

Abstract Submitted  
for the MAR07 Meeting of  
The American Physical Society

**Universality of Tail Exponents of Price Changes?**<sup>1</sup> LUWEN HUANG, DOYNE FARMER, Santa Fe Institute — We study the tail exponents of the distribution of logarithmic price changes in financial markets, and investigate the conjecture that they are universal with an exponent near three. Using data from the London Stock Exchange, we construct the empirical distributions of price returns on several different time scales and study their variation as a function of parameters such as trading volume and tick size (the minimal unit of price variation).

<sup>1</sup>Santa Fe Institute

Luwen Huang  
Santa Fe Institute

Date submitted: 02 Dec 2006

Electronic form version 1.4