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Nota di contenuto	Counterparty Credit Risk: The New Challenge for Global Financial Markets; Contents; Acknowledgements; List of Spreadsheets; List of Abbreviations; Introduction; 1 Setting the Scene; 1.1 Financial risk management; 1.1.1 Market risk; 1.1.2 Liquidity risk; 1.1.3 Operational risk; 1.1.4 Credit risk; 1.1.5 Value-at-risk; 1.1.6 Disadvantages of value-at-risk; 1.2 The failure of models; 1.2.1 Why models?; 1.2.2 Good model, bad model; 1.3 The derivatives market; 1.3.1 What is a derivative?; 1.3.2 Market structure; 1.4 Risks of derivatives; 1.4.1 Too big to fail; 1.4.2 Systemic risk 1.4.3 Compensation culture 1.4.4 Credit derivatives; 1.5 Counterparty risk in context; 1.5.1 What is counterparty risk?; 1.5.2 Mitigation of counterparty risk; 1.5.3 Counterparty risk and integration of risk types; 1.5.4 Counterparty risk and today's derivatives market; 2 Defining Counterparty Credit Risk; 2.1 Introducing counterparty risk; 2.1.1 Origins of counterparty risk; 2.1.2 Repos; 2.1.3 Exchange-traded derivatives; 2.1.4 OTC derivatives; 2.1.5 Counterparty risk; 2.1.6 Counterparty risk versus lending risk; 2.1.7 Mitigating counterparty risk; 2.1.8 Counterparty risk players 2.2 Components and terminology 2.2.1 Credit exposure; 2.2.2 Default probability and credit migration; 2.2.3 Recovery; 2.2.4 Mark-to-market; 2.2.5 Replacement cost; 2.2.6 Exposure; 2.2.7 Exposure as a

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3.5 Netting and exposure

Sommario/riassunto

The first decade of the 21st Century has been disastrous for financial institutions, derivatives and risk management. Counterparty credit risk has become the key element of financial risk management, highlighted by the bankruptcy of the investment bank Lehman Brothers and failure of other high profile institutions such as Bear Sterns, AIG, Fannie Mae and Freddie Mac. The sudden realisation of extensive counterparty risks has severely compromised the health of global financial markets. Counterparty risk is now a key problem for all financial institutions. This book explains the emergence of c
