

Nobel Prize Winning Economist Harry Markowitz to Receive 2009 CME Group Fred Arditti Innovation Award

CHICAGO, Sept 28, 2009 /PRNewswire-FirstCall via COMTEX News Network/ -- CME Group [Center for Innovation](#) (CFI) announced Dr. Harry Markowitz, Nobel prize winning economist, is the 2009 CME Group Fred Arditti Innovation Award recipient. Markowitz is known for pioneering the concept of modern portfolio choice, which quantifies the benefits of diversification. The award will be presented at the second annual [Global Financial Leadership Conference](#) in Naples, Fla., on Tuesday, November 3.

"Each year the CME Group Fred Arditti Award provides us with an opportunity to honor an individual whose innovation, either through the development of a new theory, product or service, has spurred new thinking in financial markets," said CME Group Chairman Emeritus Leo Melamed. "The quest for diversification, which Markowitz's modern portfolio theory spurred, led to market interest in the concept of indexing, first in equities and now across nearly every asset class. His vision helped pave the way for CME Group's highly successful equity index futures and options complex, which are the tenets for global portfolio risk management, as well as other financial products linked to indexes. Markowitz's work is a prime example of the innovation in action that this award honors. It seemed of particular moment for the CME Group to reaffirm Markowitz's pivotal principle."

"The basic concepts of portfolio theory came to me one afternoon in the library while reading John Burr Williams' *Theory of Investment Value*," said Markowitz. "Williams proposed that the value of a stock should equal the present value of its future dividends. Since future dividends are uncertain, I interpreted Williams' proposal to be to value a stock by its expected future dividends. But if the investor were only interested in expected values of securities, he or she would only be interested in the expected value of the portfolio; and to maximize the expected value of a portfolio one need invest only in a single security. This, I knew, was not the way investors did or should act. Investors diversify because they are concerned with risk as well as return."

Markowitz's revolutionary 1952 *Journal of Finance* essay, "Portfolio Selection," laid the groundwork for modern portfolio diversification, which is used by investors for asset allocation, risk control and attribution analysis. While professor of finance at Baruch College of the City University of New York, he was awarded the 1990 Alfred Nobel Memorial Prize in Economic Sciences by [The Royal Swedish Academy of Sciences](#). He currently is an adjunct professor of finance at the Rady School of Management at UC San Diego.

The CME Group award is named after the exchange's former Chief Economist Fred Arditti, who was instrumental in developing the International Monetary Market index upon which CME Group's Eurodollar futures contract, the world's most actively traded futures contract, was founded. The CME Group Fred Arditti Innovation Award honors an individual or group whose innovative ideas, products or services have created significant change to markets, commerce or trade. The award strives to celebrate innovation that through practical application has had a positive impact on the economic well-being of individuals, industry or a nation. Past recipients of the award are Economics Nobel Prize winner William F. Sharpe (2005), Leo Melamed, founder of financial futures and CME Group Chairman Emeritus (2006), Eugene Fama, distinguished Service Professor of Finance at the University of Chicago Graduate School of Business (2007), and Michael Bloomberg, founder of Bloomberg LP and Mayor of the City of New York (2008).

About the Center for Innovation

CME Group, the world's leading and most diverse derivatives exchange, established the CME Group Center for Innovation in 2003, to identify, foster and showcase examples of significant innovation and creative thinking pertaining to markets, commerce and financial services in the public and private sectors. Each of CFI's programs aims to explore and communicate the principals behind innovation and more importantly, showcase their application to a broad and diverse audience.

Oversight of CFI is provided by the CMAC, which includes: CMAC Chairman, John P. Gould; Gary S. Becker, Nobel Prize-Winning Economist, Professor of Economics and Sociology, University of Chicago; David D. Hale, International Economist and Founder, Hale Advisors, LLC; Robert C. Merton, Nobel Prize-Winning Economist, John and Natty McArthur University Professor, Harvard Business School; Michael H. Moskow, Vice Chairman and Senior Fellow for the Global Economy and former President, Federal Reserve Bank of Chicago, the Chicago Council on Global Affairs; Robert J. Shiller, Stanley B. Resor, Professor of Economics, Yale University Chief Economist, Macro Securities Research, LLC.

Additionally, the following CME Group senior officials serve as members of CMAC: Leo Melamed, CME Group Chairman Emeritus, CMAC Vice Chairman; Terry Duffy, CME Group Executive Chairman; Craig Donohue, CME Group CEO; Phupinder Gill, CME Group President; Charles Carey, CME Group Vice Chairman; Jack Sandner, Retired Chairman.

For more information on the CME Group Center for Innovation, please visit <http://www.cmegroup.com/cfi>.

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