Now it’s time for the commemoration of the life and work of a great scholar and a great man, the late Stephen Ross, who is the recipient of this year’s Wharton-Jacobs Levy Prize for Quantitative Financial Innovation. The prize, which is given every two years, recognizes outstanding quantitative research that has contributed to a particular innovation in the practice of finance. It is accompanied by an eighty-thousand dollar cash award.

This year, it is our honor to recognize Steve Ross for multi-factor asset pricing, from his 1976 paper “The Arbitrage Theory of Capital Asset Pricing” which appeared in the Journal of Economic Theory. Commonly known as APT, the theory provides a framework for measuring the impact of various market, macroeconomic and security-specific factors on an asset’s return. When the paper was published, Steve was on the faculty of Penn’s Economics Department and held a secondary appointment with the Wharton Finance Department. He went on to teach at the Yale School of Management and the MIT Sloan School of Management.

Steve was selected for this year’s prize by a committee of esteemed academics and practitioners, who are listed in the award ceremony program. We were in touch with him shortly before he passed away, and I feel fortunate that we were able to let him know he was the winner. Though we certainly wish Steve could be with us today, we are glad to have his colleagues and friends David Musto and Richard Roll here to speak about his life and his work.

Before we hear from David and Dick, we will hear from Bruce Jacobs and Ken Levy, whose generous gift established the Wharton-Jacobs Levy Prize in 2011. They will present the prize medal, and we are so pleased to have Steve’s wife, Carol, here to accept it on his behalf.

Now let me welcome Michael Gibbons, who is Deputy Dean of the Wharton School and the I.W. Burnham the second Professor of Investment Banking. As Deputy Dean, Dr. Gibbons oversees all aspects of the school relating to faculty, curriculum and research. He previously served as Chair of the Finance Department from 1994 to 2006. Before coming to Wharton in 1989, he was a tenured faculty member at the Stanford Business School. An outstanding teacher, Mike has been the recipient of Wharton’s Excellence in Teaching Award. And, he was a co-author, with Steve Ross and Jay Shanken, of the landmark paper, “A Test of the Efficiency of a Given Portfolio,” which they published in Econometrica in 1989.