

Review of: "An Empirical Examination of Collateralization in Financial Markets"

Christos Kountzakis¹

¹ Aegean University

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The author provides a significant study for default derivatives. These derivatives are unified as a kind of "forwards", relying on a stochastic base. The paper emphasize on fitting a correlation model between various portfolios of these derivatives. A strong point of this paper is that it does provide a motivation on further study about lack of explanation relying on Brownian Motion as a stochastic factor on asset pricing. Such a lack may arise as a consequence of empirical examination. This paper provides a first step to this research direction.