Special Issue

Model Risk in Finance

Message from the Guest Editor

Financial model risk analysis attacks a question that is both simple and complex: What happens if we use the wrong model or if use the model incorrectly? Paradoxically put, this is a question that we simultaneously both cannot answer and cannot not answer. This Special Issue aims to compile high quality papers that offer a discussion of the state-of-the-art or introduce new theoretical or practical developments in this area. We welcome papers related, but not limited to, the following topics: - Out-of-sample performance time- and product-wise of different models calibrated to the same instruments; it could be extensions of the analyses in for instance Schoutens, Simons & Tistaert (2004) and Jessen, & Poulsen (2013). - The effects uncertainty/ambiguity from both axiomatic and practical angles and for both derivative pricing (as for instance Cont (2007)) and optimal portfolio choice (as for instance in Garlappi, Uppal & Wang (2007)). - Regulatory aspects of model risk in light of Federal Reserve Supervisory Letter SR 11-7 in which 'model' is used in a broader sense than is otherwise common among readers of this journal.

Guest Editor

Prof. Dr. Rolf Poulsen
Department of Mathematical Sciences, University of Copenhagen, 2100 København Ø, Denmark

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Risks
MDPI, Grosspeteranlage 5
4052 Basel, Switzerland
Tel: +41 61 683 77 34
risks@mdpi.com

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Message from the Editor-in-Chief

Risks is published in Open Access format – research articles, reviews and other content are released on the internet immediately after acceptance. Specifically, *Risks* welcomes contributions that

- contribute with insight, outlook, understanding and overview, no matter how simple they are;
- show creativity in pedagogical tricks and techniques;
- help the transfer of theoretical research to public and private application;
- show responsibility for societal impact.

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Editor-in-Chief

Prof. Dr. Steven Haberman
Faculty of Actuarial Science and Insurance, Bayes Business School, City St George's, University of London, 106 Bunhill Row, London EC1Y 8TZ, UK

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