

FINANCIAL ENGINEERING NEWS

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Dr. Phelim Boyle Wins 2005 SunGard/IAFE Financial Engineer of the Year Award *By Jim Finnegan, CFA*

On February 2 at the SunGard and International Association of Financial Engineers (IAFE) annual awards dinner in New York City, Dr. Phelim Boyle was awarded the SunGard/IAFE Financial Engineer of the Year award for his long career of contributions and accomplishments in the field.

More than 800 attendees representing investment funds, software firms, academia, banks, consulting firms, hedge funds and other institutions attended the gala event held at the United Nations delegates' dining room overlooking the East River in Manhattan. This year's event marked the thirteenth year in which this prestigious award has been given to leaders and innovators in the financial engineering field.

Dr. Boyle is currently scientific director of the Institute for Quantitative Finance and Insurance at the University of Waterloo. While he is best known for his paper on Monte Carlo methods, he has also made other important contributions to quantitative finance during the last three decades. He pioneered the use of financial engineering techniques in actuarial science to the pricing and risk management of complex long-term options in insurance contracts.

Richard Lindsey, chairman of the IAFE, said, "Dr. Boyle has produced a remarkable number of contributions to the field of financial engineering over a long career. By focusing on bridging theory and the real world, his work has brought clarity to the difficult process of actually implementing theoretical models in option pricing. His seminal papers applying Monte Carlo techniques and high-dimensional lattice methods to practical problems provide foundation for much of the work financial engineers perform. It is fitting that the IAFE and SunGard recognize his contributions and insight to our field by naming him the Financial Engineer of the Year."



Dr. Phelim Boyle accepts the Financial Engineer of the Year award from David Rowe.

David Rowe, executive vice president risk management at SunGard, said, "SunGard is delighted to continue to sponsor this award and proud to acknowledge this year's winner. A widely recognized trend in recent years has been the increasing overlap between innovative derivative products and traditional insurance markets. In light of this development, effective understanding across these often distinct areas of analysis is growing in importance. Having made distinguished contributions both to actuarial science and to the theory of derivatives, Dr. Boyle is a leading voice in this emerging dialog. In this context, it is most appropriate that he is being honored as the 2005 Financial Engineer of the Year."

In a very eloquent acceptance speech at the awards dinner, Dr. Boyle noted an early interest he took in mathematics, numerics and economics as a small boy growing up on a farm in Northern Ireland – including challenging his younger brother to count the stars in the evening sky and accompanying his father to market and questioning him on the livestock transactions (pricing, quantity, quality) the elder Boyle engaged in regularly to support his family. That love of numbers and economics led to a Ph.D. in

continued on next page

mathematics and the decision to become an actuary. After a brief (and unrewarding) stint working for a large insurance firm, he returned to academia. His speech traced a fascinating research and teaching career at the Universities of British Columbia, Illinois and Berkeley (both visiting professorships) and finally the University of Waterloo where he has been since 1982. He noted his excitement in the mid-1970's in discovering the pioneering work of Black, Scholes and Merton in option pricing and how it could be applied to insurance contracts with payouts linked to equity indexes. And because many of the new option contracts could not be solved analytically, he became a pioneer in the use of numerical techniques such as Monte Carlo simulation to value complex options and other derivatives beginning to find use in both the financial markets and in insurance contracts.

The annual SunGard/IAFE Financial Engineer of the Year (FEOY) Award, established in 1993, recognizes individual contributions to the advancement of financial engineering technology. Nominations are submitted by a nominating committee of approximately 100 people, consisting of all the IAFE governing boards. They are then reviewed by a selection committee of 25 members, including the IAFE board of directors and senior fellows. This year's selection committee was chaired by Dr. Darrell Duffie, an IAFE senior fellow and 2003 FEOY award recipient and professor at Stanford University. ■

Past Winners of the Financial Engineer of the Year Award (and Affiliation)

1993	Dr. Robert Merton – Harvard
1994	Dr. Fischer Black (deceased)
1995	Dr. Mark Rubenstein – University of California
1996	Dr. Stephen Ross – MIT
1997	Dr Robert Jarrow – Cornell
1998	Dr. John Cox – MIT
1999	Dr. John Hull – University of Toronto
2000	Dr. Emanuel Derman – Columbia
2001	Dr. Andrew Lo – MIT
2002	Dr. Jonathan Ingersoll – Yale
2003	Dr. Darrell Duffie – Stanford
2004	Dr. Oldrich Alfons Vasicek – Moody's KMV
Lifetime Achievement	Dr. Myron Scholes – Oak Hill Platinum Partners