Stock Returns?
Dmitriy Muravyev, Michigan State University | **Neil Pearson**, University of Illinois, Urbana-Champaign | Joshua Pollet, University of Illinois, Urbana-Champaign

Presenter: Neil Pearson, University of Illinois, Urbana-Champaign
Discussant: Sang Seo, University of Wisconsin - Madison

11:45 AM – 1:40 PM

Lunch

Product Innovation Presentation:

1:40 PM – 3:00 PM

Session 5 – Jumps and Volatility

Forecasting realized volatility: An automatic system using many features and machine learning algorithms
Sophia Zhengzi Li, Rutgers University | Yushan Tang, Rutgers University

Presenter: Sophia Zhengzi Li
Discussant: Aurelio Vasquez, ITAM

The shape of the pricing kernel and expected option returns
Tobias Sichert, Stockholm School of Economics and
Swedish House of Finance | Christian Schlag, Goethe University – Frankfurt

Presenter: Tobias Sichert
Discussant: Fousseni Chabi-Yo, University of Massachusetts – Amherst

Realised volatility forecasting: Machine learning via financial world embedding
Eghbal Rahimikia, University of Manchester | Stefan Zohren,
University of Oxford |Ser-Huang Poon, University of Manchester

Presenter: Eghbal Rahimikia
Discussant: Dacheng Xiu, University of Chicago

Participant Index

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Segal, Gill	University of North Carolina	1
Seo, Sang Byung	University of Wisconsin – Madison	4
Todorov, Viktor	Northwestern University	5

Attendees

Last Name	First Name	Affiliation
Abrokwah	Michael	Dominican University
Andersen	Torben	Northwestern University
Antunes-Neto	Jose	Northwestern University
Artz	Sebastian	UCLA
Bakosova	Petra	Hull Tactical
Bangsgaard	Christine	Aarhus University
Bates	David	University of Iowa
Bogousslavsky	Vincent	Boston College
Bondarenko	Oleg	University of Illinois - Chicago
Bridges	John	
Cocquemas	Francois	Hull Tactical
Dalderop	Jeroen	University of Notre Dame
Dew-Becker	Ian	Northwestern University
Dorion	Christian	HEC Montreal
Eaton	Gregory	Oklahoma State University
Engst	Stephen	Southern Utah University
Eraker	Bjorn	University of Wisconsin - Madison
Ernst	Thomas	University of Maryland
Fang	Lei	Cognitive Capital
Fast	Petri	Hull Tactical
Fregeau	Bryan	Cboe Global Markets
Ghanbari	Hamed	University of Lethbridge
Gogate	Manajit	Hull Tactical
Gourio	Francois	Federal Reserve Bank of Chicago
Goyal	Amit	University of Lausanne
Green	Clifton	Emory University
Gruenthaler	Thomas	University of Muenster
Habib	Ali	LWC
Han	Yufeng	University of North Carolina - Charlotte
Harwood	Vance	Six Figure Investing
Heston	Steven	University of Maryland
Horenstein	Alex	University of Miami
Howson	David	Cboe Global Markets
Hull	Blair	Hull Tactical
Jeon	Byounghyun	Marquette University
Juneja	Neil	Hull Tactical
Kalnina	Ilze	North Carolina State University
Kantak	Preetesh	Indiana University
Kerala Varma	Vipin	Capital Fund Management
Kilic	Mete	University of Southern California
Kirvaitis	Tom	KL Capital LLC
Lanza	Ariel Aldo Giovanni	Northwestern University
Li	Sophia Zhengzi	Rutgers University
Lin	Jimin	University of California – Santa Barbara
Lui	Michelle	FMA
Moran	Matthew	Cboe Global Markets
Muravyev	Dmitriy	Michigan State University
Nenekpeku	Charles	EchoHouse Ghana Limited
Orlowsky	Piotr	HEC Montreal

Otto	Tizian	Yale University
Pansera	Jerome	Hull Tactical
Park	Taeyoung	University of Texas - Dallas
Pearson	Neil	University of Illinois – Urbana-Champaign
Pederzoli	Paola	University of Houston
Rhoads	Russell	Indiana University
Richard	Rob	Hull Tactical
Riva	Raul	Northwestern University
Rosa	Mark	University of New Orleans
Saad	Khan	HEC Montreal
Schreindorfer	David	Arizona State University
Segal	Gill	University of North Carolina
Seo	Sang Byung	University of Wisconsin - Madison
Shafaati	Mobina	Old Dominion University
Tissot-Daguette	Valentin	Princeton University/Bloomberg
Todorov	Viktor	Northwestern University
Vasquez	Aurelio	ITAM
Walden	Johan	University of California - Berkeley
Wang	Zhiguang	South Dakota State University
Wu	Yanbin	University of Florida
Xu	Yang	Calamos Investment
Zhao	Yiwei	Cboe Global Markets
Zhao	Ran	Claremont Graduate University

Program Committee

Co-Chairs

- Torben Andersen, Northwestern University
- Bjorn Eraker, University of Wisconsin-Madison

Committee Members

- Patrick Augustin, McGill University
- Gurdip Bakshi, Temple University
- Nina Boyarchenko, Federal Reserve Bank of New York
- Fousseni Chabi-Yo, University of Massachusetts – Amherst
- Jaewon Choi, University of Illinois
- Jeroen Dalderop, University of Notre Dame
- Christian Dorion, HEC Montreal
- Peter Feldhutter, Copenhagen Business School
- Nicola Fusari, Johns Hopkins University
- Elise Gourier, ESSEC Business School
- Michael Halling, University of Luxembourg
- Steven Heston, University of Maryland
- Sophia Li, Rutgers Business School
- Juan Londono, Federal Reserve Board
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- Viktor Todorv, Northwestern University
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- Aurelio Vasquez, ITAM
- Grigory Vilkov, Frank School of Finance and Management
- Dacheng Xiu, University of Chicago

Notes

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