

Review of An empirical examination of collateralization in financial markets.

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

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Potential competing interests: No potential competing interests to declare.

This paper employs an innovative model to investigate the pricing behaviour of collateralization in Financial markets. The research is original, it fills the research gap and has significant contribution to the literature. It'd better if further clarifications could be provided in the following areas: basic assumptions, database, tests on the error term, robust checks, robust checks, discussion/comparison.

The model should consider the pricing behaviour differences among various derivative instruments – or recognize it as the limitation?

Checks on model's basic assumption: DW test for autocorrelation, White test for constant variance check, VIF for multicollinearity, normality check for error distribution.

The research applies the model to 2005-2011 data. Clarification on the nature of database is needed.

More importantly, since 2011, we have witnessed significant developments/changes in the financial market in products, technology and regulation framework. The application of this paper could be much greater if more recent data could also be used to identify if there were any significant developments/differences.