

**THE UNIVERSITY OF HONG KONG
FACULTY OF BUSINESS AND ECONOMICS**

**School of Economics and Finance
FINA3806 / FINA3340 Risk Management**

GENERAL INFORMATION

Instructor: Alex W.H. CHAN
Email: alexchan@econ.hku.hk
Office: (852)-28578510
Phone:
Consultation times:

Tutor:
Pre-requisites: FINA0301 / FINA2322 – Derivatives; and
FINA2802 / FINA2320 – Investments and Portfolio Analysis or
STAT2309/STAT3609 The statistics of investment risk

Class: Semester 1: Monday 14:30 – 17:20 in KKLG106

Co-requisites: NA
Mutually exclusive: NA

Course Website:
Other important details:

COURSE DESCRIPTION

This course aims to provide students with the advanced knowledge about risk management techniques in the financial market, including (i) risk management for equity portfolios, (ii) risk management for fixed income securities portfolios, (iii) risk management for derivative securities portfolios, (iv) risk management for financial institutions, (v) Riskmetrics, (vi) credit risk management, and (vii) the recent development of risk management tools and techniques in financial markets.

On the theoretical side, this course covers various risk measurement techniques and theoretical hedging models for different types of risk exposure. The theoretical models provide foundation knowledge for any professional career about risk management. On the practical side, this course covers recent topics that are related to the risk management in both Hong Kong and the United States. Projects about risk management are specially designed to let students apply the theoretical knowledge into real life situations.

COURSE OBJECTIVES

1. To understand the risk management for equity portfolios
2. To understand the risk management for fixed income securities portfolios
3. To understand the risk management for derivative securities portfolios
4. To understand the risk management for financial institutions

5. To understand the Riskmetrics			
6. To understand the credit risk management			
7. To understand the recent development of risk management tools and techniques in financial markets			
COURSE LEARNING OUTCOMES			
Course Learning Outcomes			Aligned Faculty Goals
CLO1	Understand the fundamental knowledge for the most common and important risk management tools in financial market	Goals 1, 2, 3 and 5	
CLO2	Understand the financial derivative trading strategies used to manage risk or make speculation	Goals 1, 2, 3 and 5	
CLO3	Understand the recent development of risk management tools and techniques in financial markets	Goals 1, 2, 3, and 5	
CLO4	Understand how to apply the theoretical knowledge to real life practical situations through project works	Goals 1, 2, 3, 4 and 5	
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COURSE TEACHING AND LEARNING ACTIVITIES			
Course Teaching and Learning Activities		Expected contact hour	Study Load (% of study)
T&L1. Lecture		36 hours	30%
T&L2. Tutorial		12 hours	10%
T&L3. Self study		72 hours	60%
Total		120	100%
Assessment Methods	Brief Description (Optional)	Weight	Aligned Course Learning Outcomes
A1. Projects		45%	CL01, CL02, CLO3, CLO4
A2. Tests/Exams		50%	CL01, CL02, CLO3
A3. Class Participation		5%	CL01, CL02, CLO3
Total		100%	
STANDARDS FOR ASSESSMENT			
Course Grade Descriptors			
A+, A, A-	Students demonstrate very good to excellent performance in the defined assessment criteria.		

B+, B, B-	Students demonstrate good to very good performance in the defined assessment criteria.
C+, C, C-	Students demonstrate fair to good performance in the defined assessment criteria.
D+, D	Students demonstrate fair performance in the defined assessment criteria.
F	Students fail to show understanding of core materials in this course.

Assessment Rubrics for Each Assessment (Same as Course Grade Descriptors)

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COURSE CONTENT AND TENTATIVE TEACHING SCHEDULE

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REQUIRED/RECOMMENDED READINGS & ONLINE MATERIALS (e.g. journals, textbooks, website addresses etc.)

Textbook:

Risk Management and Financial Institutions, *Fourth Edition*, Hull, J. C., Wiley, 2015.

Other recommended readings:

Risk Management & Insurance, *Twelfth Edition*, James S. Trieschmann, Robert Hoyt, and David Sommer, South-Western, 2004

Options, Futures and Other Derivatives, *Ninth Edition*, John Hull, Prentice Hall Inc, 2014.

The Essentials of Risk Management, *Second Edition*, Michel Crouhy, Dan Galai, and Robert Mark, McGraw-Hill, 2014.

Mathematical Techniques in Finance, *First Edition*, Aleš Černý, Princeton University Press, 2004.

Financial Risk Manager Handbook: FRM Part I / Part II,

MEANS/PROCESSES FOR STUDENT FEEDBACK ON COURSE

- conducting mid-term survey in additional to SETL around the end of the semester
- Online response via Moodle site
- Others: Course Evaluation at the end of the course (please specify)

COURSE POLICY (e.g. plagiarism, academic honesty, attendance, etc.)

The University Regulations on academic dishonesty will be strictly enforced! Please check the University Statement on plagiarism on the web: <http://www.hku.hk/plagiarism/>

ADDITIONAL COURSE INFORMATION (e.g. e-learning platforms & materials, penalty for late assignments, etc.)