

NEW YORK INSTITUTE OF FINANCE

Established 1922



Financial Risk Manager (FRM[®]) Program

A series of unique classroom-based preparatory courses to supplement your preparation for the 2010 FRM Part I & II exams.

Financial Risk Manager (FRM®) Program

Since its introduction in 1997, the FRM® designation has become the defacto standard for risk managers globally. There are now over 30,000 people annually sitting for the FRM® exams and that number is rapidly growing. This year, the Global Association of Risk Professionals (GARP®), which administers the exam, has transitioned the program to a multi-year process from a single exam. The topics covered in the FRM® exam range from Quantitative Foundations & Fixed Income/ Credit Derivatives to Operational and Enterprise Risk Management. The FRM® is a very demanding exam drawing questions from a wide array of topics.

Why partner with NYIF to prepare for the FRM® examination?

NYIF has developed two courses to supplement your studies and help prepare you for the Part I and Part II exams. These intensive courses will cover the key topics and focus on the areas you need to know in order to pass the exam. The course outlines include all the topics included in the FRM® Exam Study Guide and should be used to complement your personal study of the syllabus and recommended reading materials - some 300-400 hours if you are studying for both Parts.

By making NYIF your partner in preparing for the exam, you are taking an important step in achieving this valued designation:

- You will be trained by the only leading training provider in the US to offer instructor-led FRM® exam preparatory courses.
- We work with the Study Guide produced by the Association themselves - with readings selected by the FRM® Committee every year as being representative of the theories and concepts utilized by risk management professionals as they address current issues.
- Personalized attention - we will support you from initial inquiry through to passing the exam.
- Expert FRM® designated instructor - our tutor is an experienced trader and has passed the FRM® Full examination. In addition, he is a CFA® charterholder.
- State of the art facilities - you will be taught at our hi-tech training center in midtown New York.

Who Would this Program Benefit?

Any FRM® exam candidate who is looking for a comprehensive supplement to their preparation for the 2010 FRM® Exam. From individual job titles (i.e. Accountant, Analyst, Chief Executive Officer, Chief Financial Officer, Chief Investment Officer, Credit Analyst, Derivatives Trader, Compliance, Risk Management, Portfolio, Research, Trader, etc) to the industry (i.e. Academic, Asset Management, Brokerage, Commercial Bank, Consultant, Corporation, Government Agency, Insurance, Investment Bank, Law firm, Media, Professional Association, Regulatory Body, Retail Bank, Securities firm, Software vendor, Technology, etc), the work experience of certified FRM-holders is very diverse. To ensure your current and/ or past work experience meets this qualification, GARP® provides a sample list of qualifying job titles in various industries, including financial risk management.

See www.garp.com/frmexam in LEARN section for the full list.

If you are not certain if your work experience meets this qualification after reviewing this list, please submit your CV/Resume to frm@garp.com for further assistance.

Pre-requisites

FRM® candidates must purchase either the Texas Instruments BA II Plus (including BA II Plus Professional) or Hewlett Packard 12C (including the HP 12C Platinum) or 10 B II or 20 B calculator for use in class. Only these business calculators are authorized for use on the FRM exams in 2010. There will be no exceptions to this policy. Should you use a non-authorized calculator at any time during the exam, your answer sheets will not be graded.

Important: Attendance at a New York Institute of Finance FRM® exam preparation course does not guarantee a passing grade on the FRM® exam. The New York Institute of Finance FRM® exam preparation courses are not a substitute for individual study and preparation.

FINANCIAL RISK MANAGER (FRM®) PROGRAM

FRM® EXAM PART I PREP COURSE

Evening 6pm - 8.30pm

Session 1

FOUNDATIONS OF RISK MANAGEMENT

- Questions of Market Efficiency
 - CAPM in the Real World
 - Expectations of Return: foundation of pricing.
- Value at Risk
 - Is the VaR Model Dead?
 - Key assumptions in VaR: simplicity obscures complexity
- Creating Value with Risk Management
 - Cost of Capital and its implications for returns
 - Price variation as risk

Session 2

FOUNDATIONS OF RISK MANAGEMENT

- Producing Superior Returns with Risk Management
 - Performance measurement and attribution - Tracking Error
 - Key Ratios: Sharpe
 - CAPM: the foundations
- Beyond CAPM: APT
 - Factor models
- Case Studies
 - Risk failures
 - Capital adequacy
 - Ethics in Risk Management and the GARP code of conduct

Session 3

QUANTITATIVE ANALYSIS

- Probability and Probability Distributions
 - Estimations of Mean
 - Standard deviation and its implications for risk management
 - Estimation of distributions (sampling)
 - Discrete Probability Distributions
 - Continuous probability distributions
- Linear Regression
 - Two variable model
 - Hypothesis testing
 - Multiple regression models

Session 4

QUANTITATIVE ANALYSIS

- Monte Carlo Methods and VaR
- Volatility and Correlation: The Most important, overlooked topic in Risk Management
 - Estimations of correlation
 - Estimations of volatility - Stochastic volatility models, Lognormal volatility, Normal volatility
- GARCH Models
- Term structure of Volatility

Session 5

FINANCIAL MARKETS AND PRODUCTS

- John Hull's Options, Futures and Other Derivatives
 - The "Bible" of the derivatives markets
 - Futures – Collateral, Clearing House operations
 - Interest rates
 - Forward interest rates
 - Swaps
 - Options - European, American, Bermudan
 - Trading Strategies - Cheapest to deliver
 - FX derivatives
 - Equity derivatives
 - Commodity derivatives

Session 6

FINANCIAL MARKETS AND PRODUCTS

- Measuring Portfolio Exposures
- Credit Risk
 - Loan portfolios and expected losses
- Trading Risks
 - Basis risk
 - Forex risk - Managing sovereign risk exposures
 - Corporate bond risks
 - Hedging risks/ minimum variance

Session 7

VALUATION AND RISK MODELS

- VaR: In Depth Treatment
 - "What is VaR exactly?"
 - Types of VaR - Delta normal, Historical simulation of VaR, Monte Carlo simulation methods to determine VaR
 - VaR for linear and Non-Linear Instruments - Callable bonds, Mortgage backed instruments, Convexity in MBS
 - VaR for Credit, Operational, and Credit Risk - Rating Agencies, Country Risk models
- Term Structure of interest Rates
 - Discount factors
 - Arbitrage enforced
 - Yield curves
- Fixed Income Risk
- DV01
 - Duration (first derivative)
 - Convexity (second derivative)
 - "Pay/Receive, Short/Long, Which way am I going?"

Session 8

VALUATION AND RISK MODELS

- Introduction to Option Valuation
 - Binomial tree models - Risk neutral pricing
 - Black-Scholes-Merton Model - "What is wrong with this model - assumes normality", Why is assumption of normality a fatal flaw, Do markets follow normal probability distributions
 - Option Greeks – Delta, Vega, Theta, Gamma
- Stress Testing and Scenario Analysis

FINANCIAL RISK MANAGER (FRM®) PROGRAM

FRM® EXAM PART II PREP COURSE

Evening 6pm - 8.30pm

Session 1

MARKET RISK MEASUREMENT AND MANAGEMENT

- Advanced Option Analysis
 - Volatility: Smile and Skew
 - Introduction to Stochastic Volatility
 - Exotic Options – Snowballs, Path Dependent Options
- Advanced Fixed Income Risk Measures
 - DV01 for parallel and non parallel Yield Curve Shifts
 - Key Rate Exposures
 - Reading the Tea leaves: Yield Curve Science

Session 2

MARKET RISK MEASUREMENT AND MANAGEMENT

- Beyond Duration: MBS risk factors
 - MBS Market Overview
 - Mortgage Backed Security Valuations
 - Underwriting and Prepayment
- Advanced Risk Measures
- Expected Shortfall Risks
 - Extreme Value Theory
 - Tales of Tails and Copulas

Session 3

CREDIT RISK AND MANAGEMENT

- The 300 lb Gorilla: Sub-prime Securitization
- Credit Risk and Credit Derivatives
- VaR for highly illiquid assets
- Credit Linked Notes
 - Structuring process – Securitization, Cash & Synthetic CDOs
- Managing Credit Risks
- Evaluation of Counterparty risk
 - Risk Mitigation
 - Collateral requirements – Netting, Rating Triggers

Session 4

CREDIT RISK AND MANAGEMENT

- Comprehensive Credit Derivatives
 - Credit Linked Notes - Credit Default Swaps, Applying Traditional Fixed income risk measures to Credit
- Credit Specific Risks
- Probability of defaults
 - Loss given default
 - Recover rates
- Contingent Claims

Session 5

OPERATIONAL RISK MANAGEMENT

- Allocation of Capital and Returns
- Capital Adjusted Returns
 - Firm-wide allocation of capital
- Correlations across asset classes

Session 6

OPERATIONAL RISK MANAGEMENT

- Enterprise level Risk Management
- Basel II - Minimum Capital Requirements, Concentration risks, Liquidity Risk, Stress Testing under Basel II
- Model Risk Management and Case Studies

Session 7

RISK MANAGEMENT AND INVESTMENT MANAGEMENT

- General Portfolio Construction
- Performance Analysis of Portfolios
 - Style Drift
 - Analytic Methods of Portfolio Risks
 - VaR and Risk Budgeting at the Portfolio Level
 - Risk monitoring at Portfolio Level
 - Risk Decomposition with a Portfolio
- Risk Budgeting/ Risk limits

Session 8

RISK MANAGEMENT AND INVESTMENT MANAGEMENT

- Asset illiquidity, valuation and risk measurement
 - Pension fund Risk Management
- Fiduciary duty
- Strategy Specific Risks
- Arbitrage
 - Equity Long/Short/Neutral
- Distressed debt
 - Emerging Markets

Your Instructor

CHRISTIAN COOPER

NYIF instructor, Christian Cooper, designed and created the study materials for the FRM® prep program. He has over 10 years experience trading both equity and fixed income derivative instruments and holds both the CFA® and FRM® designations. Christian has created the prep courses to include concepts and theories in addition to "real-world" examples, highlighting what is most important on the exam and focusing on the key elements necessary to accelerate your learning and maximize your success.

