**Financial Services & Trading Institutions**

**MASY1-GC 3605 | 200 | Fall 2024 | 09/04/2024 - 12/04/2024 | 3 Credits**

**Modality:** Online Synchronous

**Course Site URL:** <https://brightspace.nyu.edu>

**General Course Information**

**Name/Title:** Zev Kops, Adjunct Lecturer, He/Him/His

**NYU Email:** zev.kops@nyu.edu

**Class Meeting Schedule:** 09/04/2024 - 12/04/2024 | Wednesdays | 7:00 pm - 10:00 pm

**No Class Dates:** 10/2/2024, 10/16/2024 and 10/23/2024

**Special Notes:** Makeup session on Friday, 11/22/2024 from 9:00am – 12:00pm

**Class Location:** Distance Learning/Synchronous-Online

**Office Hours:** Meetings will be held via Brightspace (online, synchronous) using the Zoom platform. Please reach out to schedule.

**Description**

This course introduces and analyzes the techniques and tools of financial risk management in the context of market, credit and operational risks for financial services firms and trading institutions including sell-side investment banks and buy side firms such as asset managers and hedge funds. Students learn the fundamental financial tools and techniques necessary to be an effective risk manager. The course covers the absolute and relative valuation of financial instruments using accounting and financial information, the time value of money, risk and return characteristics of financial products, risk management terms and techniques, and operational risk management, key risk measurement metrics (P&L attribution, Value at Risk (VaR), and the operational risk issues and their impact on financial and trading institutions.

**Prerequisites**

1220 – Financial Management

**Learning Outcomes**

At the conclusion of this course, students will be able to:

* Differentiate the primary types of financial and trading institutions, their core products and services, and the unique credit, market and operational risks associated with each type
* Explain the pricing and valuation of financial instruments (interest rates, foreign exchange, equities, commodities, and credit) in cash and derivative markets
* Assess operational risks in financial and trading institutions
* Differentiate market, credit, and operational risks
* Propose mitigants to market, credit and operational risk
* Evaluate portfolio risk and return measures

**Communication Methods**

Be sure to turn on your [NYU Brightspace notifications](https://www.nyu.edu/servicelink/KB0018507) and frequently check the “Announcements” section of the course site. This will be the primary method I use to communicate information critical to your success in the course. To contact me, send me an email. I will respond within 24 hours.

Credit students must use their NYU email to communicate. Non-degree students do not have NYU email addresses. Brightspace course mail supports student privacy and FERPA guidelines. The instructor will use the NYU email address to communicate with students.

**Structure | Method | Modality**

This course is Online (Sy) and will meet once a week on Wednesday. Brightspace is the learning management system we will use. Zoom is the online instruction platform used at NYU. Live weekly lectures will be conducted via Brightspace.

The course will involve individual assignments, one in-class exam, graded discussion forums, and a term paper in lieu of a final exam.

You are expected to check your Brightspace messages and announcements daily, for announcements concerning assignments, dates, class changes or cancellations, and other important information.

**Expectations**

Learning Environment

You play an important role in creating and sustaining an intellectually rigorous and inclusive classroom culture. Respectful engagement, diverse thinking, and our lived experiences are central to this course and enrich our learning community.

Classroom Expectations

As graduate students, you are expected to conduct yourselves in a professional manner and engage and collaborate with your classmates. For online courses using the Zoom meeting room, here are our guiding principles:

* Dress as if you are in the classroom.
* Keep your video on throughout the class.
* Keep your microphone muted unless asking a question or engaging in discussion.
* Check your video and audio when entering your class session.
* Think background, minimize distractions around you.
* Look into the camera instead of looking at the screen.
* Type quietly, mute if necessary.

SPS classrooms are diverse and include students who range in age, culture, learning styles, and levels of professional experience. To maintain an inclusive environment that ensures all students can equally participate with and learn from each other, as well as receive feedback and instruction from faculty during group discussions in the classroom, all course-based discussions and group projects should occur in a language that is shared among all participants.

Participation

You are integral to the learning experience in this class. Be prepared to actively contribute to class activities, group discussions, and work outside of class.

Assignments and Deadlines

Readings

Thorough reading and analysis of all reading assignments prior to each class session is required. The first class is NO exception. You must make whatever arrangements are necessary to ensure you have your textbook on time.

Assignments

There will be individual assignments. Assignments must be submitted when due, via the Brightspace platform. The system will record the time the assignment is submitted and late submissions will be penalized or rejected.

Missed assignments will lower the student’s grade based on the percentage of the grade allocable to it.

Late assignments are permitted only with advance notice to, and permission from, the instructor. It is understood that this class requires a significant amount of time and effort from each student. Employment-related issues, such as heavy workloads or business travel, will not be cause for extensions. Extensions will only be granted due to extenuating circumstances (e.g., illness, unanticipated personal issues).

No work for this course may be all or part of assignments prepared for or used in previous or current courses.

No form of extra-credit work is permissible. Students are not permitted to redo/revise/resubmit any completed and graded assignments.

Participation

Participation through discussion forums represents 30% of the final grade, and is a function of timeliness, frequency, and quality of postings. There will 18 required postings, each representing an equal portion of the final grade. Forums are graded based only on individual participation. New forum topics will generally be posted on Sunday. For the weeks that Forum postings are due:

* An **initial** forum contribution by each student must be posted between Sunday at 6:00AM and Tuesday at 11:59PM.
* A **second** contribution must be posted between Wednesday at 12:01AM and Thursday at 11:59PM.
* A **third** contribution must be posted between Friday at 12:01AM and Sunday at 11:59PM.

Course Technology Use

We will utilize multiple technologies to achieve the course goals. I expect you to use technology in ways that enhance the learning environment for all students. All class sessions require use of Zoom.All class sessions require use of technology (e.g., laptop, computer lab) for learning purposes. **Students are expected to be able to use Excel to complete assignments.**

**Generative AI Use**

Every submission should be your own work. You can only learn from the work you do.

Other than the approved uses stated below, you should not use generative AI tools (e.g. ChatGPT, Dall-e, etc.) to create any part of an assignment in this course;

You are welcome to use generative AI tools to develop ideas for your initial posting only to our Discussion forums. The words must still be your own, and you must understand - and be prepared to explain in class - the content of your posting.

You may also use generative AI tools to assist you in proofreading and editing any submitted work.

Where use is allowed, you are responsible for the information submitted based on an AI query (for instance, that it does not violate intellectual property laws, or contain misinformation or unethical content). Your use of AI tools must be properly documented.

Feedback and Viewing Grades

I will provide timely, meaningful feedback on all your work via our course site in NYU Brightspace. You can access your grades on the course site Gradebook.

Attendance

Students are expected to attend all on-line class sessions. Excused absences are granted in cases of documented serious illness, family emergency, religious observance, or civic obligation. In the case of religious observance or civic obligation, this should be reported in advance. Unexcused absences from sessions may have a negative impact on a student’s final grade. Students are responsible for assignments given during any absence.

Students who join the course during add/drop are responsible for ensuring that they identify what assignments and preparatory work they have missed and complete and submit those per the syllabus.

If for some reason (excused absence) you will not be in class, you must notify the instructor prior to the scheduled session if you will not be attending and the reason.

Each unexcused absence or being late may result in a student’s grade being lowered by a fraction of a grade. A student who has three unexcused absences may earn a Fail grade.

Refer to the [SPS Policies and Procedures page](https://www.sps.nyu.edu/homepage/student-experience/policies-and-procedures.html) for additional information about attendance.

**Textbooks and Course Materials**

REQUIRED READING

Title: Risk Management and Financial Institutions, 6th Edition

Author: John C. Hull

Publisher: Wiley Publishing, 2023

ISBN: 978-1119932482

This book is available at the NYU Bookstore

It is also available on Amazon.com:  
www.amazon.com/Management-Financial-Institutions-Wiley-Finance/dp/1119932483

**Grading | Assessment**

Your grade in this course is based on your performance on multiple activities and assignments. Since all graded assignments are related directly to course objectives and learning outcomes, failure to complete any assignment will result in an unsatisfactory course grade. All written assignments are to be completed using APA format and must be typed and double-spaced. Grammar, punctuation, and spelling will be considered in grading. Please carefully proof-read your written assignments before submitting them for a grade. I will update the grades on the course site each time a grading session has been completed.

**DESCRIPTION** **PERCENTAGE**

Individual assignments (total of 2) 20%

In-class test 20%

Participation 30%

Term paper 30%

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TOTAL POSSIBLE 100%

See the [“Grades” section of Academic Policies](https://www.sps.nyu.edu/homepage/student-experience/policies-and-procedures.html#Graduate1)” for the complete grading policy, including the letter grade conversion, and the criteria for a grade of incomplete, taking a course on a pass/fail basis, and withdrawing from a course. See here for the graduate grading scale <https://tinyurl.com/nyuspsgraduategrading>.

**NYU SPS Graduate Grading Scale**

|  |  |  |  |
| --- | --- | --- | --- |
| **A** | 95-100 | 4.000 | **Exceptional:** Demonstrates exceptional mastery of all learning outcomes of the course and thorough and complete understanding of all concepts. |
| **A-** | 90-94 | 3.667 | **Excellent:** Demonstrates highly competent mastery of all learning outcomes of the course and strong understanding of all concepts. |
| **B+** | 87-89 | 3.333 | **Very Good; exceeds course standards:** Demonstrates mastery of all learning outcomes of the course and understanding of core concepts. |
| **B** | 83-86 | 3.000 | **Good; meets course standards:** Demonstrates mastery of some learning outcomes; understanding of some core concepts could be improved. |
| **B-** | 80-82 | 2.667 | **Somewhat Satisfactory;** meets some course standards and requires improvement: Demonstrates basic understanding of some learning outcomes; improved understanding of all core concepts is needed. |
| **C+** | 77-79 | 2.333 | **Less than Satisfactory; requires significant improvement:** Demonstrates partial understanding of all learning outcomes and core concepts; requires significant improvement. |
| **C** | 73-76 | 2.000 | **Unsatisfactory; requires substantial improvement:** Demonstrates partial understanding of some learning outcomes and core concepts; requires substantial improvement. |
| **C-** | 70-72 | 1.667 | **Unsatisfactory; requires extensive improvement:** Demonstrates poor understanding of all learning outcomes and core concepts; requires extensive improvement. |
| **F** | Below 70 |  | **Fail:** Demonstrates minimal to no understanding of all key learning outcomes and core concepts; work is unworthy of course credit towards the degree. |
| **P** |  |  | **Passing:** If a Pass/Fail grade is allowed, the choice of pass/fail must be made prior to the completion of the fifth week of the term. |

**Course Outline**

**Start/End Dates:** 09/04/2024 - 12/04/2024 | Wednesdays

**Time:** 7:00 pm – 10:00 pm

**No Class Date(s):** 10/2/2024, 10/16/2024 and 10/23/2024

**Special Notes:** Please note there will be a makeup session will be held on Friday, 11/22/2024 from 9:00AM – 12:00PM.

**Session 1 - 09/04/24**

**Topic description:** Introduction to Risk Management

• Risk defined

• Risk vs. reward

• Efficient markets

**Assignments:**

Reading: Chapter 1, prior to class of 09/04/2024

**Session 2 – 09/11/24**

**Topic description** – Risk and Portfolio Theory

• CAPM and “alpha”

• Arbitrage Pricing Theory

• Systematic vs. non-systematic risk

**Assignments:**

Forum 1 begins 09/08/2024, ends 09/15/2024 at 11:59PM

**Session 3 – 09/18/24**

**Topic description:** Financial Institutions and Products - Banking and Insurance

• Commercial Banks and Investment Banks

• Insurance Companies

**Assignments:**

Reading: Chapters 2 and 3, prior to class of 09/18/2024

**Session 4 – 09/25/24**

**Topic description:** Financial Institutions and Products - Buy-Side Institutions

• Pension Plans

• Mutual Funds and Hedge Funds

**Assignments:**

Reading: Chapter 4, prior to class of 09/25/2024

Individual Assignment due 10/20/2024

Forum 2 begins 09/22/2024, ends 09/29/2024 at 11:59PM

**Session 5 – 10/09/24**

**Topic description:** In-class test

**Assignments:**

Forum 3 begins 10/06/2024, ends 10/13/2024 at 11:59PM

**Session 6 – 10/30/24**

**Topic description:** Valuation and Time Value of Money

• Present Value

• Fixed Income Valuation

**Assignments:**

Suggested Reading: Chapter 5, prior to class of 10/30/2024

Forum 4 begins 10/20/2024, ends 10/27/2024 at 11:59PM

**Session 7 – 11/06/24**

**Topic description:** Valuation: Equities and Derivatives

• Equity Valuation

• Derivatives Valuation

• Options Valuation

**Assignments:**

Individual Assignment due 11/15/2024

Forum 5 begins 11/03/2024, ends 11/10/2024 at 11:59PM

**Session 8 – 11/13/24**

**Topic description:** Regulation: Part 1

• Basel 1

• Basel 2

**Assignments:**

Reading: Chapter 15, prior to class of 11/13/2024

**Session 9 – 11/20/24**

**Topic description:** Regulation: Part 2

• Basel 2.5

• Basel 3

• Basel 4

• Insurance Industry

• Current Proposals

**Assignments:**

Reading: Chapter 16, prior to class of 11/20/2024

Forum 6 begins 11/17/2024, ends 11/24/2024 at 11:59PM

**Session 10 (make-up class) – 11/22/24**

**Topic description:** Risk Measurement

• Sensitivity Analysis

• Simulation

• VaR

• P&L Attribution

**Assignments:**

Reading: Chapters 12 and 22, prior to class of 11/22/2023

**Session 11 – 11/27/24**

**Topic description:** Term Paper Review

**Session 12 – 12/04/24**

**Topic description:** Risk Management

• Risk Decomposition

• Risk Aggregation

• Risk Acceptance Coverage

**Assignments:**

Unit 6 Reading: Chapter 27, prior to class of 12/04/2024

**Term Paper due 11/30/2024 at 11:55PM**

**NOTES:**

The syllabus may be modified to better meet the needs of students and to achieve the learning outcomes.

The School of Professional Studies (SPS) and its faculty celebrate and are committed to inclusion, diversity, belonging, equity, and accessibility (IDBEA), and seek to embody the IDBEA values. The School of Professional Studies (SPS), its faculty, staff, and students are committed to creating a mutually respectful and safe environment (*from the* [*SPS IDBEA Committee*](https://www.sps.nyu.edu/homepage/about-us/idbea/about-idbea.html)).

**New York University School of Professional Studies Policies**

1. Policies - You are responsible for reading, understanding, and complying with [University Policies and Guidelines](http://www.nyu.edu/about/policies-guidelines-compliance.html), [NYU SPS Policies and Procedures](http://sps.nyu.edu/academics/academic-policies-and-procedures.html), and [Student Affairs and Reporting](https://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/student-services.html).

2. Learning/Academic Accommodations - New York University is committed to providing equal educational opportunity and participation for students who disclose their dis/ability to the [Moses Center for Student Accessibility](https://www.nyu.edu/students/communities-and-groups/student-accessibility.html). If you are interested in applying for academic accommodations, contact the [Moses Center](https://www.nyu.edu/students/communities-and-groups/student-accessibility/academic.html) as early as possible in the semester. If you already receive accommodations through the Moses Center, request your accommodation letters through the [Moses Center Portal](https://www.nyu.edu/students/communities-and-groups/student-accessibility.html) as soon as possible ([mosescsa@nyu.edu](mailto:mosescsa@nyu.edu) | 212-998-4980).

3. Health and Wellness - To access the University's extensive health and mental health resources, contact the [NYU Wellness Exchange](https://www.nyu.edu/students/health-and-wellness/wellness-exchange.html). You can call its private hotline (212-443-9999), available 24 hours a day, seven days a week, to reach out to a professional who can help to address day-to-day challenges as well as other health-related concerns.

4. Student Support Resources - There are a range of resources at SPS and NYU to support your learning and professional growth. For a complete list of resources and services available to SPS students, visit the [NYU SPS Office of Student Affairs site](https://www.sps.nyu.edu/homepage/student-experience/resources-and-services.html).

5. Religious Observance - As a nonsectarian, inclusive institution, NYU policy permits members of any religious group to absent themselves from classes without penalty when required for compliance with their religious obligations. Refer to the [University Calendar Policy on Religious Holidays](https://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/university-calendar-policy-on-religious-holidays.html) for the complete policy.

6. Academic Integrity and Plagiarism - You are expected to be honest and ethical in all academic work. Moreover, you are expected to demonstrate how what you have learned incorporates an understanding of the research and expertise of scholars and other appropriate experts; and thus, recognizing others' published work or teachings—whether that of authors, lecturers, or one's peers—is a required practice in all academic projects.

Plagiarism involves borrowing or using information from other sources without proper and full credit. You are subject to disciplinary actions for the following offenses which include but are not limited to cheating, plagiarism, forgery or unauthorized use of documents, and false form of identification

[Turnitin](https://www.nyu.edu/servicelink/KB0018471), an originality detection service in NYU Brightspace, may be used in this course to check your work for plagiarism.

Read more about academic integrity policies at the NYU School of Professional Studies on the [Academic Policies for NYU SPS Students](https://www.sps.nyu.edu/homepage/student-experience/policies-and-procedures.html) page.

7. Use of Third-Party Tools - During this class, you may be required to use non-NYU apps/platforms/software as a part of course studies, and thus, will be required to agree to the “Terms of Use” (TOU) associated with such apps/platforms/software.

These services may require you to create an account, but you can use a pseudonym (which may not identify you to the public community, but which may still identify you by IP address to the company and companies with whom it shares data).

You should carefully read those terms of use regarding the impact on your privacy rights and intellectual property rights. If you have any questions regarding those terms of use or the impact on the class, you are encouraged to ask the instructor prior to the add/drop deadline.