

MIT SLOAN **IDEA EXCHANGE**

FINANCE BEYOND CRISIS

Impact, Disruption, and Innovation

Thursday, April 25, 2019

Location: Convene, 117 West 46th Street, New York, NY

- 8:30 - 9:00** REGISTRATION AND CONTINENTAL BREAKFAST
- 9:00 - 9:05** **Welcome Remarks**
David Schmittlein, John C Head III Dean, MIT Sloan School of Management
- 9:05 - 9:15** **Opening Session**
Leonid Kogan, PhD '99, Nippon Telegraph & Telephone Professor of Management; Faculty Head, Finance Group, MIT Sloan School of Management
- 9:15 - 10:00** **SeLFIES—A Globally Applicable Bond Innovation to Improve Retirement Funding, Support Infrastructure Development, and Lower Government Financing Cost and Risk**
Robert C. Merton, PhD '70, School of Management Distinguished Professor of Finance, MIT Sloan School of Management
SeLFIES is an acronym for Standard of Living Indexed Forward-starting Income-only Securities. Designed for individuals to do personal saving for their own retirement, SeLFIES address the major challenge of a lack of financial literacy and high transactions cost. While any institution could issue SeLFIES in principle, the government has several advantages as the issuer which should reduce government financing costs. Professor Merton's research shows that the increased longevity of the population and the decreased prevalence of pensions has made funding retirement a global challenge—SeLFIES could help ease the pressure.
- 10:00 - 10:45** **The Role of Housing and Mortgage Markets in the Financial Crisis**
Antoinette Schoar, Michael M. Koerner (1949) Professor of Entrepreneurship; Professor Finance, MIT Sloan School of Management
The great misnomer of the 2008 crisis is that it was not a subprime crisis but rather a middle-class crisis. Inflated house-price expectations led households across all income groups, especially the middle class, to increase their demand for housing and mortgage leverage. Professor Schoar will share her research on the impact of mortgage lending, and the supply of mortgage credit before the crisis.
- 10:45 - 11:00** BREAK

11:00 - 11:45

Is Equity Market Exchange Structure Anti-Competitive?

Chester Spatt, Golub Distinguished Visiting Professor of Finance, MIT Sloan School of Management; Distinguished Senior Fellow, MIT Golub Center for Finance and Policy; Pamela R. and Kenneth B. Dunn Professor of Finance, Tepper School of Business, Carnegie Mellon University

Professor Spatt's session will discuss current open policy issues in equity market structure and the role of exchanges, including issues that have developed or increased over the past decade since the financial crisis. The structure and potential distortion created by the prevailing systems of fees and rebates on different orders will be described along with the impact of volume discounts (different pricing tiers) for rebates. The connection between the structure of these exchange transaction prices and the pricing of proprietary exchange data and connectivity will be considered.

11:45 - 1:15

IDEA EXCHANGE LUNCH

1:15 - 1:45

MFin Ten Years and Counting

Moderator: Heidi V. Pickett, Assistant Dean, Master of Finance Program, MIT Sloan School of Management
Kapil Dilwali, SB '09, MFin '10, Vice President, Investment Banking - Corporate Finance Advisory, J.P. Morgan

When the finance world was tested by crisis a decade ago, MIT Sloan responded with the Master of Finance Program, designed by the world's foremost finance authorities. Today we celebrate ten years and counting of MFin's success. Ms. Pickett will reflect on the program since its launch along with her vision for the future of the program, and engage in a discussion with an MFin alum about their experience and how the degree positioned them for near- and long-term success in the ever-changing global landscape.

1:45 - 2:45

Alumni Panel Discussion

Moderator: Matthew Rothman, Senior Lecturer, MIT Sloan School of Management; Managing Director, Goldman Sachs

Armen Avanesians, SB '81, Chief Investment Officer, Goldman Sachs Asset Management

Cheryl M. Duckworth, CFA, SM '94, Partner and Senior Managing Director; Director, Global Consultant Relations, Wellington Management

Joseph Naggari, MBA '96, Partner and Head of Structured Products, GoldenTree Asset Management

C.S. Venkatakrishnan, SB '86, SM '89, PhD '91, Chief Risk Officer, Barclays

Moderated by Mr. Rothman, this panel discussion will feature MIT alumni who worked in the finance industry during the crisis, and are still working in finance. The session will focus on how careers were impacted by the financial crisis, and the forward thinking work that these individuals implement in the post-crisis landscape.

2:45 - 3:00

BREAK

3:00 - 3:45

Technological Innovation and Creative Destruction of Human Capital

Lawrence D.W. Schmidt, Victor J. Menezes (1972) Career Development Professor of Finance; Assistant Professor, Finance, MIT Sloan School of Management

Professor Schmidt will discuss his research examining the link between innovation and individual earnings risk. His findings suggest that innovation is associated with a substantial increase in labor income risk and can potentially explain a nontrivial fraction of recent increases in income inequality.

3:45 - 4:30

Fintech Beyond Crisis

Gary Gensler, Senior Lecturer, MIT Sloan School of Management; Senior Advisor to the Director, MIT Media Lab; Co-Director of Fintech, CSAI

Mr. Gensler will present on finance's long symbiotic relationship with technology. He will explore how the markets and public policy are adjusting to this generation's innovations and disruptions around AI, blockchain technology, cryptocurrencies, mobile payments, and fintech more generally.

4:30 - 5:15

Fireside Chat

David Schmittlein, John C. Head III Dean, MIT Sloan School of Management

John A. Thain, SB '77, Life Member, MIT Corporation; Former Chairman & Chief Executive Officer, CIT Group, Inc

In this session, Dean Schmittlein will moderate a fireside chat with MIT alumnus, John A. Thain, to discuss his first-hand experience managing a major financial institution at the height of the financial crisis, and his perspective on the future of finance.

5:15 - 5:30

Closing Remarks

5:30 - 6:30

RECEPTION