RISK MANAGEMENT
FALL 2007

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COURSE DESCRIPTION

During the semester we will complete an insider's view of modern financial risk management. We will cover the strategies principles and measurement techniques necessary to measure and manage financial risk. With focus on management perspective, we explore real world issues such as model validation, risk measurement, valuation methodologies and much more.

REQUIRED TEXT BOOK

Title : **Financial Risk Management: A Practitioner's Guide to Managing Market and Credit Risk**.
Author : Steven Allen
Publisher : Wiley, Bk&CD-ROM edition (February 14, 2003)
ISBN : 0-471-21977-0

RECOMMENDED TEXTS

Title : **Financial Risk Manager Handbook**
Author : Philippe Jorion
Publisher : Wiley, Third Edition, 2005, Sample review test CD-ROM included, FRM sample questions are copyright 1997-2005 by GARP (Global Organization of Risk Professionals)
ISBN : 13978-0-471-70629-8, 10 0-471-70629-9

Title : **Risk Management**
Author : Michel Crouhy, Dan Galai, Robert Mark
Publisher : McGraw-Hill, 2001
ISBN : 0-07-135731-9

COURSE REQUIREMENTS

In order to successfully complete this study, students should complete assignments, involving case studies and quantitative exercise. They are expected to come to class prepared in order to participate actively in discussions and activities.

Evaluation

A combination of exams, homework assignments, and written reports will be used for the evaluation. Each student will be also graded on his or her preparation for class and the quality of responses and comments.

Students' course grades will be computed on the following basis

Class Participation and Assignments	30 %
Mid-Term Exam	35 %
Final Exam	35 %

Prerequisites

Students must be familiar with:

1. **Quantitative analysis (**Bonds Fundamentals, Fundamentals of Probability, Fundamentals of Statistics, Monte Carlo Methods)
2. **Probability, Statistics and Calculus (**a solid background**)**
3. **Investments' Risk and Return (**a solid background on Investing – Rates of Return, Fundamentals of Portfolio Analysis, Mean-Variance Analysis, Portfolio Diversification, the CAPM, Security Analysis, Portfolio Management**)**

Curse Outline

DATE	TOPICS
Oct - 13	▪ **Introduction to Risk Management** ▪ **The nature of Risk**
Oct – 20	▪ **Risk Response (Aversion, Insurance and Hedging)**
Oct – 27	▪ **Institutional Background**
Nov – 03	▪ **Enterprise-Wide Risk Management (ERM)**
Nov – 10	▪ **Risk Assessment Methodologies and Techniques**
Nov – 17	▪ **Fundamentals of Quantitative Measurement of Risk**
Nov - 24	**MID-TERM EXAM**
	HOMEWORK ASSIGNMENTS ▪ **Model Risk**
Dec - 01	▪ **Managing Market Risk**
Dec – 08	▪ **Asset-Liabilities Risk Management**
Dec – 15	▪ **Credit Risk Management**
Jan – 12	▪ **Operational Risk Management**
Jan – 19	▪ **Risk Measurement at the Corporate Level**
Jan - 26	**HOMEWORK SUBMISSION**
Feb - 02	**FINAL EXAM**