

Professional Qualification in

**Risk**

**Manage-**

**ment**

**With the increasing complexity of financial services in an ever-changing regulatory environment, risk management has become more important than ever before. Effective risk management today is a necessity not only for banks, but also for diverse players across the fund industry. ALRiM, the Luxembourg association of risk management professionals, and the IFBL have therefore developed a certifying training programme in risk management.**

**By taking the training courses described in this brochure and passing the corresponding exams, candidates will receive the certificate Risk Management Specialist, which will be issued jointly by ALRiM and the IFBL.**

## **TARGET AUDIENCE**

The target audience for the certified programme is not only risk managers, but also professionals and managers from other areas of financial services who want to acquire a solid understanding of risk management. For current and future risk managers, the ALRiM/IFBL programme can serve as a good preparation for an international risk management certification, such as the GARP Financial Risk Manager (FRM) programme.

## **CERTIFICATION**

To obtain the Risk Management Specialist certificate, candidates must complete a total of 11 days of risk management training and pass the exam for each course taken. Candidates will have a choice of specialising in banking or the investment fund industry. The following diagram outlines the courses required for the Risk Management Specialist certificate.

01

# Foundation Course

(required)

M1 RISK MANAGEMENT  
(1 DAY)

02

## Core courses

(required)

M2 MARKET RISK  
(2 DAYS)

M2 CREDIT/COUNTERPARTY  
RISK (2 DAYS)

M2 OPERATIONAL RISK  
(2 DAYS)

03

## Specialisation courses

(choose one orientation)

Risk Management Specialist  
orientation **BANKING**

Risk Management Specialist  
orientation **FUND INDUSTRY**

M3 ASSET AND LIABILITY MANAGEMENT  
(2 DAYS)

M3 RISK MANAGEMENT IN INVESTMENT  
FUNDS (2 DAYS)

M3 LIQUIDITY RISK FOR BANKS  
(2 DAYS)

M3 LIQUIDITY RISK FOR FUNDS  
(2 DAYS)

Anyone who does not wish to take all the courses of the complete certification programme is welcome to attend any course as a single unit (with or without the exam).

# Training Courses

## 01 Foundation Course

### M1 RISK MANAGEMENT (ENGLISH VERSION)

#### Fundamentals of Risk Management

### M1 RISQUES FINANCIERS (FRENCH VERSION)

#### Principes fondamentaux des risques financiers

In the wake of multiple financial crises, risk management has become essential. Today practically every provider of financial services is concerned about the multitude of risks that it must manage. Understanding the wide range of risks in financial services is no easy task. The main objective of this course is to provide participants with a theoretical and practical foundation in risk management for financial services. By the end of the course, participants will be able to:

- Define risk and the responsibilities of risk managers in financial services
- Describe the main types of financial risks
- Understand the international regulatory environment for risk management
- Explain the basic characteristics of:
  - Market risk
  - Credit risk
  - Operational risk
  - Liquidity risk
- Understand how risk is measured
- Describe the organisational aspects of risk management

**Recommended prerequisites: None**

## 02 Core Courses

### M2 MARKET RISK

#### Measuring and Managing Market Risk

Market risk is a vast area that focuses on the chance that an investment's value will change as a result of forces in the marketplace. Managing those forces and the interaction between them is the core of market risk management. The objective of this course is to provide participants with a good understanding of market risk and how to manage it. By the end of the course, participants will be able to:

- Define market risk and explain its evolution
- Describe and understand the basic components of market risk:
  - Interest rate risk
  - Foreign exchange risk
  - Equity risk
  - Commodities risk
- Understand the interaction between market risk and other risks
- Evaluate the market risk of derivatives and portfolios
- Understand and apply risk factors, valuation models and normal distribution calculations

- Explain the use of value at risk (VaR) in measuring and managing market risk
- Understand other methods and tools for managing market risk

**Recommended prerequisites: M1 Risk Management**

## **M2 CREDIT/COUNTERPARTY RISK MANAGEMENT**

### **Measuring and Managing Credit/Counterparty Risk**

Credit risk is the oldest form of risk in financial markets. Although credit risk has existed since antiquity, we still have not perfected the way in which we manage it, as witnessed by the high-profile losses that are often reported in the press. This course provides participants with a good understanding of credit/counterparty risk and the methods for managing it effectively. By the end of the course, participants will be able to:

- Understand the fundamental concepts of credit/counterparty risk
- Identify the different areas belonging to credit/counterparty risk
- Describe the international regulatory environment for credit/counterparty risk, particularly the Basel Accord
- Understand the basic components of credit/counterparty risk:
  - Probability of default
  - Exposure at default
  - Loss given default
- Evaluate and understand internal and external ratings
- Understand value at risk (VaR) and its use in measuring credit/counterparty risk
- Explain the counterparty risk for derivatives, particularly over-the-counter derivatives (e.g., credit default swaps)
- Describe different portfolio models for credit/counterparty risk

**Recommended prerequisites: M1 Risk Management**

## **M2 OPERATIONAL RISK MANAGEMENT**

### **Measuring and Managing Operational Risk**

Operational risk is the “risk of loss resulting from inadequate or failed internal processes, people and systems or from external events” (Basel Accord). Because operational risk impacts practically every area of financial services, it has become an important area of focus among financial service professionals. This course provides participants with a good understanding of operational risk and how to manage it. By the end of the course, participants will be able to:

- Define operational risk in accordance with market standards
- Understand the regulatory environment for managing operational risk
- Identify and categorise the different causes of operational risk in financial services
- Assess the potential impact of diverse operational risks
- Understand different quantitative and qualitative approaches to managing operational risk
- Appreciate the importance and use of an operational risk incident database
- Identify different means of mitigating operational risk
- Understand different ways of organising an operational risk management function

**Recommended prerequisites: M1 Risk Management**

# Specialisation: Risk Management in Banking

## M3 ASSET & LIABILITY MANAGEMENT

### Mastering Asset & Liability Management

Every company must manage the delicate balance between its assets and its liabilities. For banks, asset and liability management is crucial for managing risk and ensuring an optimal level of liquidity. This course provides participants with a good understanding of how banks use asset and liability management (ALM) to reduce and manage a variety of risks. By the end of the course, participants will be able to:

- Understand the components of ALM
- Appreciate the importance of the assets and liabilities committee (ALCO) and other organisational aspects of ALM
- Distinguish between strategic ALM and operational ALM
- Evaluate interest rate risk in the context of ALM
- Conduct different types of analyses, such as a gap analysis, a duration and basis point value (BPV) analysis, liquidity gap analysis
- Analyse the impact of foreign exchange risk
- Understand non-maturing liabilities
- Describe how to implement an ALM system
- Apply value at risk (VaR) calculations in the context of ALM
- Understand fund transfer pricing systems

**Recommended prerequisites: M1 Risk Management; M2 Credit/Counterparty Risk; M2 Market Risk; M2 Operational Risk**

## M3 LIQUIDITY RISK FOR BANKS

### Mastering Liquidity Risk Management for Banks

Many market observers described the sub-prime crisis and its consequences as a liquidity crisis. In the wake of the financial crisis, liquidity risk has become a major area of focus. For some experts, it is even considered a primary financial risk. This course provides a detailed look at liquidity risk in the banking world. By the end of the course, participants will be able to:

- Understand how liquidity risk impacts banks and its importance for ALM
- Evaluate the lessons learned from recent liquidity crises
- Understand how banks measure, control and stress-test the liquidity of their assets
- Understand how banks manage asset liquidity risk and funding liquidity risk
- Evaluate liquidity from a qualitative and a quantitative perspective
- Understand and develop a contingency funding plan
- Evaluate the Basel III regulatory framework for dealing with liquidity risk
- Appreciate “best practices” in the market for managing liquidity risk

**Recommended prerequisites: M1 Fundamentals of Risk Management; M2 Credit/Counterparty Risk; M2 Market Risk; M2 Operational Risk**

# Specialisation: Risk Management in the Investment Fund Industry

## M3 RISK MANAGEMENT IN INVESTMENT FUNDS

### Mastering Risk Management in Investment Funds

Although in the past risk management focused primarily on banking, it has recently become a crucial component of the investment fund industry. Following changes in the UCITS Directive, the Alternative Investment Fund Managers Directive and numerous CSSF circulars, players in the investment fund industry are now required to manage risk professionally on the same level as banks. This course provides a detailed analysis of the many aspects of risk management in the investment fund industry. By the end of the course, participants will be able to:

- Understand the context and regulatory environment of risk management in investment funds
- Analyse the impact of market risk on investment funds and understand how market risk in funds is managed
- Understand credit/counterparty risk in the fund world and how it is managed
- Appreciate how liquidity risk impacts investment funds and the measures applied by funds to manage liquidity risk
- Evaluate the operational risks faced by investment funds and the possibilities for mitigating those risks
- Understand the regulatory environment for risk management in investment funds (e.g., UCITS IV, the circular 11/512, AIFMD)

**Recommended prerequisites: M1 Risk Management; M2 Credit/Counterparty Risk; M2 Market Risk; M2 Operational Risk**

## M3 LIQUIDITY RISK FOR FUNDS

### Mastering Liquidity Risk Management for Investment Funds

Many market observers described the sub-prime crisis and its consequences as a liquidity crisis. In the wake of the financial crisis, liquidity risk has become a major area of focus. For some experts, it is even considered a primary financial risk. This course provides a detailed look at liquidity risk in the investment fund industry. By the end of the course, participants will be able to:

- Understand how liquidity risk impacts investment funds
- Evaluate the lessons learned from recent liquidity crises
- Understand the difference between asset liquidity risk and funding liquidity risk for investment funds
- Define a liquidity risk management framework and understand the principles of integrating it into the global risk management framework
- Evaluate the regulatory environment for funds to deal with liquidity risk
- Understand the impact of liquidity risk on fund performance
- Analyse the impact of portfolio composition on liquidity risk in funds
- Evaluate liquidity from a qualitative and a quantitative perspective (including examples of different approaches)
- Understand how funds manage the liquidity of their assets through funding and other methods
- Appreciate the use of stress testing in the fund market for managing liquidity risk

**Recommended prerequisites: M1 Risk Management; M2 Credit/Counterparty Risk; M2 Market Risk; M2 Operational Risk**

# Practical Information

## DATES AND PRICES

Course	Dates 2014	Duration (hrs)	Price*
M1 Risk Management	13.03 - 02.10	8	€ 195,-
M1 Risques financiers	04.03 - 24.09	8	€ 195,-
M2 Market Risk	18 & 19.03 - 13 & 14.10	16	€ 505,-
M2 Credit/Counterparty Risk	02 & 03.04 - 21 & 22.10	16	€ 505,-
M2 Operational Risk	28 & 29.04 - 05 & 06.11	16	€ 505,-
M3 Asset and Liability Management	01 & 02.07 - 08 & 09.12	16	€ 635,-
M3 Liquidity Risk for Banks	12 & 13.05 - 03 & 04.12	16	€ 635,-
M3 Risk Management in Investment Funds	03 & 04.06 - 20 & 21.11	16	€ 635,-
M3 Liquidity Risk for Funds	16 & 17.06 - 25 & 26.11	16	€ 635,-
Exam session M1	at the discretion of the candidate**	1 hour	€ 40,-
Exam session M2 / M3	at the discretion of the candidate**	1 1/2 hours	€ 45,-

(\* IFBL member companies as well as ALRiM members automatically benefit from a 20% discount under the provision that the membership is clearly stated on the registration form. The IFBL reserves the right to require a proof.

(\*\*) every Tuesday and the last Thursday of each month are possible)

## COURSE SCHEDULES

8:30 to 12:30 a.m. / 1:30 to 5:30 p.m.

## LANGUAGE

All the courses are taught in English. For the module M1 a French session is offered as well.

## TRAINING LOCATION

Centre de Formation IFBL/Chambre de Commerce  
7, rue Alcide de Gasperi, L-1615 Luxembourg

An underground parking (paying) is available in the building. Several buses stop nearby.  
Details are to be found on [www.mobiliteit.lu](http://www.mobiliteit.lu)

## REGISTRATIONS

Registrations are to be made using the registration form, which can be downloaded from [www.ifbl.lu](http://www.ifbl.lu) ("outils- téléchargements" in the main menu). Completed forms should be sent to the IFBL either by fax (46 50 19) or by e-mail to the following address:

IFBL

B.P. 13

L-2010 Luxembourg

E-mail: [customer@ifbl.lu](mailto:customer@ifbl.lu)

Enrolments have to be submitted at the latest 5 days prior to the beginning of the course. Our general conditions are applicable.

Please note that registrations on a private basis are only acceptable through the IFBL Web site (online registration and payment).

# Registration form

**REGISTRATION ON A PROFESSIONAL BASIS** (private registrations are only accepted through our website [www.ifbl.lu](http://www.ifbl.lu))

**For courses and/or examinations**

Name of the course \_\_\_\_\_ Date (start) \_\_\_\_\_ Date for chosen exam session (\*) (\*\*)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(\*) The dates published on our website have to be selected with a range of minimum 10 working days before the dispatching date of the registration form.

(\*\*) The presentation of a valid ID is required on the examination day.

## PARTICIPANT

### Compulsory indications

F  M

Name \_\_\_\_\_

First name \_\_\_\_\_

Date of birth \_\_\_\_\_

E-mail \_\_\_\_\_

Member in the partner association  ACA  ACI  ADA  ALCO  ALRiM  ICMA  IIA  ILA

### Optional indications

Home address (street) \_\_\_\_\_

Home address (town) \_\_\_\_\_

Mobile \_\_\_\_\_

## EMPLOYER

### Indications to be delivered with each registration

Name \_\_\_\_\_

The employer declares to have read and accepted the presently applicable general conditions of the IFBL.

Date and signature \_\_\_\_\_

Stamp of the company \_\_\_\_\_

### INDICATIONS TO BE DELIVERED ONLY WITH THE FIRST REGISTRATION MADE BY AN EMPLOYER\*

Name of the company \_\_\_\_\_

Street \_\_\_\_\_

P.O. Box \_\_\_\_\_

Postal code & town \_\_\_\_\_

Postal code & town \_\_\_\_\_

Member IFBL  Member ACA  Member ALFI  Member ICMA  Member ILA

**NOTIFICATIONS** to be sent to the following persons:

Include participant  YES  NO

Registrations \_\_\_\_\_

Phone/E-mail \_\_\_\_\_

Examinations \_\_\_\_\_

Phone/E-mail \_\_\_\_\_

Invoices \_\_\_\_\_

Phone/E-mail \_\_\_\_\_

\*These indications will serve for all future registrations from the same employer. Any modification has to be sent in writing. The collected data is processed in accordance with the regulations set out by the law of 2 August 2002 on the protection of persons with regard to the processing of personal data.

# General conditions

## Registration procedure

In order to ensure maximum flexibility, unless otherwise indicated, the IFBL offers separate registration for training courses and examinations. In most cases, it is thus possible to register for a course, without taking the examination, or on the contrary, register for an examination in order to have your knowledge tested, without having attended the course. However, for advanced training courses, the IFBL reserves the right to require presentation of a dossier or some other evidence to ensure participants have the necessary basic knowledge.

### Registration on a professional basis (payable by the employer):

You can register in any of the following ways:

- complete and return the registration form
  - by e-mail (scanned form to be returned to [customer@ifbl.lu](mailto:customer@ifbl.lu))
  - by fax (46 50 19)
  - by post (B.P. 13, L-2010 Luxembourg)

Each registration form must contain the following information: course name, date of the session, participant's forename, surname and e-mail address, mobile number (optional), employer's name, billing address (if different from default data, see under "Notifications").

For training courses offered in collaboration with the professional associations with which the IFBL has entered into a partnership, members of those associations can enjoy a discount off training courses organised in collaboration with that partner association. In order that these discounts can be granted, the employer's or participant's membership must be indicated on the registration form. The IFBL reserves the right to require proof.

Registrations must reach the IFBL at least five working days before the start of the course.

The IFBL reserves the right to rejection registration forms if the information is incomplete or supplied once the additional time allowed for providing full information has expired.

### Private registrations (payable by the private individual):

Private registrations are only accepted online and by electronic payment. They must be submitted, approved and paid for by electronic means at least five working days before the start of the course.

## Notifications

On first contact, every employer registering employees for IFBL training courses must provide us with the following information:

- Name and address of the company.
- Name, e-mail address and telephone number of the person the IFBL may contact with regard to registrations: "Registrations Contact".
- "Notifications": Name and e-mail address of the person to whom the IFBL should send its notifications relating to registrations (confirmations, cancellations...). These e-mails may be sent to the employer or the participant, or both. Once the preference has been selected, it will apply to all registrations from that company until otherwise instructed in writing.
- "Examination": Name and e-mail address of the person to whom the IFBL should send its notifications relating to examination results. These e-mails may be sent to the employer or the participant, or both.
- "Invoices": Name and e-mail address of the person to whom the IFBL should send invoices. By default, the address of the initial registration contact will be used for all communications. Any change must be notified in writing to our Customer Service Department.

## Terms of payment

For registrations on a professional basis, our invoices will be e-mailed, separately from the course confirmation, to the billing address indicated on the registration form. They will not be signed.

If a specific billing address is not given to us, the invoice will be sent to the normal notification address. Other than for an input error on our part, requests to correct the billing address received after the invoice has been raised will entail an extra administration charge of 25.00 EUR.

Applications for discounts on attendance fees for a course organised in partnership with an association of which the employer or participant are members will not be accepted unless that information was provided at the time of registration.

As a general rule, payment should be made on the basis of that invoice within 30 working days of receipt.

Any disputes will only be entertained within five working days of receipt of the invoice. Private enrolments are only accepted by on-line enrolment and electronic payment.

## Cancellation conditions

### Cancellation of an enrolment for a course

All cancellations must be advised in writing. Unless a medical certificate is provided, for cancellations received less than five working days before the start of the course, we will be obliged to invoice the full amount. Any cancellation received before that time limit will be invoiced at 20% of the VAT exclusive price of the course, with a minimum of 50 EUR and a maximum of 1,200 EUR.

It is possible to defer an enrolment, free of charge, to another scheduled session of a training course on the programme provided a written request reaches us at least five working days before the start of the original course. It is possible to replace one participant with another at any time before the start of the course at no additional cost. This must be notified to us in writing.

The IFBL reserves the right to defer or cancel a course for organisational reasons or in the event of force majeure.

### Cancellation of registration for an examination

Deferrals must be advised in writing. All deferral requests received by our Customer Service 5 working days before the examination date are free of charge. It is not possible to replace one candidate with another.

## Course media and copyright

The documentation used in our courses represents course media. It will be distributed to course members only and may not be sold, copied or divulged in any other way.

## Data confidentiality

By signing the registration form, the company guarantees that it has obtained the participant's permission to communicate his personal data for data processing purposes. The company also guarantees that the participant has been informed of who that information will be given to: the employer, the tutor and, if appropriate, any training institutions collaborating with the IFBL.

These general terms and conditions will come into force on 1<sup>st</sup> January 2012. Any subsequent amendments will be published on our website.

## CONTACT

IFBL - Customer Service  
B.P. 13, L-2010 Luxembourg  
T. 46 50 16-1 | F. 46 50 19 | [customer@ifbl.lu](mailto:customer@ifbl.lu)  
[www.ifbl.lu](http://www.ifbl.lu)