

## Risk Management

One of the biggest lessons to be learned from the 2008/2009 Global Financial Crisis is that Risk Management cannot solely rely on theoretical models and static analysis. A pro-active approach through scenario analysis, application of market conditions and valuations and proper appraisal of the tail events enable a risk manager to be ahead of the game in the inevitable next bout of market volatility.

### Contents of the course are as follows:

#### Objectives of Risk Management

- Identify (catastrophic) tail risks
- The risk-reward framework

#### Risk Management tools (and their limitations)

- VAR approach
- Monte Carlo Simulations
- Scenario Analysis
- Common sense

#### Market Risk Management in practice

- Practical risk factors (liquidity, correlation, concentration, margin requirements)
- Implied risk valuation
- Human behavior (moral hazard and behavioral finance)

#### Literature

- TPE course syllabus

#### Designing a Risk Management system

- Choosing which parameters to monitor
- Soft vs hard limits
- Validation of models and input data

#### Implementation of Risk Management in real-time environment

- Simulation of extreme situations and market movements

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*All courses will include the use of professional trading and analysis software. The hands-on training environment will allow the participant to experience a real-time trading environment on our virtual exchange. This enables the inclusion of Trading Games (either click trading, position management or running your own algorithm) into the course curriculum.*