

# FRIC Highlights 2012



Danmarks  
Grundforskningsfond  
Danish National  
Research Foundation

## **FRIC was launched April 1, 2012**

Center for Financial Frictions (FRIC) started April 1 and held its opening ceremony May 14, 2012 at CBS with speeches from CBS Dean of Research Alan Irwin, Chairman of the Board of Danish National Research Agency Klaus Bock, and talks by David Lando, Kristian Miltersen and Lasse Heje Pedersen.

## **FRIC has Europe's leading economist under 40**

Lasse H. Pedersen won the prestigious Bernácer Prize for 2011 (awarded in June 2012) for his original research contributions on how the interaction between market liquidity risk and funding liquidity risk can create liquidity spiral and systemic financial crises. The Bernácer Prize is awarded annually to European economists under the age of 40, who have made outstanding contributions in the fields of macroeconomics and finance.

## **FRIC members received grants, prizes and honors**

In 2012, Lasse H. Pedersen was awarded a starting grant from the European Research Council. He also received Nykredit's Research Prize for 2012.

Lasse won the Michael Brennan award for the best paper in the Review of Financial Studies in 2011, as well as the Swiss Finance Institute Outstanding Paper Award for 2011. Mads Stenbo Nielsen won the Best Paper Award at the annual meeting of the Swiss Society for Financial Market Research.

David Lando and Lasse H. Pedersen were elected members of Academia Europaea (The Academy of Europe) and David Lando was elected member of the Royal Danish Academy of Sciences.

## **FRIC members published in top journals**

FRIC members published work in Journal of Financial Economics and Journal of Political Economy, and papers were accepted for the Journal of Finance.

## **FRIC members are in demand as speakers**

FRIC members have presented their work as invited speakers at more than 20 international universities, at the most prestigious finance conferences (the annual meetings of the American, European and Western Finance Associations), and in 10 central banks. David Lando was a plenary speaker at the World Congress of the Bachelier Finance Society in Sydney.

## **Several papers drew international media attention**

The results by Jens Dick-Nielsen and David Lando (with P. Feldhütter) on corporate bond liquidity were used in an Oliver Wyman study on the impact of the Volcker Rule on corporate bond liquidity and subsequently discussed in New York Times and Financial Times.

Lasse H. Pedersen's work (with A. Frazzini) on the secret behind the successful investment strategy of Warren Buffett was featured on the front page of the Economist.

Annette Vissing-Jørgensen's work (with A. Krishnamurthy) on the aggregate demand for Treasury debt was featured in the Economist, and their work on the effects of quantitative easing on long-term interest rates was featured in the Wall Street Journal.

## **FRIC will host two major events in 2013**

In 2012, FRIC organized 3 sessions on financial frictions as part of the annual meeting of the European Finance Association at CBS. FRIC continues its focus on bringing elite researchers to Copenhagen and has worked hard in 2012 to prepare two major initiatives aimed at bringing world-leading financial researchers to Copenhagen every year:

FRIC and CBS will host the first edition of its annual flagship conference August 27-28, 2013 in Copenhagen. [FRIC'13: Conference on Financial Frictions](#) will present an exceptional lineup of leading financial economists from, among other places, Princeton, Harvard, Chicago, NYU and Toulouse. The conference focuses on the economic consequences of financial frictions in global capital markets.

FRIC and CBS will co-host the first annual [Top Finance Graduate Award](#) on May 31. The selection committee is chaired by Lasse H. Pedersen and includes members from Columbia, Chicago, Harvard, Stanford and Yale. This award recognizes the most promising finance PhD graduates in 2013. Specifically, the award recognizes the graduates specializing in financial economics pursuing degrees in any field of study, e.g. business or economics, whose dissertation and broader research potential carry the greatest promise of making an impact on the finance practice and academia.

**Center for Financial Frictions (FRIC)** focuses on how prices and markets are affected by financial frictions such as transactions costs, leverage constraints, counterparty credit risk, illiquidity and asymmetric information.

Currently, the CBS members of FRIC count 4 professors, 2 associate professors, 5 assistant professors/post docs, 6 PhD students. In addition, there are 4 external professors from four different universities associated with FRIC. The Center has a center coordinator, a scientific assistant and 5 student assistants.