

SYLLABUS

CertRM

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**LEADING TREASURY
PROFESSIONALS**

OVERVIEW

The Certificate in Risk Management provides the practical knowledge and skills needed to address everyday problems in corporate financial risk management, with clear understanding of the essential theories, principles and tools.

STUDY UNIT 1 Risk and its management

This study unit introduces risk, its fundamental importance to a company and the sorts of risk that investors expect companies to take. A risk management framework is introduced against a backdrop of corporate finance principles, providing an umbrella methodology for the management of risk and highlighting where different treatment is needed according to the nature of a particular risk.

STUDY UNIT 2 Financial market risk: interest Rates

No company can escape interest rate risk and this study unit focuses on how interest rate sensitivity and its impact varies according to the type of company and business environment. The study unit provides appropriate responses to each different set of circumstances, introducing the science of the yield curve and the many instruments available for managing interest rate risk, explaining when each might be used.

STUDY UNIT 3 Financial market risk: foreign exchange

This study unit explains the different types of foreign exchange risk that can affect a company and how each might be evaluated and responded to. It recognizes that foreign exchange risk may be fundamental to the company and that an appropriate response needs to be drawn up for each type of risk in the context of a company's broader business and shareholder objectives. It introduces instruments available for managing risk, together with techniques for their use, giving extensive choice to business managers on how to respond to foreign exchange risk.

STUDY UNIT 4 Financial risk: liquidity

All companies have liquidity risk (the risk of the inability to make required payments company wide as they fall due) and this risk arises from many different sources. The principles for managing liquidity risk are perhaps the most difficult to generalise (as companies' funding arrangements are very individual) but this unit takes an approach similar to that for other risks and provides a structured approach to the management of this particularly difficult but crucial risk.

STUDY UNIT 5 Other financial risks and issues

This study unit considers some other risk-related areas commonly managed by finance professionals. In the first section we consider the risk in the counterparties with whom companies deal, ranging from customers and suppliers to banks; the risks arising from changes in commodity prices (which have similarities and links to foreign exchange risk); and risks arising from obligations to meet pension payments in defined benefit pension schemes. The study unit concludes by looking at two final issues; the control of operational risk within treasury departments and external risk reporting requirements.

Study Unit 1 Risk and its management

Section 1.1 The risk management environment

- 1.1.1 The concept of risk
- 1.1.2 Types and sources of risk
- 1.1.3 Risk and the economic environment
- 1.1.4 Corporate governance and organisational structure
- 1.1.5 External reporting and accounting

Section 1.2 The risk management process

- 1.2.1 A risk management framework
- 1.2.2 Risk measurement tools and techniques

Study Unit 2 Financial market risk: interest Rates

Section 2.1 Interest rate markets and mathematics

- 2.1.1 Overview of the markets for interest bearing instruments
- 2.1.2 Interest rate mathematics
- 2.1.3 Time value of money and discounted cash flow analysis
- 2.1.4 Yield curve mathematics

Section 2.2 Identifying and analysing interest rate risk

- 2.2.1 Identifying and assessing interest rate risk
- 2.2.2 Evaluating interest rate risk

Section 2.3 Managing interest rate risk

- 2.3.1 Managing interest rate risk
- 2.3.2 Interest rate risk management Instruments: short term
- 2.3.3 Interest rate risk management Instruments: longer term

Study Unit 3 Financial market risk: foreign exchange

Section 3.1 Foreign exchange markets

- 3.1.1 Overview of the foreign exchange markets

Section 3.2 Identifying and analysing foreign exchange risk

- 3.2.1 Identifying and assessing foreign exchange risk
- 3.2.2 Evaluating foreign exchange rate risk

Section 3.3 Managing foreign exchange risk

- 3.3.1 Managing foreign exchange risk
- 3.3.2 Foreign exchange risk management instruments

Study Unit 4 Financial risk: liquidity

Section 4.1 Overview of liquidity markets

- 4.1.1 Sources of liquidity
- 4.1.2 Borrowing and investment principles

Section 4.2 Identifying and analysing liquidity risk

- 4.2.1 Identifying and assessing liquidity risk
- 4.2.2 Evaluating liquidity risk

Section 4.3 Managing liquidity risk

- 4.2.1 Managing liquidity risk

Study Unit 5 Other financial risks and issues

Section 5.1 Other financial risks

- 5.1.1 Credit and counterparty risk
- 5.1.2 Commodity price risk
- 5.1.3 Pension risk

Section 5.2 Other risk issues

- 5.2.1 Treasury operational risk and controls
- 5.2.2 External risk reporting