

ROWAN COLLEGE
CURRICULUM COMMITTEE

12

PROPOSAL TITLE: Risk Management

UNDERGRADUATE GRADUATE 3 CREDIT HOURS

SPONSOR(S): Drs. G.Meric, C.Ng, R.Pritchard

DEPARTMENT & TELEPHONE# Accounting and Finance

CHECK ONE: COURSE MINOR PROGRAM CONCENTRATION SPECIALIZATION
 ACHIEVEMENT CERTIFICATE CERTIFICATION PROGRAM MAJOR PROGRAM

<p>STEP #1 (DEPARTMENT)</p> <p><input checked="" type="checkbox"/> APPROVED/DATE: <u>Oct. 8, 1997</u></p> <p><input type="checkbox"/> NOT APPROVED/DATE:</p> <p><u>Gulbert Meric</u> DEPT. CURRICULUM CHR. Vco-</p> <p><input type="checkbox"/> REVIEWED/DATE:</p> <p><u>[Signature]</u> DEPT. CHR.</p>	<p>STEP #2 (RECEIPT)</p> <p>SCC# <u>9798-22</u></p> <p>DATE RECEIVED: <u>10/9/97</u></p> <p><u>[Signature]</u> SENATE CURRICULUM CHR.</p>	<p>STEP #3 (SCHOOL)</p> <p>REVIEWED DATE: <u>11/29/97</u></p> <p><input checked="" type="checkbox"/> RECOMMEND TO APPROVE</p> <p><input type="checkbox"/> RECOMMEND NOT TO APPROVE</p> <p>FORWARD FOR OPEN HEARING</p> <p><input checked="" type="checkbox"/> WITHOUT RESERVATIONS</p> <p><input type="checkbox"/> WITH RESERVATIONS</p> <p>COMMENTS:</p> <p><u>[Signature]</u> SCHOOL COMMITTEE CHR.</p>
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STEP #4 (ACADEMIC DEAN) COMMENTS:

RECOMMEND

NOT RECOMMEND

CONDITIONALLY RECOMMEND
(SEE COMMENTS)

DATE & SIGNATURE, DEAN OF SCHOOL [Signature] 11/5/97

conditioned upon inclusion in 3c of provision for "relevant learning outcomes assessment"

STEP #5 (SENATE CURRICULUM COMMITTEE)

DATE OF OPEN HEARING 2-20-98

APPROVED BY SENATE CURRICULUM COMMITTEE (DATE) 2/20/98

RETURNED TO SPONSOR(S) FOR THE FOLLOWING REASONS:

STEP #6 (SENATE)

DATE PRESENTED TO SENATE 2-24-98 APPROVED NOT APPROVED

NOTIFICATION TO EXECUTIVE VICE PRESIDENT/PROVOST (DATE) 3/10/98

SENATE CURRICULUM COMMITTEE CHAIR SIGNATURE/DATE [Signature] 3/10/98

STEP #7 (EXECUTIVE VICE PRESIDENT/PROVOST)

DATE RECEIVED _____

APPROVED: YES NO

IF NO, REASONS ARE AS FOLLOWS:

STUDENT CREDIT HOURS 3

FACULTY LOAD HOURS 3

EQUALIZED CREDIT HOURS _____

OFFICIAL COPY & APPROVAL SHEET FILED (DATE) 3/26/98

SIGNATURE, EXECUTIVE VICE PRESIDENT/PROVOST [Signature]

REGISTRAR

DATE APPROVED COURSE DESCRIPTION RECEIVED _____

REGIS TAXONOMY AND COURSE NUMBER ASSIGNED 0504-425

DATE/SIGNATURE OF REGISTRAR 4-16-98 E. O. Galt

NOTIFICATION FORWARD:

SENATE CURRICULUM COMMITTEE CHAIRPERSON

DEPARTMENT CHAIRPERSON(S)

ACADEMIC DEAN(S)

REGISTRAR

SPONSOR(S)

Transmittal 4/24/98

NEW COURSE PROPOSAL

1. Details:

- a. **Course title:** Risk Management
- b. **Sponsors:** Drs. G. Meric, C. Ng, R. Pritchard
Department of Accounting and Finance
- c. **Credit hours:** Three (3)
- d. **Course level:** Undergraduate (seniors)
- e. **Prerequisite:** 0504.321 Investment/Portfolio Analysis
- f. **Suggested time and scale of implementation:**
This course should be offered beginning in Spring of 1998. One section every spring semester is expected.
- g. **Curriculum effect:**
This course will be one of the few electives for students specializing in finance.
- h. **Adequacy of present staff and resources:**
Current finance faculty are qualified to teach the course. No new faculty or other resources will be required in the future.

2. Rationale:

Financial engineering has become a fast-growing mainstream area in the finance discipline, and risk management forms the crux of financial engineering. Hedging has become a traditional role of financial managers as well as security analysts. To train our students so that they are competitive in the job marketplace, the teaching of this course is inevitable. Moreover, since most traditional business courses emphasize the importance of return at the expense of risk consideration, this course will serve to mitigate the imbalance. Above-average quantitative skills will be required of students, and computer facilities will be utilized in the implementation of the pedagogy.

3. Essence of the course

a. Objectives:

Students will learn the various financial instruments available in the financial markets, and how these financial instruments can be utilized in managing the financial risk of firms or specific financial transactions in the hedging process.

b. Topical outline/content:

- i. Evolution of risk management products
- ii. Overview of risk management process
- iii. State of risk management market
- iv. Use of risk management to maximize firm value
- v. Measuring a firm's exposure to financial price risk
- vi. Forward contracts: Use to manage financial price risk
- vii. Futures contracts: Use to manage financial price risk
- viii. Swaps: Use to manage financial price risk
- ix. Options: Taxonomy of option-pricing models and use of OPMs to manage financial price risk
- x. Engineering "new" risk management products
- xi. Hybrid securities
- xii. Measuring and managing default risk
- xiii. Managing price risk in a portfolio of derivatives
- xiv. The impact of risk management

c. Evaluation and grading procedure of students:

Students will be evaluated individually based on performance in quizzes, exams, homework problems, semester assignment, and class participation. Occasionally, students will be asked to perform case studies, and to make formal presentation of the case studies to fellow students.

d. Course evaluation:

Students' evaluations will be conducted regularly, and the course will be reviewed by the Department Curriculum Committee.

4. Results of consultation:

The Department of Accounting and Finance discussed the course in its September 1997 meeting, and decided to recommend the new course proposal.

5. Course description

Risk Management
3 semester credits Undergraduate

(Prerequisite: 0504.321 Investment/Portfolio Analysis)

This course provides a comprehensive survey of the various financial instruments available in the financial markets followed by an in-depth study of practical use of the financial instruments in hedging financial risk. Hedging will be performed from the perspectives of a financial manager and an investor or an investor consultant. Topics include options, futures, forwards, swaps, and other hybrid securities, and how these securities are used to hedge the risk in a firm or a specific financial transaction.

RECEIVED

MAR 19

RECEIVED

Date: March 18, 1998

To: Dr. Laretta Reeves, Curriculum Committee Chairperson

From: Dr. Gulser Meric

Re: Risk Management

As per Dean McNeal's request, we are changing Section 3d of the new course proposal for Risk Management as follows:

Student evaluations and learning outcome assessment will be regularly conducted in this course, and the course will be reviewed by the Department Curriculum Committee.