

Opponent's Report on Dissertation Thesis

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Title of the Thesis:	Credit Derivatives Market during Recent Financial Crisis
Type of Defense:	DEFENSE
Date of Pre-Defense:	February 15, 2017
Opponent:	Prof. David Tripe, BCA (Hons), MBS, PhD, Dip Bank

Address the following questions in your report, please:

- a) Can you recognize an original contribution of the author?
- b) Is the thesis based on relevant references?
- c) Is the thesis defensible at your home institution or another respected institution where you gave lectures?
- d) Do the results of the thesis allow their publication in a respected economic journal?
- e) Are there any additional major comments on what should be improved?
- f) What is your overall assessment of the thesis? (a) I recommend the thesis for defense without substantial changes, (b) the thesis can be defended after revision indicated in my comments, (c) not-defensible in this form.

(Note: The report should be at least 2 pages long.)

I have reviewed the dissertation thesis of Petra Buzkova, and respond to the specific questions as follows:

- (a) There is an original contribution by the author, in terms of the CDO Valuation model discussed in the first paper, the relationship between market and model prices of CDS during the Eurozone debt crisis discussed in the second paper, the effects of the new credit derivatives' definitions discussed in the third paper, and the note on endogeneity presented at the end.
- (b) The thesis is based on relevant references.
- (c) This thesis would be defensible at my home institution and at other institutions at which I give lectures. I have also been impressed by the tidiness of the overall presentation.
- (d) The results reported in the thesis should be able to be published in a respected economic journal. The first essay already been published in the Prague Economic Papers, and we are advised that the second essay has been published in the Czech Journal of Economics and Finance. I see no reason why the third essay should not be publishable, although one would not be surprised to find some desired amendments being identified as part of the review process. It would also be good to see further work undertaken so that relevant material based on this thesis could be published in journals with higher

impact factors. If the concluding note on endogeneity was rewritten to allow it to be examined as a stand-alone work, it might also be publishable in a *Letters* journal.

- (e) I have no further requirements for corrections or improvements, although I note some minor errors and omissions in the English which could be remedied.
- (f) I recommend the thesis for defence without substantial changes.

The revised, final version of this these is now of an acceptable standard, and is looking good overall, but it would be valuable to give more consideration to its context and contribution. The Global Financial Crisis (GFC) of 2008 had a major impact on financial markets worldwide, and it has taken some time since then for academic and other observers to fully appreciate its impact. Ten years later, we can now better appreciate how important it was, and we can promote studies such as those reported in this thesis.

CDOs and credit default swaps were important financial market products which developed during the 2000s, but in the aftermath of the GFC, their significance has subsided. This does not undermine the usefulness of this thesis, however, in that it reminds us that the GFC has provided academics with a lot of experimental evidence on events that can go awry in financial markets. We will no doubt see major difficulties in financial markets at some time in the future, and the lessons learned from the experience of 2008, and governments' responses to it (as with their intervention in the credit default swaps market), will prove to be very valuable. There is a lot more retrospective work to be written about both the GFC and the following Eurozone debt crisis (and the relationship between them), and the studies included in this thesis should contribute usefully to that, as well as to discussions of financial innovations and their effects.

Both CDOs and credit default swaps continue to have a role in financial markets, even if the credit default swaps are not as important now as they were in the pre-GFC period (reflecting some of the regulatory interventions that have occurred).

The final version of the thesis is generally in very good and coherent English, although there are a few minor points of English and presentation that could be tidied up (for example a check could be done to ensure that the journal titles in the reference list are all italicised). I was, however, very favourably impressed by the overall tidiness of the presentation.

The comments in my pre-defence report appear to have all been satisfactorily addressed.

Date:	7 September 2018
Opponent's Signature:	
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