

Arditti Center Summer Research Grant Program, Summer 2015

About Fred Arditti

A native of Brooklyn, N.Y., Fred Arditti studied at the Massachusetts Institute of Technology, earning an undergraduate degree in electrical engineering and a doctorate in economics. After a career in academia at the University of California at Berkeley and the University of Florida, Dr. Arditti entered the financial industry, ultimately joining the Chicago Mercantile Exchange as its chief economist in 1980. He held that position until 1982, pioneering futures contracts that helped transform how businesses and individuals manage risk. Most notable was Dr. Arditti's work with the exchange's Eurodollar Contract, the world's most actively traded futures contract. Dr. Arditti joined DePaul's faculty in 1990.

In 1997, he returned to the Chicago Mercantile Exchange. As senior executive vice president of planning and development, he was instrumental in organizing CME's business development structure to strengthen its focus on innovation as it faced intensive competition in the new century from domestic and international markets. It was during this time that he originated weather futures and led CME's electronic trading business, which now accounts for about 75 percent of the exchange's trade. Alongside his academic and industry activities, Dr. Arditti published widely in various academic journals. Most notably, he authored "Derivatives," which has become one of the most assigned books on that subject at many universities.

About the Arditti Center for Risk Management

Dr. Arditti's work embodied a passion for innovative thinking and practical benefit to commerce and markets. He was passionate about bridging the gap between academia and the industry, about educating students who can "do things," and producing rigorous, innovative research that is first and foremost practical.

The Department of Finance at DePaul University established The Arditti Center for Risk Management to honor his lifetime achievements and to continue this important work in the areas of *education, research, and practice*.

Objectives of the Grant Program

The summer research grant program helps the Arditti Center pursue its applied research agenda and encourages innovations in the field of risk management. The Center will provide summer funding for research projects that have a blend of theoretical and empirical applications. This will give the Arditti Center a reliable source of new ideas, promote the Center's practical agenda, and a concrete product that continues the Arditti legacy.

Eligibility

- A. Eligibility is not confined to DePaul faculty; any qualified candidates can apply. Proposed research will be judged by its degree of rigor, originality, and potential for application in the field of Risk Management.
- B. Consulting projects and research leading to completion of a dissertation are ineligible.
- C. Projects currently under review or already accepted for publication are not eligible.
- D. Joint proposals are permitted. If successful, each author will receive a stipend in the amount explained under point A of the section on Stipend and Restrictions.
- E. To be eligible to apply for a 2015 Summer Research Grant, there should be evidence of an active research agenda. The committee will consider whether each past summer research grant has produced a peer-refereed journal article or reasonable progress toward such an article, as well as whether the applicant has published in top journals, presented at top-ranked conferences and is generally involved in high-quality research. The committee will use its discretion in judging the overall quality of the research agenda.

Application Process

- A. Awards will be made through a competitive selection process based on:
 - The merit of the proposal submitted
 - The applicant's research productivity, which includes recent publications, working papers and presentations
 - Publications resulting from past summer research grants
 - Progress on yet unpublished research from prior summer research grants (please refer to the Future Eligibility section at the end of this document).
- B. Proposals will be evaluated by members of the Arditti Center Research Grant Committee, who will then advise the Center Director, the Chaired Professor of Risk Management, and the Chair of the Finance Department on the final selection of candidates to receive the research grants. The Arditti Center Research Grant Committee is composed of Arditti Center Board members, members of the Finance faculty, and members from the risk management community.
- C. Applications are due in electronic format along to the Arditti Center no later than **Monday, April 20, 2015**.
- D. Grant recipients will be notified by **Friday, May 22, 2015**.

Evaluation Criteria

The Arditti Center Research Grant Committee will recommend a candidate whose proposal most aligns with the Arditti Center's mission of rigorous, practical, and innovative research. The proposal and the curriculum vitae will be the two main sources of information used to evaluate the following components:

- A. Significance of the research
- What is the innovation of the study?
 - Why are the approach and/or results important (for the body of knowledge in the discipline or for policy purposes)?
 - What are the empirical or theoretical applications of the study?
 - If the results are sound, will the study have practical use in the field of risk management or be published in outlets that are of high quality or that have widespread circulation in the discipline?
- B. Quality of argument
- Is the proposal well organized and well written?
 - Is the hypothesis clearly stated?
 - If theoretical, has the basic approach been sufficiently described?
 - Have the key forces been identified?
 - Does the proposal carefully outline the related literature and show how the study fits into this literature?
- C. Proposed method and analysis
- Is the methodology clearly explained and sound?
 - Are sampling and/or survey problems properly addressed?
 - If it is an experiment, is the incentive structure for participants realistic?
 - Why has this particular form of analysis been selected?
- D. Likelihood that the proposal will have practical application or result in a peer-reviewed publication.
- Is there evidence of past research productivity?
 - If the project is empirical in nature, has the modeling strategy been outlined?
 - Has the data been gathered? Are there preliminary results that support the stated hypotheses?
 - What is the likelihood that the project will result in some form of tangible output?
 - Is there evidence of past research article and journal quality?

Stipend and Restrictions

- A. Successful applicants will receive grant stipends of \$15,000. In the case of joint proposals, if successful, each author will receive \$7,500 for up to two authors. For proposals with more than two authors, each author will receive a proportion of \$15,000 prorated on the basis of the number of authors.
- B. Half of the award will be dispersed upon selection, with the remaining funds to be awarded upon submission of a completed draft of the paper. Submission of this completed draft is expected by the end of the calendar year, December 31st, 2015.
- C. Successful applicants whose working paper is subsequently published in an A+ to B+ financial journal (e.g. Journal of Finance, Journal of Financial Economics, Review of Financial Studies) will receive an incentive award totaling \$2,500 following publication.

- D. In addition, the research candidate is expected to present the paper and its findings within the DePaul University/Federal Reserve Bank of Chicago seminar series in the next calendar year.

Instructions

- A. Cover page is required with applicant's name, address, affiliation, and proposal title
- B. The description of the proposal is limited to ten double-spaced pages with a 12-point font and one-inch margins. Please adhere to these criteria. The proposal must clearly include sections listing the project objectives, method, and a brief literature review emphasizing where the project fits and what its contribution is. The text must also include the project's expected output (i.e. journal or outlet targeted), and a brief statement of how the project is related to the applicant's current research program. The text should be clear and concise and the proposal should have an easily identifiable payoff.
- C. Applicant's current curriculum vitae (with peer-reviewed journal articles in a separate section) is required, which shows evidence of past research quality or activity in the field of risk management.

All three components listed above (A, B and C) should be submitted as a single packet, either printer or in PDF format. Each packet should contain a cover page, proposal and curriculum vitae. If submitting electronically, send proposals to arditti@depaul.edu. If mailed, all three components (A, B and C) should be stapled together and sent to:

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