

Course Outline

Course Code	RSM432 H1 S									
Course Name	Risk Management for Financial Managers									
Term, Year	Winter, 2026									
Course Meets	<table> <tr> <td>L0101</td> <td>Wed 11 am – 1pm</td> <td>RT142</td> </tr> <tr> <td>L0201/ L2001</td> <td>Wed 1 pm – 3pm</td> <td>RT142</td> </tr> <tr> <td>L0301</td> <td>Wed 3 pm – 5pm</td> <td>RT142</td> </tr> </table>	L0101	Wed 11 am – 1pm	RT142	L0201/ L2001	Wed 1 pm – 3pm	RT142	L0301	Wed 3 pm – 5pm	RT142
L0101	Wed 11 am – 1pm	RT142								
L0201/ L2001	Wed 1 pm – 3pm	RT142								
L0301	Wed 3 pm – 5pm	RT142								
Web page URL	https://q.utoronto.ca									

Instructor Details

Name	Email	Phone	Office Hours	Virtual Office Link
Chayawat Ornthanalai	chay.ornthanalai@rotman.utoronto.ca	416-946-0669	Via Zoom	See link on Quercus

Course Description

This course studies how companies, particularly financial institutions, manage risk. It covers crash risk, credit risk, market risk, and operational risk. We will also cover standard methods for modeling time-varying volatilities and correlations. The nature of bank regulation and Basel I, II, and III capital requirements are examined. Other topics include copulas, Dodd-Frank regulations, macro-prudential policy in response to COVID-19, and the recent banking crisis 2023.

Learning Outcomes

By the end of this course, students will be able to:

- Understand and be able to apply modern elements of financial risk management.
- Understand the importance of banking regulations and how financial institutions manage risks.
- Understand how to quantify market risks, credit risks, and operational risks by different financial institutions.
- Understand the reasons behind the 2008 credit crisis and how banking regulations have evolved post-crisis.
- Understand the reasons behind the 2023 Fallout of various medium-sized banks, e.g., Silicon Valley Bank, First Republic, Signature Bank, and Credit Suisse.
- Develop economic intuitions and perspectives on the efficacy and adverse effects of government intervention and financial regulations.
- Develop informed opinions on the impact of banking regulations and how they could affect the modern economy.

Course Prerequisites

- RSM333H1
- A good aptitude for mathematics (calculus and linear algebra) and statistics. **THIS IS A QUANTITATIVE COURSE.** I have prepared a document that reviews the mathematics and statistics required for the course. It is available on Quercus. ALL STUDENTS are expected to have reviewed this document before the course starts.
- A working knowledge of MS Excel is required.

Course Materials

Required Computing Hardware

- A standard laptop computer with a minimum of 8GB memory, WIFI accessibility, and MS Excel (version 2010 or later) is installed.
- You are required to bring a laptop to most classes for lab exercises in MS Excel.
- Computing hardware must be used for course-related purposes only during classes.

Required Readings

- Risk Management and Financial Institutions, 6th edition, John C. Hull, Wiley Publishing. Note: 5th or 4th Editions are acceptable, but some pages may not correspond to references in my lecture
- Additional readings will be made available online through Quercus

Electronic Course Materials

These materials are expected to cost a maximum of \$40 in total. Using these materials complies with all University of Toronto policies governing fees for course materials.

This course will be using the following electronic course materials:

- Wall Street Journal (WSJ) [Online Subscription](#) (Required) and used in class discussions. Cost varies depending on your subscription type.
- Poll Everywhere accounts. This online platform is heavily used to record your participation and attendance. It is required prior. You can sign up [here](#). There is no cost.

Evaluation and Grades

Grades are a measure of the knowledge and skills developed by a student within individual courses. Each student will receive a grade based on how well they have command of the course materials, skills and learning objectives of the course.

Work	Percentage of grade	Due Date
Class Participation/Attendance	9%	Ongoing
Team Charter	1%	Week 4
Group Research Project: Presentation & Report	12%	Weeks 10
Group Assignment 1	12%	Week 6
Group Assignment 2	12%	Week 12
Final Exam	54%	Exam period

Course Format and Expectations

Final Exam

- The exam will be comprehensive and cover material from lectures, news articles, tutorials, assignments, assigned readings, and practice problems.

- The exam will be in-person during the exam period.
- You are responsible for having sufficient computing hardware and software to complete all the course requirements and evaluations.
- You can bring an A4-sized aid sheet to the exam (double-sided).
- You are allowed to use a standard non-programmable calculator.
- You ARE NOT allowed to bring other aids (e.g., textbook, notes) to the exam.

Group Formation and Team Charter

You will work in groups of up to seven students to complete two Assignments and one Research Project. You can work with students across sections. However, if you choose to work with teammates across multiple sections, your scheduled group presentation MAY NOT occur during the class time you prefer.

Your group must be finalized by the fourth week. If you cannot find a group, I will assign you to one that has space available. You will work with the assigned team members on the two assignments and the group research project.

Your group must submit a Team Charter in Week 4 of the course. The team charter will be posted on Quercus. The team charter helps realign the expectations and roles of various group members. You will also submit your Group research project bidding through the Team Charter.

Learning to work together in teams is a crucial transferable skill you will use in your coursework and future careers. Support is available if you encounter common teamwork challenges such as:

- Team members feeling left out of the team.
- Team members not responding in a timely manner to communication.
- Division or quality of work among team members being unequal or unfair.

Consult the [Centre for Professional Skills Teamwork Resources page](#) for tips, strategies, and best practices. You can also [book an appointment with a teamwork mentor](#) through the RC Centre for Professional Skills Writing Centre. Teamwork mentors can help you resolve or mitigate conflict, strategize on planning, or improve team communication.

If you are a student registered with Accessibility Services, and extensions are one of your academic accommodations, consult with your Accessibility Advisor about the teamwork in this course.

Rotman Commerce Attendance Policy

Rotman Commerce students are expected to make every effort to attend each class. Infrequently, students may miss term work, e.g., quizzes, assignments, etc., due to unplanned and extenuating circumstances and must follow the Request for Special Consideration process as outlined in their course outlines. However, **Rotman Commerce will not approve any Request for Special Consideration for participation marks for missed classes. Any such request will be denied.**

Group Research Project: Presentation and Report

- The topic is “Managing Non-financial Risks.”
- Each team will choose **one type of non-financial risk** and research how **a financial institution** manages it.
- Non-financial risks do not fall under these three categories: Market, Credit, and Liquidity. Management of these three financial risks will be covered in our class.
- Each Team will deliver a **9-minute presentation** during the scheduled class on **March 18th, 2026**. Not all group members need to give an oral presentation.

- A pre-recorded presentation can be used in lieu of a live presentation.
- Pre-recording a presentation may be useful for students collaborating with teammates across multiple sections.
- Each group will be responsible for a **2-minute Q&A** session after their presentation.
- Your group members for the presentation will be *identical* to your assignments' group members.
- In addition, each group will hand in a written **Executive Summary** of your findings, recommendations, and references to your information sources. The report is limited to 2 pages (one-half spaced) excluding references, figures, tables, and appendices.
- Within each Section, each team will research a different type of non-financial risk. An exception may be granted at the discretion of the course instructor.
- **Topic Bidding.** Your group will send bids for the non-financial risk that you wish to conduct your research study. Please submit your bids and the *TEAM CHARTER* by 11:59 PM on January 28th, 2026 (Week 6). Please rank up to 5 non-financial risk topics and assign a weight (out of 100%) to each topic. The bidding results will be posted on Quercus by the following week.

News Articles

In most classes, we plan to spend up to 10 minutes discussing recent articles from *The Wall Street Journal*. **You are required to** sign up for a WSJ online subscription. This will give you access to the digital content on your phone and on your browser with interactive graphics. It's also a good reading resource in preparation for job interviews in capital markets. The selected articles will touch on various aspects of risk management in the financial industry. You are expected to participate in the class discussions.

Before each class, links to the news article and corresponding questions that I plan to discuss will be posted on the course's Quercus site. You are expected to read these articles before class and prepare your answers. Alternatively, you can contribute to the discussion on these news articles using the Quercus discussion board. **Your contribution to the online discussion on Quercus must be original work and must not be facilitated by generative AI.** See my policy on Generative AI below.

The final exam materials will cover the news article that we discussed in class.

Microsoft Excel

Microsoft Excel spreadsheet will be **used heavily** throughout the course. This is where the theory meets applications. You are expected to study all the Excel exercises covered in class and posted on the course website. Some of the Excel exercises will be demonstrated during the weekly tutorials.

Tutorial and Office Hours

Weekly tutorials will be held starting on the third week of the course. Each tutorial will cover hands-on applications of the materials we learned in class using Excel. The timing of the weekly tutorial will be announced at the start of the course.

The tutorial will be held online via Zoom. The link is available only through Quercus. Attendance at these weekly tutorials is optional. It is, however, highly encouraged. I plan to record each tutorial session on the Zoom cloud. Links to the recording will be made available via Quercus. I reserve

the right to the recordings of weekly tutorials. After each online tutorial, I will be available to answer students' questions related to the course. This will also serve as my weekly office hours.

Writing Assignments or Presentations

Assignments and Research Project are intended to help you develop your communication skills. How well you communicate your ideas, in writing or orally, will be considered in evaluating the assignment. In your written assignments, you should aim for clarity, strong organization, concision, professionalism, and correct grammar. Your presentations should reflect strong planning and organization, clarity of speech, and an engaging demeanour. Sources, whether in written or presentation assignments, should always be correctly attributed.

Support is available through the RC Centre for Professional Skills (CPS) for students who would like help or feedback on their writing or speaking (presentations). CPS offers both individual and group appointments with trained writing instructors and presentation coaches who are familiar with the RC program and common types of business assignments. You can also access your college Writing Centers for help with written assignments.

You can book an appointment with a writing or presentation coach through the RC Centre for Professional Skills Writing Centre. For more information about writing centres, student supports, and study resources, see the [Writing and Presentation Coaching academic support page](#).

Participation

Students are required to display their name card during each class. I **practice cold-calling** students. Your participation will be assessed but not limited through these channels:

- **Attendance**
- Contribution during the classroom discussion
- Contribution via online platforms (e.g., Poll Everywhere)
- Quercus discussion boards

Students' performance on this course component will be assessed based on the following criteria:

- Preparation for class materials prior to each lecture
- Thoughtful responses
- Understanding and analysis of the topic
- Idea generation
- Promotion of further discussion
- Clarity of communication
- **Respect** for their classmates (see Class Etiquette)
- **Respect** for the course instructor (see Class Etiquette)

The document "[ClassParticipation_Rubrics.pdf](#)" on Quercus outlines the detailed criteria I use to assess class participation.

You are responsible for having sufficient computing hardware, software, and any other device to complete all the requirements (including participation) for the course.

Participation marks accumulate starting on the first day of class. Online platforms (i.e., Poll Everywhere) will be used to track your engagements during the class starting from the first lecture. If you cannot attend a lecture in the section that you are registered in, you can attend another lecture that takes place on the same day to make up for your missed participation mark. There is no special consideration for missed participation marks due to missed classes. If you do not show up to a live lecture = you cannot participate.

Quercus Discussion Board

All students are EXPECTED to use the Discussion Board on Quercus to ask questions about class materials, assignments, and final exams. I have set up a discussion board for each topic, e.g., Assignment 1 and Assignment 2. Please use them to ask questions outside of the class lectures.

The discussion board helps streamline communication between students and their instructors. It allows the course instructor to answer questions more efficiently and promptly to students. Students often have questions on the same issue or topic. Using the discussion board reduces redundancy and repetition between students and the course instructor. Most importantly, it promotes equity and transparency among all students.

I will prioritize answering questions on this discussion board within 2 days.

If you have questions that need to be discussed privately, you can do so after the weekly tutorial.

Missed Tests and Assignments

Students who miss a term test or assignment for reasons entirely beyond their control (e.g. illness) may request special consideration within 2 business days of the missed midterm/test/assignment due date.

In such cases, students must:

1. Complete the Request for Special Consideration form: <https://uoft.me/RSMConsideration>
2. Provide documentation to support the request, eg. Absence Declaration from [ACORN](#), medical note etc.

Please note: Students may use the Absence Declaration on ACORN ***once per term*** to report an absence and request consideration. Any subsequent absence will require a [Verification of Illness form](#) or other relevant documentation.

Students who do not submit their requests and documentation within 2 days may receive a grade of 0 (zero) on the missed course deliverable.

Missed Final Exam

If you miss the final exam in this course for a legitimate reason (illness, etc) you will need to contact your College Registrar to file a petition for a deferred exam. This deferred exam will be written later as established by the Faculty of Arts & Science. Instructions can be found here: <https://www.artsci.utoronto.ca/current/faculty-registrar/petitions-appeals/preparing-petition>

Late Assignments

Late submission of assignments will not be accepted. A grade of 0% will be assigned.

Students who, for reasons beyond their control, are unable to submit an assignment by its deadline must obtain approval from the instructor for an extension. Supporting documentation will be required as per the policy on missed tests and assignments.

Statement on Equity, Diversity and Inclusion

The University of Toronto is committed to equity, human rights and respect for diversity. All members of the learning environment in this course should strive to create an atmosphere of mutual respect where all members of our community can express themselves, engage with each

other, and respect one another's differences. U of T does not condone discrimination or harassment against any persons or communities.

Commitment to Accessibility

The University is committed to inclusivity and accessibility, and strives to provide support for, and facilitate the accommodation of, individuals with disabilities so that all may share the same level of access to opportunities and activities offered at the University.

If you require accommodations for a temporary or ongoing disability or health concern, or have any accessibility concerns about the course, the classroom or course materials, please [email Accessibility Services](#) or visit the [Accessibility Services website](#) for more information as soon as possible. Obtaining your accommodation letter may take up to several weeks, so get in touch with them as soon as possible. If you have general questions or concerns about the accessibility of this course, you are encouraged to reach out to your instructor, course coordinator, or Accessibility Services.

Plagiarism Detection

Normally, students will be required to submit their course essays to the University's plagiarism detection tool for a review of textual similarity and detection of possible plagiarism. In doing so, students will allow their essays to be included as source documents in the tool's reference database, where they will be used solely for the purpose of detecting plagiarism. The terms that apply to the University's use of this tool are described on the [University's Plagiarism Detection Tool FAQ](#) page from Centre for Teaching Support & Innovation.

Generative AI / ChatGPT

- The use of generative artificial intelligence tools or apps (e.g., ChatGPT and other AI writing or coding assistants) for assignments, research projects, and participation on Quercus' discussion board in this course is prohibited.
- The knowing use of generative artificial intelligence tools, including ChatGPT and other AI writing and coding assistants, for the completion of, or to support the completion of, an examination, term test, assignment, research project, online discussion board, or any other form of academic assessment, are considered an academic offense in this course.
- Representing as one's own an idea, or expression of an idea, that was AI-generated may be considered an academic offense in this course.
- This course policy is designed to promote your learning and intellectual development and to help you reach course learning outcomes.

Academic Integrity

Academic Integrity is a fundamental value essential to the pursuit of learning and scholarship at the University of Toronto. Participating honestly, respectfully, responsibly, and fairly in this academic community ensures that the U of T degree that you earn will continue to be valued and respected as a true signifier of a student's individual work and academic achievement. As a result, the University treats cases of academic misconduct very seriously.

[The University of Toronto's Code of Behaviour on Academic Matters](#) outlines the behaviours that constitute academic misconduct, the process for addressing academic offences and the penalties that may be imposed. You are expected to be familiar with the contents of this document. Potential offences include, but are not limited to:

In papers and assignments

- Using someone else's ideas or words without appropriate acknowledgement.

- Submitting your own work in more than one course without the permission of the instructor.
- Making up sources or facts.
- Obtaining or providing unauthorized assistance on any assignment (this includes collaborating with others on assignments that are supposed to be completed individually).

On tests and exams

- Using or possessing any unauthorized aid, including a cell phone.
- Looking at someone else's answers.
- Misrepresenting your identity.
- Submitting an altered test for re-grading.

Misrepresentation

- Falsifying institutional documents or grades.
- Falsifying or altering any documentation required by the University, including (but not limited to) medical notes.

All suspected cases of academic dishonesty will be investigated by the procedures outlined in the [Code of Behaviour on Academic Matters](#). If you have any questions about what is or is not permitted in the course, please do not hesitate to contact the course instructor. If you have any questions about appropriate research and citation methods, you are expected to seek out additional information from the instructor or other U of T or RC resources such as the RC Centre for Professional Skills, the College Writing Centres or the Academic Success Centre.

Email

At times, the course instructor may decide to communicate important course information by email. As such, all U of T students are required to have a valid UTmail+ email address. You are responsible for ensuring that your UTmail+ email address is set up and properly entered on ACORN. For more information visit the [Information Commons Help Desk](#).

Forwarding your utoronto.ca email to a Gmail or other type of email account is not advisable. In some cases, messages from utoronto.ca addresses sent to Gmail accounts are filtered as junk mail, which means that important messages from your course instructor may end up in your spam or junk mail folder.

Recording Lectures

Lectures and course materials prepared by the instructor are considered by the University to be an instructor's intellectual property covered by the Canadian Copyright Act. Students wishing to record a lecture or other course material in any way are required to ask the instructor's explicit permission and may not do so unless permission is granted. Students who have been previously granted permission to record lectures as an accommodation for a disability are excepted. This includes tape recording, filming, photographing PowerPoint slides, Quercus materials, etc.

If permission for recording is granted by the instructor (or via Accessibility Services), it is intended for the individual student's own study purposes and does not include permission to "publish" them in any way. It is forbidden for a student to publish an instructor's notes to a website or sell them in any other form without formal permission.

!!!! It is illegal to share my course materials on any public platform. Such a criminal act is a violation of intellectual property. !!!!!

Reference Letters

I receive many reference letter requests per year and this process takes a substantial amount of my time. I take pride in providing honest evaluations of each student's academic and professional performance. If you plan to ask me to be your reference, please note the following:

- I will be objective in my reference letters.
- I am happy to provide references to students who have received a letter grade of "A" or above from my course.
- I will not accept a request to act as our reference unless I can positively write about your suitability for the prospective academic program or career.
- All reference letter requests must be made well in advance (at least 6 weeks before the first deadline).

Tentative Weekly Schedule

Week	Date	Topic	Readings
1	January 7 th , 2026	Financial Institutions and Their Risks	Hull, Chapters 2, 3, 4
2	January 14 th , 2026	Value at Risk (VaR), Expected Shortfall (ES)	Hull, Chapters 12
3	January 21 st , 2026	Volatility Part I	Hull, Chapters 10
4	January 28 th , 2026	Volatility Part II Team Charter and Group Research topic bidding due by 11:59pm	Hull, Chapters 10
5	February 4 th , 2026	Correlation and Copula	Hull, Chapters 10 and 11
6	February 11 th , 2026	Regulation (Part 1): Historical Insights, and Basel I, and II, 2.5 Group Assignment #1 is due by 11:59pm	Hull, Chapter 15
7	February 25 th , 2026	Regulation (Part 2): Historical Insights, and Basel I, and II, 2.5	Hull, Chapters 15, 16
8	March 4 th , 2026	Financial Crisis, and Post-crisis Regulations	Hull, Chapters 6, 16
9	March 11 th , 2026	Historical Simulation and Extreme Value Theory	Hull, Chapter 13
10	March 18 th , 2026	Group Research Presentations: In class Group Research Report due by 11:59pm	Click here to enter text.
11	March 25 th , 2026	Credit Risk Management	Hull, Chapter 19
12	April 1 st , 2026	Credit Risk Management Group Assignment #2 is due by 11:59pm	Hull, Chapter 19

Please note that the last day you can drop this course without academic penalty is March 16, 2026.

Other Useful Links

- [Become a volunteer note taker](#)
- [Accessibility Services Note Taking Support](#)
- [Credit / No-Credit in RSM courses](#)
- [Rotman Commerce Academic Support](#)
- [Where to find teaching assistant opportunities](#)

URL links for print

- ACORN: <http://www.acorn.utoronto.ca/>
- Email Accessibility Services: accessibility.services@utoronto.ca
- Accessibility Services website: <http://studentlife.utoronto.ca/as>
- University's Plagiarism Detection Tool FAQ: <https://uoft.me/pdt-faq>
- The University of Toronto's Code of Behaviour on Academic Matters: <http://www.governingcouncil.utoronto.ca/policies/behaveac.htm>
- Information Commons Help Desk: <http://help.ic.utoronto.ca/category/3/utmail.html>
- Become a volunteer note taker: <https://studentlife.utoronto.ca/program/volunteer-note-taking/>
- Accessibility Services Note Taking Support: <https://studentlife.utoronto.ca/service/note-taking-support/>
- Credit / No-Credit in RSM courses: <https://rotmancommerce.utoronto.ca/current-students/degree-requirements/credit-no-credit-option/>
- Rotman Commerce Academic Support: <https://rotmancommerce.utoronto.ca/current-students/academic-support/>
- Book an appointment with a writing or presentation coach: <http://uoft.me/writingcentres>
- Writing and Presentation Coaching academic support page: <https://rotmancommerce.utoronto.ca/current-students/academic-support/writing-and-presentation-coaching/>
- Centre for Professional Skills Teamwork Resources page: <https://rotmancommerce.utoronto.ca/teamwork-resources>
- Book an appointment with a Teamwork Mentor: <http://uoft.me/writingcentres>