CMLRM CERTIFICATE IN MARKET AND LIQUIDITY RISK MANAGEMENT

Day 1

Introduction to Market Risk

→ Scope of the trading book

→ Definition and application of market risk

→ Overview of market risk limits and volatility

→ Market risk management organizational structure and governance

→ Terminology for risk, hedging, and capital

→ Boundary between trading and banking book

→ Trading desk definition

→ Restrictions on moving instruments between banks

→ Treatment of internal risk transfers

Standardized approach for capital

→ General provisions and structure

→ Definition of correlation trading portfolio

→ Sensitivities-based method main concepts

→ Capital calculations, risk factors and sensitivities

→ Delta, vega, and curvature risk weights and correlations

Standardized default risk capital

→ Main concepts and instruments

→ DRC calculation requirement

→ Securitization and non-securitization treatment

→ Residual risk add-on

Simplified standardized approach

→ RWA and capital calculations

→ Interest rate, equity, FX, and commodities

→ Treatment of options

→ Reporting processes and functions

Day 2

Internal Models Approach Overview

→ General criteria and qualitative standards

→ Model validation and stress testing

→ Model requirements and eligibility of risk factors

Backtesting and P&L attribution test

→ Testing requirements

→ Treatment for exception situations

→ Trading desk-level and bank-wide

IMA Capital requirements calculation

→ Expected shortfall

→ Non-modellable risk factors (NMRF)

→ Default risk capital

→ Capital aggregation

Trading Risk Stress testing techniques

→ Portfolio-level stress testing

→ Business-specific stress tests

→ Scenario design and construction

→ Securitization treatment

→ Secured Finance Transactions (SFTs)

Day 3

Interest Rate Risk in the Banking Book Overview

→ Current treatment of interest rate risk

→ Economic value and earnings-based measures

→ Pillar I and Pillar II approaches

→ Banking and supervisory principles

→ Available for Sale securities

Minimum capital requirements for interest rate risk in the banking book

→ Criteria for standardized approach

→ Minimum capital requirements computation

→ Interest rate shock scenario design

→ Treatment of indeterminate maturities

→ Treatment of behavioral options

Metrics Overview

→ Economic Value of Equity (EVE)

→ Earnings at Risk approach

→ Basis risk and non-parallel gap risk

→ Minimum capital requirements

Pillar II capital treatment for IRRBB

→ High-level principles

→ Governance structure

→ Risk appetite

→ Stress and shock scenarios

Day 4

Liquidity Risk Management

→ Overview of recent liquidity risk crises, and the need for regulation on liquidity risk

→ Liquidity Risk Measurement: The Liquidity Coverage Ratio (LCR)

• Overview of High-Quality Liquid Asset (HQLA) definition, and Tier 1, 2A, and 2B categories

• Net Cash Outflow calculation and components of inflow and outflow discount factors

→ Liquidity Risk Measurement: Net Stable Funding Ratio (NSFR)

• Definition of Available Stable Funding and categories of factors

• Required Stable Funding, and categories of asset factors

→ Gap reports, and Stress testing approaches for liquidity risk

→ Liquidity risk governance, risk tolerances, and risk limit setting

→ Contingency Funding Plans

→ Intraday risk measurement, management, limits, and stress testing

→ Funds transfer pricing for liquidity risk

Day 5

Leverage Ratio, Risk-Based Capital Ratio and Risk Weighted Assets

→ Overview of Leverage ratio and Supplemental Leverage Ratio (SLR)

• Required Tier I capital ratios

• Categorization of leverage exposures

• On and off-balance sheet considerations and approach to contingent exposures

→ Risk-Based Capital Ratio and Risk Weighted Assets / RWA

• Required capital levels for total capital, Tier 1, and risk-based capital definition

• Credit risk for loan portfolio, securitizations, traded products, secured finance, including CVA for derivative products

→ Market risk including VaR, stress VaR, incremental default risk charge, equity exposures

→ Operational risk requirements

→ Central clearing counterparty implications for capital requirements

Key Elements in Basel III

→ Contrast of Basel III to Basel II and Basel IIa

→ Elements of counterparty risk, CVA, DVA, and wrong-way risk

→ Asset value correlations (AVC)

→ Collateral treatment

Capital Adequacy under Basel III

→ Minimum capital ratios to achieve regulatory requirements

→ Leverage ratios and definitions of Tier 1, and tangible common equity ratio requirements

→ Global Systematically Important Financial Institution buffers

→ Countercyclical buffer requirements

Supervisory and external disclosure requirements