

## Level I - Curriculum

### Topic 01

#### Foundations OF Risk Management (FRM)

**Summary:** This area focuses on your knowledge of foundational concepts of risk management and how risk management can add value to an organization. The broad areas of knowledge covered in Foundations-related readings includes:

- Basic risk types, measurement and management tools
- Creating value with risk management
- The role of risk management in corporate governance
- Enterprise Risk Management (ERM)
- Financial disasters and risk management failures
- The Capital Asset Pricing Model (CAPM)
- Risk-adjusted performance measurement
- Multi-factor models
- Information risk and data quality management
- Ethics and the GARP Code of Conduct

Weight: 20%

### Topic 02

#### Quantitative Analysis (QA)

**Summary:** This area tests your knowledge of basic probability and statistics. The broad areas of knowledge covered in readings related to Quantitative Analysis:

- Discrete and continuous probability distributions
- Estimating the parameters of distributions
- Population and sample statistics
- Bayesian analysis
- Statistical inference and hypothesis testing
- Correlations and copulas
- Estimating correlation and volatility using EWMA and GARCH models
- Volatility term structures
- Linear regression with single and multiple regressors
- Time series analysis – Simulation methods

Weight: 20%

### Topic 03

#### Financial Markets And Products (FMP)

**Summary:** This area tests your knowledge of financial products and the markets in which they trade, more specifically, the following knowledge areas:

- Structure and mechanics of OTC and exchange markets
- Structure, mechanics, and valuation of forwards, futures, swaps and options
- Hedging with derivatives
- Interest rates and measures of interest rate sensitivity
- Foreign exchange risk
- Corporate bonds
- Mortgage-backed securities
- Rating agencies

Weight: 30%

### Topic 04

#### Valuation And Risk Models (VRM)

**Summary:** This area tests your knowledge of valuation techniques and risk models. This includes the following broad areas of knowledge:

- Value-at-Risk (VaR) Expected shortfall
- Stress testing and scenario analysis
- Option valuation
- Fixed income valuation
- Country and sovereign risk models and management
- External and internal credit ratings
- Expected and unexpected losses
- Operational risk

Weight: 30%