KAIST Graduate School of Finance
FE528 Financial Market Risk Management
Fall, 2016, 2nd Half

Professor: Byung Jin Kang (bjkang.ssu@gmail.com)

Textbook

- Lecture Note
- "Value at Risk: The New Benchmark for Controlling Market Risk," Philippe Jorion,
- "Market Risk Analysis (Volume IV) – Value at Risk Models," Carol Alexander

Course Requirements

- One Final Exam (60%)
- Assignment (30%)
- Attendance / Participation (10%)

Topics Covered

- Week 1. Introduction and Overview
- Week 2: Risk Management and Hedging I – Risk Exposure / Hedging with Derivatives
- Week 3: Risk Management and Hedging II – Dynamic Delta Hedge / Some Issues on Volatility / Portfolio Insurance
- Week 4: Value at Risk I – Parametric Linear Models
- Week 5: Value at Risk II – Simulation Models
- Week 6: Value at Risk for Option Portfolios and Structured Products – Case Study
- Week 7: Model Validations and Stress Testing
- Week 8: Final Exam