



# Wilmott Awards



## Technological Development

### Markit

I'd like to thank the Wilmott community at large for voting for Markit in the Annual Wilmott Awards.

We are delighted to have been awarded the Technological Development of the Year.

For those of you who may not be fully aware of how Markit's product offering has expanded over the years, I'd like to give you a brief overview of the firm.

Markit was founded in 2001 by a team of credit market professionals



Lance Uggla, CEO of Markit

Without the benefit of a five second delay, here are the results and reactions to the Wilmott Awards for 2004, as voted for by the users of [www.wilmott.com](http://www.wilmott.com)

to meet the financial community's need for daily, consensus, clean data for the cash and derivative markets.

In August 2003, Markit acquired RED (Reference Entity Database), a product that is now the market standard for the identification of reference entities and their associated reference obligations in the credit derivative market. RED has brought liquidity and transparency to the market, enabling it to progress to electronic matching of CDS (Credit Default Swap) contracts.

Today, Markit's platform encompasses all asset classes, and is considered to be the key industry provider of price transparency. Our product range has expanded significantly with the integration of Totem Market Valuations, LoanX, and DaDD. The Totem Service is a market-leading OTC derivative valuations service that is currently being used by over 40 banks globally to price test their trading books at month end; Markit Dividends and

Index Management (formerly DaDD), is the standard for dividend forecasting, index and ETF management; and our Markit Loans service (formerly LoanX) now prices over 4,000 leveraged loans daily.

We provide data to assist over 300 of the world's leading financial institutions with their risk management, independent pricing, research, and marketing requirements.

Going forward we will continue to broaden our product range across asset classes and, where possible, to deepen our offering within an asset class. Our key initiatives will include leveraging our datasets in areas that will assist investment banks across the globe in improving transparency and independence of price for their customers.

Thanks once again for voting for us. We have many exciting plans for 2005, and look forward to engaging actively with *Wilmott's* readership.

■ *Honorable Mention Xenomorph*



## Software

### Summit - MUST

"We are absolutely delighted to win yet another award for Summit MUST. The *Wilmott* Software Award is particularly significant to us because we have been voted by the subscribed readers of the *Wilmott* publication and website, and these people are the experts in this market," says Bella Polsky, Product Director for Front Office development at Summit. "We also have our



Bella Polsky

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clients to thank as we have worked in partnership with leading banks including HSBC CCF – an early adopter and a development partner of the product. The combined strength of our client’s expertise and highly skilled Summit quants and software engineers has enabled us to deliver this unique product to the market.”

“We have invested a considerable amount of R&D man days over the past 18 months and are now seeing a great deal of interest from banks for this type of product. A couple of years ago there was only one tool that banks could use to enter complex and multi-underlying structures – that was Excel. But processing the trades involved custom

programming by IT departments, affecting the speed to market of new structures. With MUST we have been able to add significant value to our clients by giving them the power to enter the trade without any extensions to the system. MUST gives our clients what they had with Excel and so much more. Going forward our development plan is to grow the coverage to include more business components and financial tools.”

“This distinguished award proves that we are on the right track addressing current market needs. It also brings new challenges and responsibilities. In order to maintain our leading position, we have a solid development plan and com-

mitment for MUST evolution”, adds Igor Chernizer, financial engineer at Summit, a senior member of MUST team in the Product Center.

### ■ *Honorable Mention* **SciFinance**



#### **Educator**

#### **Aaron Brown**

“In *The Abolition of Man*, C. S. Lewis famously declared “the task of the modern educator is not to cut down jungles but to irrigate deserts.” He would have approved of last year’s winner, John Hull, whose book and

other works provided the essential conditions for quantitative financial reasoning to flourish in thousands of minds. Last year’s honorable mentions, Espen Haug and Steve Shreve, also wrote books that helped a hundred flowers bloom. The similarity among all three books is their completeness; a motivated reader could teach herself quantitative finance without help from other people.”

“I am honored to be in such company, but I am more at home with a machete than a watering hose. My educational activities are based on communities and interaction: debates at the Wilmott site, discussion over drinks and dinner, scattershot articles meant to challenge

Aaron  
Brown



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### I am twice blessed by this award, since I learn much more than I teach

error rather than nurture growth and conference presentations intended to be provocative.

Even in the traditional university classroom, I prefer to debate issues from practice rather than the elaborate on the textbook.”

“I am twice blessed by this award, since I learn much more than I teach. It would not have been possible without *Wilmott* magazine

and website.

These in turn would not be possible without the editor and staff, and of course, Paul himself. Even more than these people I thank all my students and teachers, which includes everyone who has conversed with me on the Wilmott boards.”

“C. S. Lewis justified the aphorism above with (I paraphrase slightly):

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“For every one pupil who needs to be guarded from [error]. . . there are three who need to be awakened from [slumber].” Last year’s educators wrote the books that woke three people up, I hope I helped one of them refine his thoughts afterwards.”

■ **Honorable Mention: Steve Shreve**

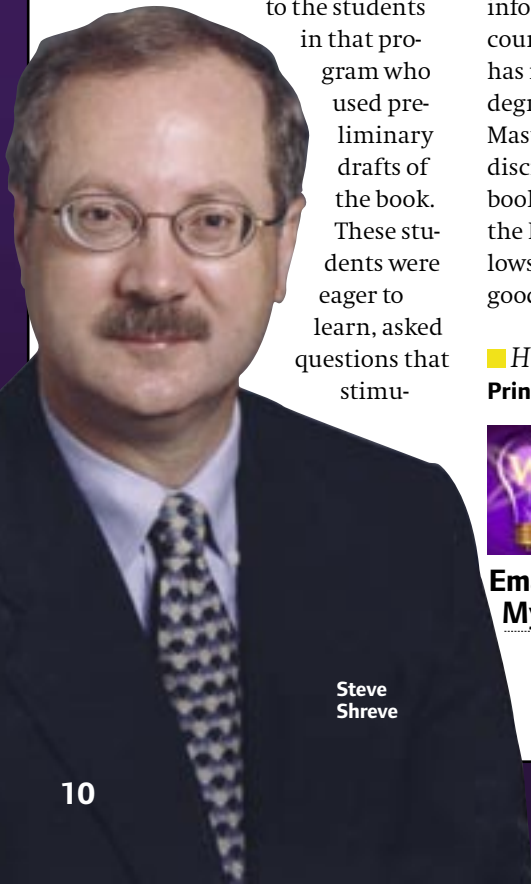


**New Book of the Year  
(Quantitative finance)**

**Steve Shreve: Stochastic Calculus for Finance II: Continuous-Time Models**

It is an honor and a delight to have my book selected by the members of *Wilmott* as the “New Book of the Year (Quantitative Finance).” This book was developed over the past ten years as a text for the Carnegie Mellon Master’s program in Computational

Finance. I am indebted to the students in that program who used preliminary drafts of the book. These students were eager to learn, asked questions that stimu-



Steve Shreve

lated thinking, worked hard to understand the material both theoretically and practically, and often requested the inclusion of additional topics. Many came from the finance industry, and those who did were gracious in sharing their knowledge in ways that enhanced the classroom experience for all. The book would not have been possible without them.

I am also indebted to my colleagues at Carnegie Mellon in my own Department of Mathematical Sciences, and also in the Tepper School of Business, the Department of Statistics, and the Heinz School of Public Policy and Management. The faculty in these schools have cooperated to create an exceptional environment for the pursuit of research and education in quantitative finance – an environment that encompasses the requisite disciplines of modern quantitative finance: mathematics, statistics, information technology and, of course, finance. This cooperation has resulted in quantitative finance degrees at every level, Bachelor’s, Master’s and Ph.D, and in a rich interdisciplinary research program. The book you are honoring owes much to the Ph.D. students, post-doctoral fellows and faculty with whom it is my good fortune to interact daily.

■ **Honorable Mention: Salih Neftci, Principles of Financial Engineering**



**New Book of the Year  
(General finance)**

**Emanuel Derman : My Life As A Quant**

“Writing my book was an enormous pleasure. I wanted to



Emanuel Derman

write a recollection about particular times and places, and hoped to arrive at the general from the very specific. When I started I had no idea as to whether other people in the field, or outside it, would find my experiences interesting. But I did feel that I had taken a path that was later followed, by force of circumstance, by many other people, and I hoped some of them would find it relevant. So, getting the Wilmott award makes me feel very happy indeed.”

“What I liked about being a quant over the past twenty years was the diversity of the work involved – math, finance, modeling and computation – and of course the great need for exposition and interaction with people, and the scope it gave for writing, which I always liked. (If I’m born again, I think that’s what I’d like to do.) Pure science convinces by

the sheer accuracy of its equations; quantitative finance, saddled with its imperfections, must tell a good story, provide a fresh way of looking at the world. It’s a field in which the telling of the tale and the choice of metaphor become relatively more important than they are in pure science.”

“So, I’m happy to thank all the readers of *Wilmott* and the users of the website and its riches.”

■ **Honorable Mention: Nassim Taleb, Fooled by Randomness (2nd edition)**



**Outstanding Contribution to Quantitative Finance (Implementation)**

**Espen Haug**

“That is fantastic, I am surprised, what a tail event, I guess it must be



Espen Haug

true then; that it is better to be cute than smart, how else could I get it! Having spent most of my career as a proprietary trader (currently at J.P. Morgan, New York) I always find it of great interest to look into “practical” models that actually can be implemented. Or to make a parallel, I always felt it was better to have a “practical” photo model between my hands than a super model in front of me in a glossy magazine.”

“However it is worth mentioning that with better computers and an increased level of quant knowledge, what is considered a practical model seems to be pushed forward every year. Thirty years ago you would be considered a rocket scientist if you could implement the Black-Scholes-Merton model, today you can hire a high school drop-out to do it. This is not because people have got smarter,

it is just that so much information about the most common derivatives models now are widely accessible through articles, books, and the internet.”

“I have also been incredibly lucky to work with and meet some of the greatest geek brains in the derivatives business, this has given me great inspiration. Besides spending time on “practical” implementation I also find great pleasure in looking into some more “philosophical” parts of quantitative finance, as well as having fun explaining quant finance through my comic strips. Personally I think we are more at the beginning than the end of the development of quantitative finance, I can’t wait to see what is around the next corner.”

■ *Honorable Mention:*  
**Vladimir Pieterbarg**



### Outstanding Contribution to Quantitative Finance (Cutting Edge Research)

#### Paul Glasserman

“I am delighted to receive this award, particularly because the recipient is selected by a broad community of people working in quantitative finance. I enjoy working on derivative securities and risk management because these topics bring together theory and applications, and academics and practitioners. The derivatives industry is full of highly skilled professionals who are quick to absorb academic ideas published in academic journals – if those ideas are useful. Indeed, practitioners are often ahead of academics because they are closer to the latest problems facing the industry.”

“I learn a lot by talking to people in the industry and reading *Wilmott* and other practitioner publications. I like participating in industry conferences and professional courses to get reactions to my latest work and to get ideas for future projects. The *Wilmott* forums play a valuable role in facilitating an exchange of ideas that breaks down boundaries between financial institutions and between the industry and academia. I’ve noticed that forum participants often point each other to academic publications and comment on them; it’s a good place to get a frank assessment of what works. This

makes me especially glad to have been selected by the *Wilmott* community for this award.”

“A lot of the satisfaction of a research career comes from the opportunity to work closely with others in making progress on hard problems. I’m lucky to be part of a great community of colleagues and students at Columbia University and I’m grateful to them for everything I’ve learned through our collaborations.”

■ *Honorable Mention:*  
**Leif Andersen**



Paul Glasserman