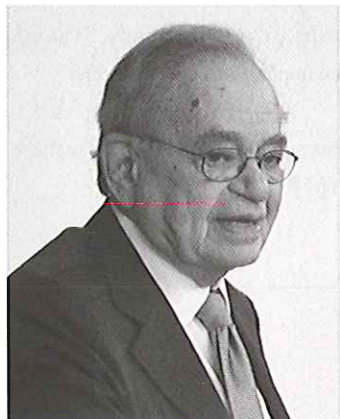


Conference on

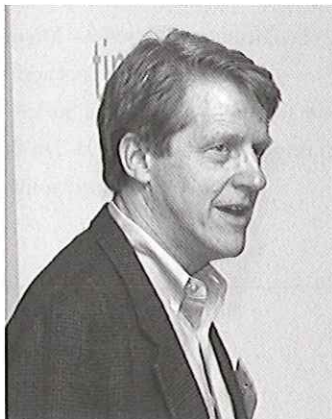
Financial Innovation: 35 Years of Black/Scholes and Merton



Nobel Laureates Myron Scholes and Bob Merton on the second day.



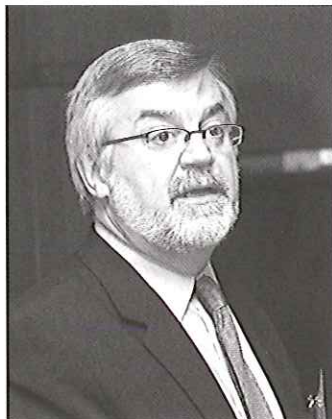
Leo Melamed giving keynote address.



Bob Shiller on the housing crisis.



George Constantinides discussing options on index futures.



Bob Whaley closing the conference.

On October 16-17, 2008 the FMRC sponsored a special conference to honor Fischer Black, Myron Scholes and Robert Merton for their development of the option pricing model. No research in finance has had the ground-breaking influence of the articles by Black/Scholes and by Merton. Published in 1973, the articles have provided the analytical underpinning of a host of financial innovations as well as a way to think about long standing corporate finance issues. The conference, organized by Center Co-director, **Bob Whaley**, was supported by special grants from the CBOE, the CME, the Options Industry Council, and Susquehanna Group. It brought together leading thinkers to present papers on topics that build on the seminal work of Black/Scholes and Merton. The conference was all the more interesting as it took place against the backdrop of the country's most severe financial crisis.

The keynote address was delivered by **Leo Melamed**, Chairman Emeritus of the CME Group. He noted that organized futures and options markets worked well in the crisis and expressed fear of a regulatory backlash that would hamper the operation of free markets. (Copies of the Melamed keynote and of most of the other papers may be found at <http://conferenceonfinancialinnovation.com/>) The remainder of the conference consisted of 6 academic sessions, each with two academic papers, covering topics such as Volatility Markets, Real Estate Markets, Credit Markets, Index Option Markets, Real Options, and Compensation Contracts. In each session two papers were presented that relied on option pricing theory. In addition, an informal roundtable discussion featuring **Bob Merton**, **Myron Scholes**, and Leo Melamed was held. The reception and dinner on October 16 took place at the Country Music Hall of Fame, and included country music by two of the genres best known singer/songwriters. ■