

**The Working Group on Risk**, with the support of the group BFA (SFdS) & Institut des Actuaire (IA), has the pleasure to invite you to the Seminar by:

**Prof. Serge DAROLLES**  
Université Paris-Dauphine

**Wednesday, February 19, 2014 at 12:30 pm**  
**EEE - ESSEC La Défense – room 138**  
**Liquidity Risk Estimation in Conditional Volatility**

Until recently, the liquidity of financial assets has typically been viewed as a second-order consideration in the asset-management industry. Liquidity was frequently associated with simple transaction costs that impose little effect, temporary if any, on asset prices and whose shocks could be easily diversified away. Yet, the evidence, especially the recent liquidity crisis, suggests that liquidity is now a primary concern. This paper aims at proposing a static liquidity risk measure leading to a better evaluation of the latter risk by distinguishing the market volatility shocks with persistent effects from liquidity shocks with temporary effects. This approach will allow isolating the liquidity risk even in the case where volumes are not observed. Exchange traded funds (or ETFs) are mutual funds that are traded on an exchange.



**YOU HAVE THE ANSWER**

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<http://crear.essec.edu/working-group-on-risk/meeting-schedule-2013-2014>

# Prof. Serge DAROLLES

## Université Paris-Dauphine

Serge DAROLLES, PhD in Applied Mathematics from Toulouse School of Economics, is Professor of Finance at Université Paris-Dauphine since 2012 and specializes in financial econometrics. Prior to joining Dauphine, he worked for Lyxor between 2000 and 2012, where he developed mathematical models for various investment strategies. He also held consultant roles at Caisse des Dépôts & Consignations, Banque Paribas and the French Atomic Energy Agency.

