

COURSE INFORMATION

Course title:	Risk Management	Credits:	1.5
Course code:	BAFI 513	Class location:	HA 435
Session, term, period:	2019/2020 Term 2, P4	Class times:	MW 10:00-12:00
Section(s):	001	Pre-requisites:	BAFI500 or BAFI580A
Division:	Finance	Co-requisites:	None
Program:	MBA		

INSTRUCTOR INFORMATION

Instructor:	Professor Glen Donaldson	Office Location:	HA881
Phone:	604-822-8344	Office hours:	By appointment
Email:	glen.donaldson@sauder.ubc.ca		

COURSE DESCRIPTION

Risk management is one of the fast growing and most dynamic fields in finance. Risk management is about taking risks intelligently, not necessarily eliminating all risk. A goal is to understand how much, and what types, of risk one faces and to shape the risks to which one chooses to be exposed while protecting oneself against risks one wishes to avoid. The concepts, analysis framework and types of solutions explored in this course can be used across industries, in corporations large and small, governments, and in a variety of financial institutions including banks and hedge funds.

COURSE FORMAT

Classes consist primarily of lectures, discussions and presentations. Students will be responsible for understanding lecture material and engaging in class discussions and will also present the results of their own investigations/analysis in a class presentation and end-of-term paper on a topic of their choice.

LEARNING OBJECTIVES

By the end of this course, students should be able to analyze, apply and explain fundamental issues, concepts and methods in finance risk management.

ASSESSMENTS

In-class Presentation	45%
End-of-term Paper	45%
Class participation	<u>10%</u>
Total	<u>100%</u>

LEARNING MATERIALS

Textbook:

Hull, John, *Fundamentals of Futures and Options Markets*, Pearson Prentice Hall, 9th Edition, 2017. This is a useful reference text that explains some of the tools we use.

Other Learning Resources:

Readings may be assigned from newspapers, magazines, journals, books, and online sources as the class progresses; such additional readings will be selected during the class in order to use the most up-to-date and topical material. Useful online sources include reports and publications from major risk-related professional organizations including:

- Professional Risk Managers International Association: PRMIA
- Global Association of Risk Professionals: GARP

COURSE-SPECIFIC POLICIES AND RESOURCES

Missed or late assignments, and regrading of assessments

Late submissions, or missed exams/quizzes/presentations, will receive a grade of zero unless academic concession is granted (see below).

Academic Concessions

If extenuating circumstances arise, please contact the RHL Graduate School program office as early as reasonably possible, and submit an [Academic Concession Request & Declaration Form](https://webforms.sauder.ubc.ca/academic-concession-rhlee) <https://webforms.sauder.ubc.ca/academic-concession-rhlee>. If an academic concession is granted during the course, the student will be provided options by RHL, or by the instructor in consultation with RHL, per [UBC's policy on Academic Concession](#).

POLICIES APPLICABLE TO COURSES IN THE ROBERT H. LEE GRADUATE SCHOOL

Attendance

Excepting extenuating circumstances, students are expected to attend 100% of their scheduled class hours. Absent students limit their own academic potential, and that of their classmates, and cause unnecessary disruption to the learning environment. Students missing more than 20% of the total scheduled class hours for a course (including classes held during the add/drop period) without having received an academic concession will be withdrawn from that course. Withdrawals, depending on timing, could result in a "W" or an "F" standing on the transcript.

Punctuality

Students are expected to arrive for classes and activities on time and fully prepared to engage. Late arrivals may be refused entry at the discretion of the instructor or activity lead. Students arriving later than halfway through a scheduled class will be treated as absent for that class.

Electronic Devices

Devices such as laptops, tablets, and cell phones are not permitted to be used in class unless directed by the instructor for in-class activities. Students who do not follow the School's policy in this regard may be required to leave the room for the remainder of the class, so that they do not distract others. Research shows that students' use of laptops in class has negative implications for the learning environment, including reducing their own grades and the grades of those sitting around them.

Citation Style

Please use the American Psychological Association (APA) reference style to cite your sources.

Details of the above policies and other RHL Policies are available at:

<http://www.calendar.ubc.ca/vancouver/index.cfm?tree=12,199,506,1625>

UNIVERSITY POLICIES AND RESOURCES

UBC provides resources to support student learning and to maintain healthy lifestyles but recognizes that sometimes crises arise and so there are additional resources to access including those for survivors of sexual violence. UBC values respect for the person and ideas of all members of the academic community. Harassment and discrimination are not tolerated nor is suppression of academic freedom. UBC provides appropriate accommodation for students with disabilities and for religious observances. UBC values academic honesty and students are expected to acknowledge the ideas generated by others and to uphold the highest academic standards in all of their actions. Details of the policies and how to access support are available on the UBC Senate website at <https://senate.ubc.ca/policies-resources-support-student-success>.

Academic Integrity

The academic enterprise is founded on honesty, civility, and integrity. As members of this enterprise, all students are expected to know, understand, and follow the codes of conduct regarding academic integrity. At the most basic level, this means submitting only original work done by you and acknowledging all sources of information or ideas and attributing them to others as required. This also means you should not cheat, copy, or mislead others about what is your work. Violations of academic integrity (i.e., misconduct) lead to the breakdown of the academic enterprise, and therefore serious consequences arise and harsh sanctions are imposed. For example, incidences of plagiarism or cheating may result in a mark of zero on the assignment or exam and more serious consequences may apply if the matter is referred to the President’s Advisory Committee on Student Discipline. Careful records are kept in order to monitor and prevent recurrences.

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All materials of this course (course handouts, lecture slides, assessments, course readings, etc.) are the intellectual property of the instructor or licensed to be used in this course by the copyright owner. Redistribution of these materials by any means without permission of the copyright holder(s) constitutes a breach of copyright and may lead to academic discipline. Audio or video recording of classes are not permitted without the prior approval of the Instructor.

ACKNOWLEDGEMENT

UBC’s Point Grey Campus is located on the traditional, ancestral, and unceded territory of the xwməθkwəyəm (Musqueam) people, who for millennia have passed on their culture, history, and traditions from one generation to the next on this site.

COURSE SCHEDULE

(Subject to change)

Class	Topics	Readings /Activities	Assessments
Week 1	Types of risk, core steps in risk management (identification, measurement, management, monitoring), hedging basics	Hull Ch 1, 3	
Week 2	Market risk; risk sensitivities, desk-level risk, enterprise risk management	Hull Ch 10, 12, 13, 17, 18	
Week 3	Value at Risk (a core tool in risk management); swaps, securitized products	Hull Ch 20, 7, 8	
Week 4	Issues in credit risk, liquidity risk, energy risk, operational risk, and related topics	Hull Ch 23, 24, 25	
Week 5	Application Studies	Class presentations	Presentation
Week 6	no classes, end-of-term paper due 11:59pm on the last day of the exam period		Paper