

Contents

Part I Valuation Adjustments

Nonlinearity Valuation Adjustment	3
Damiano Brigo, Qing D. Liu, Andrea Pallavicini and David Sloth	
Analysis of Nonlinear Valuation Equations Under Credit and Funding Effects	37
Damiano Brigo, Marco Francischello and Andrea Pallavicini	
Nonlinear Monte Carlo Schemes for Counterparty Risk on Credit Derivatives	53
Stéphane Crépey and Tuyet Mai Nguyen	
Tight Semi-model-free Bounds on (Bilateral) CVA	83
Jördis Helmers, Jan-J. Rückmann and Ralf Werner	
CVA with Wrong-Way Risk in the Presence of Early Exercise	103
Roberto Baviera, Gaetano La Bua and Paolo Pellicioli	
Simultaneous Hedging of Regulatory and Accounting CVA	117
Christoph Berns	
Capital Optimization Through an Innovative CVA Hedge	133
Michael Hünseler and Dirk Schubert	
FVA and Electricity Bill Valuation Adjustment—Much of a Difference?	147
Damiano Brigo, Christian P. Fries, John Hull, Matthias Scherer, Daniel Sommer and Ralf Werner	
Part II Fixed Income Modeling	
Multi-curve Modelling Using Trees	171
John Hull and Alan White	

Derivative Pricing for a Multi-curve Extension of the Gaussian, Exponentially Quadratic Short Rate Model	191
Zorana Grbac, Laura Meneghelli and Wolfgang J. Runggaldier	
Multi-curve Construction	227
Christian P. Fries	
Impact of Multiple-Curve Dynamics in Credit Valuation Adjustments	251
Giacomo Bormetti, Damiano Brigo, Marco Francischello and Andrea Pallavicini	
A Generalized Intensity-Based Framework for Single-Name Credit Risk	267
Frank Gehmlich and Thorsten Schmidt	
Option Pricing and Sensitivity Analysis in the Lévy Forward Process Model	285
Ernst Eberlein, M'hamed Eddahbi and Sidi Mohamed Lalaoui Ben Cherif	
Inside the EMs Risky Spreads and CDS-Sovereign Bonds Basis	315
Vilimir Yordanov	
Part III Financial Engineering	
Basket Option Pricing and Implied Correlation in a One-Factor Lévy Model	335
Daniël Linders and Wim Schoutens	
Pricing Shared-Loss Hedge Fund Fee Structures	369
Ben Djerroud, David Saunders, Luis Seco and Mohammad Shakourifar	
Negative Basis Measurement: Finding the Holy Scale	385
German Bernhart and Jan-Frederik Mai	
The Impact of a New CoCo Issuance on the Price Performance of Outstanding CoCos	405
Jan De Spiegeleer, Stephan Höcht, Ine Marquet and Wim Schoutens	
The Impact of Cointegration on Commodity Spread Options	421
Walter Farkas, Elise Gourier, Robert Huitema and Ciprian Necula	
The Dynamic Correlation Model and Its Application to the Heston Model	437
L. Teng, M. Ehrhardt and M. Günther	