Special Issue on

New Facets of Economic Complexity in Modern Financial Markets

Guest Editors
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We are inviting submissions for the special issue of *European Journal of Finance* dealing with *New Facets of Economic Complexity in Modern Financial Markets*.

Instead of the mainstream economic view of market efficiency, the intensity of the financial crisis of 2007-2009 has revealed that modern financial markets are highly complex systems. This complexity may be attributed to numerous factors such as the reaction to public and private information, the role of investors' behaviour, the structural change or the financial innovation. Especially in quite volatile time periods, it can lead to loss of information decreasing efficiency, complicating asset pricing and affecting systematic risk estimations. Decoding the recent financial crisis reveals that the joint presence of complex securities (such as CDO etc.) and positive feedback trading strategies drove prices away from equilibrium. More complex securities offered investors the opportunity to gain exposure to new complex products and earn higher returns that fuelled speculation and instability. In this unstable environment stabilisation policies met their limits to understand and measure the real implications of complexity. As far as the causes of this situation remain unclear, complexity -as an avalanche- does not stop producing further complexity, which in turn precipitates financial distress.

<u>The relevant topics for this special issue include, but are not limited to</u>

- Securitization, financial innovation and complexity
- Effects on asset pricing and portfolio diversification
- Behavioural aspects of financial crises
- Market efficiency topics
- Quantifying financial complexity
- Structural change and non-linearity.

<u>Submission</u>

Deadline for submission: *March 15th 2010*

Completion of first round review: *end July 2010*

Deadline for submission of revised papers: *October 1st 2010*

Notification of final decision: *November 1st 2010*

Deadline for submission of final papers: *December 1st 2010*

Format: as normal for papers submitted to the journal. Maximum length for submissions for the special issue is 30 pages.

Authors who are uncertain about the suitability of their papers should contact the special issue editors. All submissions must contain original unpublished work not being considered for publication elsewhere.
Submissions will be refereed according to standard procedures for *European Journal of Finance*
Information about the journal and submission of papers can be found at
http://www.tandf.co.uk/journals/titles/1351847X.asp