PREFACE

This book is the Proceedings of *Daiwa International Workshop on Financial Engineering* held in Summer, 2008, which has been held in Tokyo every year since 2004, in order to exchange new ideas in financial engineering among participants.

First of all, we would like to emphasize that the workshop is sponsored by Daiwa Securities Group, who donated the chair, named "Finance and Securities System," to Graduate School of Economics, Kyoto University in 2002. Since then, collaborations between Daiwa Securities Group and us have started in various ways. Also, we would like to mention that the workshop is jointly organized by Graduate School of Social Sciences and Tokyo Metropolitan University (TMU). Recently, TMU has been granted by the Japan Society for the Promotion of Sciences Program, which also supports this workshop.

In each year, various kinds of interesting studies are presented at the workshop by many researchers from various countries, not only from academia but also from industry. This workshop serves as a bridge between academic researchers and practitioners. However, the speakers did not make the full paper available before. So, we have been contemplating an appropriate publication in order to make better use of the presentations; fortunately, this year the book is published by World Scientific Publishing Co. 12 papers are included in this book, that almost cover the topics presented at the 2008 Daiwa International Workshop. These papers are addressing state-of-the-art techniques in financial engineering.

We would like to express our plenty of gratitude to those who submitted their papers to this proceedings and those who helped us kindly by refereeing these papers. We also thank Professor Jiro Akahori, Ritsumeikan University, for his kind advice about publishing the proceedings, Mr. Satoshi Kanai for editing manuscripts and Ms. Zhang Ruihe and Ms. Kakarlapudi Shalini Raju of World Scientific Publishing Co. for their kind assistance in publishing this book.

Last but not least, we celebrated Professor Yuri Kabanov's 60th birthday is the last year. Professor Kabanov has been contributing not only to the progress of mathematical finance but also to the great success of the Daiwa Securities Group chair. He was a visiting professor of the chair twice, from April to July, 2003 and

2004. We would like to express our special thanks to him in a memorable way. This book is devoted to Yuri Kabanov's 60th anniversary.

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