

# Contents

<b>List of Contributors</b>	vii
<b>Introduction</b>	xiii
<i>Michael Pykhtin</i>	
Bank of America	

## SECTION 1: RISK MANAGEMENT AT COUNTERPARTY LEVEL

<b>1 Modelling Stochastic Counterparty Credit Exposures for Derivatives Portfolios</b>	3
<i>Ben De Prisco; Dan Rosen</i>	
Algorithmics Inc; Fields Institute, University of Toronto	
<b>2 Measuring Counterparty Credit Exposure to a Margined Counterparty</b>	49
<i>Michael S. Gibson</i>	
Federal Reserve Board	
<b>3 Modelling Collateral for Credit Exposures: A Structural Approach</b>	65
<i>Didier Cossin, Tomas Hricko</i>	
IMD	
<b>4 A Conditional Valuation Approach for Path-Dependent Instruments</b>	97
<i>Dante Lomibao, Steven Zhu</i>	
Bank of America	
<b>5 Modelling Counterparty Credit Exposure for Credit Default Swaps</b>	127
<i>Christian T. Hille, John Ring, Hideki Shimamoto</i>	
Nomura International	

## SECTION 2: RISK MANAGEMENT AT PORTFOLIO LEVEL

<b>6 Calculating and Hedging Exposure, Credit Value Adjustment and Economic Capital for Counterparty Credit Risk</b>	147
<i>Evan Picoult</i>	
Risk Architecture, Citigroup	

7	<b>Analytic Methods for Portfolio Counterparty Credit Risk</b> <i>Tom Wilde</i> Credit Suisse First Boston	189
<b>SECTION 3: REGULATORY CAPITAL</b>		
8	<b>Analysis of Basel II Treatment of Counterparty Credit Risk</b> <i>Marcus Fleck, Andreas Schmidt</i> Dresdner Bank AG	229
9	<b>Risk-Sensitive Regulatory Capital Rules for Hedged Credit Exposures</b> <i>Erik Heitfield; Steven Burton; Souphala Chomsisengphet</i> Federal Reserve Board; Federal Deposit Insurance Corporation; Office of the Comptroller of the Currency	263
<b>SECTION 4: PRICING</b>		
10	<b>Risk-Neutral Pricing of Counterparty Risk</b> <i>Damiano Brigo, Massimo Masetti</i> Banca IMI	285
11	<b>The Pricing Implications of Counterparty Risk for Non-Linear Credit Products</b> <i>Stuart M. Turnbull</i> University of Houston	337
12	<b>Pricing Counterparty Risk in Unfunded Synthetic CDO Tranches</b> <i>Dmitry Pugachevsky</i> Bear Sterns	371
	<b>Index</b>	395