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Sommario/riassunto

The recent growth of credit derivatives has been explosive. The global credit derivatives market grew in notional value from 1 trillion to 20 trillion from 2000 to 2006. However, understanding the true nature of these instruments still poses both theoretical and practical challenges. For a long time now, the framework of Gaussian copulas parameterized by correlation, and more recently base correlation, has provided an adequate, if unintuitive, description of the market. However, the increased liquidity in credit indices and index tranches, as well as the proliferation of exotic instruments su