
Introduction
Stochastic Market
Market depth reflects the difficulty of
the price. Mathematically, it is defined
limit order shares placed per unit
Ahn, Bae, and Chan [2001] (JoF)
depth exhibits a reversed U-shape
market depth during a day (at noon)
higher than the full-day average; the
-40% from the average.
Stochastic market depth can
e.g., the placement of limit orders
quotes and order cancellation.
(JoF) show that these activities
60% of limit order activities.

Paris - Southeast Asia Conferen
in Mathematical Finance
Siem Reap, 07th - 11th February 2015
Background & Literature
Model & Optimal Risk Level
Model Calibration & Policy Simulation
Conclusion
Background, Research Questi
Related Studies
Background
Bankers' compensation has become a major issue
corporate governance and regulation after the fin
2007-2009.
The question is whether large short-term bonuse
much risk-taking that partly caused the crisis.
We model cash bonuses since, by definition, the
short-term compensation.
Both regulators and banks themselves have start
restrictive measures on compensation
The European Union has limited the bonus per
one, subject to some flexibility, and is imposing
bonus deferrals.
In the US, the Dodd-Frank Act imposes clawb
bonuses.
Many leading banks have introduced or are co
clawback policies voluntarily.
Jokivuolle, Keppo, Yuan
Bonus Caps, Deferrals, a


Paris - Southeast Asia Conference
in Mathematical Finance
Siem Reap, 07th - 11th February 2015