

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

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This is a rare and innovative paper. While i am not inclined to discuss about mathematical formulas (and their properties and proofs); there are several suggestion that you might be interested to follow up.

1. It seems that the paper assumed all derivatives have similar basic pricing mechanism. I think at least there are three types of derivatives: forward/future, options and swap. Derivative text book like Hull (2018) shows that each has distinct mechanism feature. For example future-forward is merely a cost of carry pricing while option includes probabilistic pricing. I suggest the author to make the topic narrow to what type of derivative the paper addressed the issue.
2. Since your paper also aims for empirical verification. You should present preposition that leads to (empirically tested) hypothesis. Regression in equation 22 should be equipped with hypothesis.
3. When you include empirical work then i think you should also describe the dataset clearly and shows that the econometric model is aligned with the data. I still don't find it clear. Is your data cross section or time series? Is there no other important variables which you have to account as control? If the answer for both question is yes then simple OLS regression is sufficient.