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Nota di contenuto	Contents; Preface; Acknowledgements; 1 Defining risk and VAR; Introduction; What is risk management?; Defining risk; Traditional measurement of market risk; Value at risk - a definition; Stress testing; An assessment of VAR; Notes; 2 Covariance; Introduction; Covariance for a single position; The holding period; Liquidity and VAR; VAR for a portfolio; Extending covariance to cope with options; Summary; Notes; Appendix: Matrix multiplication; 3 Calculating VAR using simulation; Introduction; Historical simulation; Monte Carlo simulation; Summary; Notes; Appendix; Note 4 Measurement of volatility and correlationIntroduction; Non-normality; Measuring volatility; Measuring correlation; Measuring 'significance' and associated issues; Can your VAR model be relied on?; An empirical analysis of VAR model accuracy; Conclusion; Notes; 5 Implementing value at risk; Introduction; Implementing VAR - the decision process; Identifying risk factors; Interest rate assets; Interest rate instrument

treatment; Foreign exchange; Commodities; Equities; Summary; Notes;
6 Stress testing; Introduction; Scenario analysis
Stressing VAR - covariance and Monte Carlo simulation methods
The problem with scenario analysis; Systematic stress testing; Conclusion;
Notes; 7 Managing risk with VAR; Introduction; Establishing a risk
management framework; VAR limits; Stress test limits; Summary; 8 Risk
adjusted performance measurement; Introduction; Defining capital;
Shareholder value analysis - a strategic decision making tool;
Determining the required return on capital; Earnings volatility-based
performance measures; Return on capital - VAR-based approach;
Capital allocation
Rewarding traders on risk adjusted performance
Summary; Notes; 9
Regulators and risk management; Introduction; Regulatory objectives;
Rating agencies; Recent regulatory history; European Capital Adequacy
Directive; Which BSC regime should I use?; Conclusion; Note; 10
Introduction to the spreadsheets; References and further reading;
Index; A; B; C; D; E; F; G; H; I; J; K; L; M; N; O; P; Q; R; S; T; U; V; W; Y; Z

Sommario/riassunto

Implementing Value at Risk Philip Best Value at Risk (VAR) is an estimate of the potential loss on a trading or investment portfolio. Its use has swept the banking world and is now accepted as an essential tool in any risk manager's briefcase. Perhaps the greatest strength of VAR is that it can cope with virtually all financial products, from simple securities through to complex exotic derivatives. This allows the risk taken, across diverse trading activities, to be compared. This said, VAR is no panacea. It is as critical to understand when the use of VAR is inappropriate as it is to understand
