An experienced risk manager explains how the aggressive trading practiced by leading hedge funds can be applied by traders of all levels without excessive risk. Grant (Cheyne Capital) uses accessible language to describe practical techniques for controlling risk exposure when making large investments. He also provides a simple set of statistical and arithmetic tools forPortfolio 7. Treatment of counterparty credit risk in the trading book. 8. Transitional arrangements. B. The capital requirement. Before the introduction of the Basel 2.5 changes, the market risk framework was based on an assumption that trading book risk positions were all liquid, that banks could exit or hedge these positions over a 10-day horizon. The recent crisis proved this assumption to be false. As liquidity conditions deteriorated during the crisis, banks were forced to hold risk positions for much longer than expected and incurred large losses from changes in values due to fluctuations in liquidity premia. Trading Risk. Founded in 1807, John Wiley & Sons is the oldest independent publishing company in the United States. With offices in North America, Europe, Australia, and Asia, Wiley is globally committed to developing and marketing print and electronic products and services for our customers’ professional and personal knowledge and understanding. The Wiley Trading series features books by traders who have survived the market’s ever-changing temperament and have prospered by reinventing systems, others by getting back to basics. Whether a novice trader, professional, or somewhere in-between.