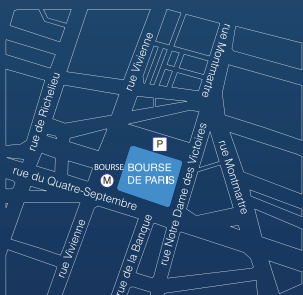




INSTITUT LOUIS BACHELIER
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About Bachelier's work

The date March 29, 1900, should be considered as the birthdate of mathematical finance. On that day, a French postgraduate student, Louis Bachelier, successfully defended at the Sorbonne his thesis. As a work of exceptional merit, strongly supported by Henri Poincaré, Bachelier's supervisor, it was published in Annales Scientifiques de l'Ecole Normale Supérieure, one of the most influential French scientific journals. This pioneering analysis of the stock and option markets contains several ideas of enormous value in both finance and probability. In particular, the theory of Brownian motion, one of the most important mathematical discoveries of the twentieth century, was initiated and used for the mathematical modeling of price movements and the evaluation of contingent claims in financial markets. The thesis of Louis Bachelier, together with his subsequent works, deeply influenced the whole development of stochastic calculus and mathematical finance.

*Mathematical Finance, Vol.10, No. 3
(July 2000), 341-353*





Providing the research and education community with resources

In 1900, Louis Bachelier, the French mathematician, defended his thesis “The Theory of Speculation,” under the supervision of Henri Poincaré. This pioneering work was one of the bases for the development of modern financial mathematics. It is to honour the roots of the French school of finance that the Fondation du Risque, the Europlace Institute of Finance Foundation (EIF) as well as a number of academic institutions, chose to name the association that they created: the “Institut Louis Bachelier” (ILB). The ILB, finding its inspiration in the Institut Henri Poincaré that has been fulfilling this role for mathematicians for many years, aims at serving as a place of exchange and communication for all researchers in the field of finance (in the broadest sense, including banking, insurance and financial markets) and in the field of economics.

Set in the Palais Brongniart in Paris, Place de la Bourse, the Institut Louis Bachelier is an association, created under the law of 1901, whose purpose is to support and promote French research and education in the field of finance. The Fondation du Risque, the EIF Foundation and the Finance-Innovation competitive pole are located in the same premises in order to achieve operating synergies and savings in operating costs.

The ILB, as a place of dialogue between professionals and academics, is a services centre that:

- provides the administrative, accountancy and fiscal follow-up of chairs financed through both foundations, as well as the co-ordination of the chairs,
- contributes to the publishing of research results,
- assists researchers and practitioners in setting up and managing partnership projects,
- manages “e-FERN”, the social network that allows researchers and teachers in finance, and professionals who wish to do so, to share information related to their activity and to their work,
- promotes the organisation of symposiums, themed semesters and international conferences,
- organises “Themed Semesters” grouping the best international researchers in a field over a six month period , and “ILB Workshops” where the research chairs debate one of the major issues of the profession on a quarterly basis.

Our ambition is to bring forth new research subjects in order to meet new challenges, broaden the dialogue between professionals and academics, improve co-ordination of actions and unite players of excellence in the field of research.

André Lévy-Lang
President of the Institut Louis Bachelier



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FRENCH EXCELLENCE IN FINANCE

Bringing together and sharing skills

The financial crisis brought to the fore essential questions in relation to the complexity and the operating modes of financial markets, and the analysis and management of risk in banks and companies. More than ever, financial research should be accelerated and repositioned so as to take into account the lessons to be learned from the crisis and improve the analytical tools that are available to public and private players.

The ILB's action is being pursued in line with this logic, and can be broken down into three main objectives shared by the whole of the EIF FDR ILB*:

1. Reinforced co-ordination of research actions, ("calls for papers", chairs, research initiatives) with a view to greater clarity and increasing interoperability of activities in order to optimise and improve the services offered to researchers and professionals.
2. Significantly increase interaction that brings together the best researchers and professionals through events such as themed Semesters and Workshops, in order to bring research effort in line with the profession's priority themes.
3. Open the Institute to cooperation with European, American and Asian universities and research centres : the setting up in 2010 of a partnership with the Canadian inter-university research centre CIRANO, with the aim of serving our partner companies on both continents, is an integral part of this ambition.

*Declared to be in the public interest, the Europlace Institute of Finance (EIF) and the Fondation du Risque (FDR), the two founding members of the ILB, have made possible nowadays:

- the creation of 17 chairs and research initiatives
- the financing of 70 projects intended to be published in the best reviews
- the setting up of 10 annual scholarships for "academic fellows"
- the organisation of an annual job market in finance and accounting
- the development of a program of international symposia and forums.

The role of the ILB is to reinforce and boost the actions engaged by the two foundations, making pooled services available to researchers and professionals in order to fully exploit France's scientific excellence.

EXPERTISE AND SERVICES

The Institut Louis Bachelier is committed to supporting high-level research

OFFERING A PLACE FOR DIALOGUE

Supported by the authorities, universities and “grandes écoles”, the Institut Louis Bachelier hosts conferences, seminars and working meetings in the centre of Paris. It enables exchanges concerning information about scientific programs, it promotes interaction on professional subjects of academic interest, and it gives rise to synergies and opportunities between researchers and companies.

This way, the Institut Louis Bachelier organises several scientific events, such as:

■ The International Forum on Financial Risk

The aim of this event every year in Paris is to bring together the best French and international researchers in the field of finance to debate current topics in markets and the financial industry. Each edition of the forum brings together more than 500 international researchers from Europe, the United States, but also from emerging countries; India, Brazil, China, etc.

The aim is to present the best international research work and to address, through debates and round table discussions, the concerns of financial players, whether they be issuers, investors, banks or financial companies.

■ Themed Semesters and Workshops

The themed semesters, organised in the format of conferences, seminars and classes, aim to promote exchanges between academics and professionals on a common subject around a financial issue. In 2010, the ILB will purpose two half-years dedicated to the “dependent risks” (H1) and “microstructure of markets” (H2) followed in 2011 of half-year on the longevity.

Themed workshops correspond to the desire to stimulate face to face debate between professional and academic worlds on the burning issues of our times. The first session will address the theme of “model validation seminar”. It should be noted that these quarterly workshops, will help to initiate new research programmes dealing with the immediate concerns of the finance industry.

PROMOTING RESEARCH

towards increased accessibility for research results

Given the large amount of data and sources available, it is essential to produce reliable and relevant information. The ILB publicises scientific work and publications, symposium and seminar summaries, and ensures that they are distributed in print and via the Internet to players in the fields of finance, insurance and risk management. As part of its outreach program, the Institute selects and rephrases innovative articles.

■ Foundation Notes

Foundation notes help people to discover some of the research work of the chairs. The researchers present their results in language that is easily accessible to the general public. It is the aim of the ILB to share research issues with everyone who is interested in the field of finance.

■ Media Partnerships

The AGEFI, in collaboration with the Institut Louis Bachelier (ILB), created a web page entitled “Research in Finance”. The vocation of the latter is to publish and make researchers’ work accessible by providing access to certain research articles in their entirety, along with interviews. Title “Research in Finance” : <http://www.agefi.fr/dossiers/recherche-finance.aspx>

Besides, the ILB encourages partnerships with several supports, such as Revue Banque, Revue Risques, Bank Market Investors, etc.

EXTENDING THE TRANSFER OF KNOWLEDGE OVER THE WEB

e-FERN: Finance Economy & Risk Network (www.e-fern.org)

The Institut Louis Bachelier created the first on-line social network dedicated to the field of finance. Shortly after its creation, it already had 1,400 members and included more than 16,000 research articles. The goal is to increase exchanges and the transfer of knowledge between professionals and researchers, and to highlight the fields of expertise and scientific production. Furthermore, a platform dedicated to companies enables them to meet the best international students and young researchers, facilitating recruitment of high potential personnel.

To request membership and participate in the network: info@e-fern.org

ON OF YOUNG RESEARCHERS: THE EUROPEAN FINANCIAL RESEARCH JOB MARKET

This annual event aims at bringing, both French and international, young doctoral student and post-doctoral researchers, recently qualified in the field of finance, into contact with universities and French and European professionals. Given the success of previous editions, the Institut wishes to bestow an international dimension to this event, comparable to the international dimension of the American job market.

HELPING TO MANAGE PROJECTS

■ Setting up projects

The Institut Louis Bachelier and the Finance-Innovation Pole contribute to the development of research partnerships involving both academics and professionals. They provide their assistance in:

- identifying the most relevant people,
- drawing up calls for proposals and responses to calls for tenders,
- bringing into contact industrial or academic partners,
- managing the constitution of research teams,
- advising on methodological and logistic aspects.

■ Managing projects

The ILB draws on its expertise in public/private partnerships to facilitate the management of research projects: legal, human resources, management, financial monitoring, reporting, etc.

BECOMING A MEMBER OF THE ILB

Membership is open to associations, academic institutions (universities, "grandes écoles", research laboratories, etc.) and companies (small and medium sized enterprises, corporations, etc.).

Becoming a member of the ILB means:

- access to workshops, conferences and forums on topics of interest to which the best researchers on the international stage are invited,
- benefiting from priority access to meeting rooms free of charge for two half days per month,
- exchanges with researchers and professionals on the subjects that concern the finance industry,
- sharing and influencing strategic Institut Louis Bachelier policy decisions.

THE INSTITUTION'S BODIES

Anchored in both the scientific and professional world

The Institut Louis Bachelier is an association under the law of 1901, created on July 23rd, 2008, comprising of researchers, academic institutions and companies.

Management Committee, chaired by André Lévy-Lang,

examines the main directions and ratifies the actions

- Jean-Michel Beacco, Fondation du Risque and EIF, General Manager of the ILB
- Jean Berthon, Fondation du Risque
- Jean-François Boulier, Aviva Investors
- Arnaud de Bresson, Europlace Institute of Finance, Treasurer of the ILB
- Nicole El Karoui, Université Paris VI, Scientific Director of the ILB
- Elyès Jouini, Université Paris-Dauphine
- Alain Leclair, Association Française de Gestion
- Edouard-François de Lencquesaing, Paris Europlace
- André Lévy-Lang, Fondation du Risque, President of the ILB

Scientific section, chaired by Nicole El Karoui,

proposes and takes part in implementing actions

- Rene Aïd, EDF
- Jean-Philippe Bouchaud, CEA / Capital Fund Management
- Jean-François Boulier, Aviva Investors
- Michel Crouhy, Natixis
- Nicole El Karoui, Paris VI
- Christian Gourieroux, ENSAE
- Monique Jeanblanc, Université d'Evry
- Elyès Jouini, Université Paris-Dauphine
- Jean-Paul Laurent, Institut de Science Financière et d'Assurance
- Lionel Martellini, EDHEC
- Jean-Charles Rochet, IDEI
- Gregory Taillard, Sinopia
- Bertrand Villeneuve, Fondation du Risque

Founders committee, coordination and orientation unit,

consults on orientations for research, combined with the definition of programs

- La Caisse des Dépôts et Consignations
- Ecole Nationale de la Statistique et de l'Administration Economique
- Ecole Polytechnique
- La Fondation du Risque
- HEC
- Europlace Institute of Finance
- Université Paris-Dauphine

The Team manages, implements and supports researchers and professionals

- Jean-Michel Beacco, Secretary General, jmbeacco@institutlouisbachelier.org
- Cyril Armange, Communication and Project Assistant, cyril.armange@institutlouisbachelier.org
- Stéphane Buttigieg, Special Assistant, stephane.buttigieg@institutlouisbachelier.org
- Mounia Hamraoui, Management Assistant, mounia.hamraoui@institutlouisbachelier.org

Become a member of the Institut Louis Bachelier

Send an e-mail to: contact@institutlouisbachelier.org



CHAIRS AND RESEARCH INITIATIVES



The Institut Louis Bachelier (ILB) is a House of Finance that co-ordinates and hosts research work financed by the Fondation du Risque (FDR) and by the Europlace Institute of Finance (EIF). All of these chairs and research initiatives testify to the considerable effort engaged by the French financial industry in favour of research: more than 4 million Euros in 2009, 20 million Euros over the next five years in the race for innovation, competitiveness and growth.

Financial risks

Nicole El Karoui, *professor at the Université Paris VI and at the Ecole Polytechnique, in partnership with the Société Générale*

Private individuals faced with Risk: Market analysis and response

Elyès Jouini, *Vice-President, Université Paris-Dauphine, in partnership with Groupama*

Insurance and major risks

Christian Gourieroux, *Director of the ENSAE Finance-Insurance Laboratory and Pierre Picard, professor at the Ecole Polytechnique, in partnership with AXA*

Health, risk, insurance

Brigitte Dormont, *professor at the Université Paris-Dauphine, in partnership with Allianz France Group*

Risk market and value creation

Christian Gollier, *professor at the Université de Toulouse I and member of IDEI, in partnership with SCOR*

Demographic transition risks and opportunities

Jean-Hervé Lorenzi, *professor at the Université Paris-Dauphine and President of the Cercle des Economistes, in partnership with CNP and the Malakoff Médéric Group*

Finance and sustainable development, quantitative approach

Pierre-Louis Lions, *professor at the Collège de France, member of the Institut, member of the Scientific Council of the Fondation du Risque, and Jean-Michel Lasry, member of the EIF professionals' group, in partnership with EDF, CACIB and CDC*

Sustainable finance and responsible investment

Jean-Pierre Ponssard, *professor at the Ecole Polytechnique and Christian Gollier member of IDEI Recherche, in partnership with the Association Française de Gestion*

Value chains, financial markets and investment banks

Bruno Biais IDEI, *Université de Toulouse I, in partnership with the Fédération Bancaire Française*

Future derivatives

Nicole El Karoui, *professor at Paris VI and at the Ecole Polytechnique and Nizar Touzi, professor at the Ecole Polytechnique, in partnership with the Fédération Bancaire Française*

Company finance

Edith Ginglinger et Ulrich Hege, *professors at the HEC and at the Université Paris-Dauphine, in partnership with the Fédération Bancaire Française*

Credit risk

Monique Jeanblanc, *professor at the Université d'Evry, in partnership with the Fédération Bancaire Française*

Structured products and derivatives

Lionel Martellini, *professor at the EDHEC, in partnership with the Fédération Bancaire Française*

Industrial economics of risk and liquidity: evolution towards post-crisis finance

Pierre-Louis Lions, *professor at the Collège de France, member of the Institut, member of the Scientific Council of the Fondation du Risque, in partnership with Natixis*

Micro structure of markets

Jean-Michel Lasry, *member of the EIF professionals' group, in partnership with CA Cheuvreux*

Financial protection of farmers

Jean-Michel Lasry, *member of the EIF professionals' group, in partnership with Pacifica*

Sovereign wealth funds

Roger Guesnerie et Pierre-Louis Lions, *professors at the Collège de France, President and Vice-President of the chair of the CACIB-EDF-CDC Scientific Council, in partnership with CACIB*