

FINANCIAL MARKETS RESEARCH CENTER  
Owen Graduate School of Management  
Vanderbilt University  
Nashville, TN 37203

**Conference on Exchange Governance and Securities Market Structure**

April 22-23, 2004

Wall Street is under fire. The Grasso affair raised questions about the organization and governance of the New York Stock Exchange. How should an exchange be organized and governed? Is an exchange a business or public institution? Should exchanges demutualize? What has been the experience of those exchanges that have demutualized? The Grasso affair also gave rise to questions about the specialist system. Is the specialist system outmoded? Should the function of the specialist be automated? Should the SEC change the rules under which the NYSE and its competitors operate? How should markets be linked? In addition to the NYSE, another respected institution – the mutual fund – has come under fire. How can the problems with mutual fund trading and valuation be solved? Are mutual fund expenses excessive? The conference will examine these and related issues by bringing together academics, regulators and practitioners.

Participants include academics, industry leaders, and regulators. Expenses of academic presenters will be reimbursed. Attendance is by invitation.

The conference is sponsored by the Financial Markets Research Center and by a special grant from the New York Stock Exchange.

The conference takes place all day Thursday, April 22, and half day Friday, April 23, followed by the Dewey Daane Invitational Tennis Tournament.

Conference hotel: Loews Vanderbilt Plaza Hotel, 2100 West End Avenue,  
1-800-336-3335 (Vanderbilt University – Financial Markets  
Research Center block)

Alternative hotels: Hampton Inn Vanderbilt, 1919 West End Avenue, 615-329-1144  
Courtyard by Marriott, 1901 West End Avenue, 615-327-9900  
Embassy Suites, 1811 Broadway, 615-320-8899  
Hampton Inn & Suites, 2330 Elliston Place, 615-320-6060  
Marriott at Vanderbilt, 2555 West End Avenue, 615-321-1300

Conference locations

- Thursday, April 22: Caterpillar Financial Building, 2120 West End Avenue, 2<sup>nd</sup> floor Auditorium
- Thursday dinner: Loews Vanderbilt Plaza Hotel

- Friday, April 23: Owen Graduate School of Management, Averbuch Auditorium

More information

Contact Pat Scott at 615-322-3671, pat.scott@owen.vanderbilt.edu. For more information on the Financial Markets Research Center, check the website, <http://mba.vanderbilt.edu/fmrc/>.

PROGRAM

**Thursday, April 22, 2004: Caterpillar Financial Building (8:00 AM – 5:00 PM)**

8:00 AM – 8:45 AM	Continental Breakfast
8:45 AM – 9:00 AM	Welcome. Hans Stoll, Owen School. Ed Scott, Executive Vice President, CAT Financial. William Christie, Dean, Owen School.
9:00 AM – 10:15 AM	Exchange governance and securities market structure. Chair: Richard Lindsey, President, Bear Stearns Securities Corp.  Richard Ketchum, Chief Regulatory Officer, NYSE. “Securities Markets: Retrospect and Prospect”
10:15 AM – 10:45 AM	Break
10:45 AM – 11:30 AM	Annette Nazareth, Director of Market Regulation, Securities and Exchange Commission. “Exchange Structure and Regulation”
11:30 AM – 11:45 AM	Commentary on “Election Year Economics.” Jack Lavery, Lavery Consulting Group.
11:45 AM – 1:00 PM	Luncheon
1:15 PM – 2:45 PM	Ownership, governance, and regulation of derivatives markets. Chair: Duke Chapman, Vice Chairman, ABN AMRO Financial Services.  James Overdahl, Chief Economist, CFTC. “Futures Exchange Governance: Overview and Issues”  James Falvey, General Counsel, EurexUS.  Richard DuFour, Executive Vice President, Chicago Board Options Exchange.  John Damgard, President, Futures Industry Association.
2:45 PM – 3:15 PM	Break

3:15 PM – 3:45 PM Mutual funds. Chair: Ron Masulis, Professor, Owen School.

“How Widespread is Late Trading in Mutual Funds?” Eric Zitzewitz, Columbia University.

“Are Investors Rational? Choices Among Index Funds.” Ned Elton, NYU (with M. Gruber and Jeff Busse).

“Fair Value Pricing.” Ian Domowitz, Managing Director, ITG.

Commentary: David B. Jones, Senior V.P, Fidelity Management & Research Corp.

**Thursday Evening, April 22, 2004: Loews Vanderbilt Plaza Hotel**

6:00 PM Cocktails

7:15 PM Dinner

**Friday Morning, April 23, 2004: Loews Vanderbilt Plaza Hotel**

7:15 AM – 8:15 AM Financial Markets Research Center Advisory Board Meeting and breakfast

**Friday, April 23, 2004: Averbuch Hall, Owen School (8:00 AM – 1:00 PM)**

8:00 AM – 9:00 AM Continental Breakfast

9:00 AM – 10:30 AM The specialist system. Chair: Thomas Peterffy, Chairman, Interactive Brokers Group.

“Do Individual Specialists Subsidize Illiquid Stocks?” Roger Huang, Notre Dame University (with Jerry Liu).

“Specialist Profits and the Minimum Price Increment.” Larry Harris, Chief Economist, Securities and Exchange Commission (with Jay Coughenour).

Commentary: Robert Jennings, Indiana University. “Changes in Pennying.”

Commentary: George Sofianos, Goldman Sachs.

10:30 AM – 11:00 AM Break

11:00 AM – 11:45 AM Bond market microstructure. Chair: William Christie, Dean of the Owen School.

“Municipal Bond Liquidity.” Michael Piwowar, Visiting Scholar at Securities and Exchange Commission (with Larry Harris).

Commentary on electronic trading in fixed income markets.  
Christopher Perry, former Head of E-Commerce for the Americas, HSBC.

12:00 PM – 1:00 PM            Luncheon

**Friday, April 23, 2004: Post Conference Activities**

2:00 PM – 5:00 PM            Dewey Daane Invitational Tennis Tournament – Belle Meade Club

2:00 PM – 4:00 PM            Hike around Radnor Lake led by Ron Masulis

6:00 PM – 9:00 PM            Dinner at the Stoll’s for participants and invited guests.