FRM Part 2 Syllabus

Market Risk Management (25%)

- Fixed-income interest rate sensitivities
- Volatility exposures
- Value-at-Risk (VaR) and back testing VaR
- Expected shortfall (ES)
- Correlations and copulas
- Parametric and non-parametric estimation methods
- Extreme value theory (EVT)
- Exotic options and mortgage-backed securities

Credit Risk Management (25%)

In this section, aspirant's understanding of credit risk management is checked. Lay emphasize on topics like finance and credit products to score well.

- Counter party risk
- Default risk and methodologies

Operational and Integrated Risk Management (25%)

- Coverage of the tools and techniques necessary to measure, manage, and mitigate operational risk
- Economic capital allocation
- Enterprise risk management (ERM)
- Knowledge of critical issues related to liquidity risk management, model risk, loss data modelling and IT infrastructure, stress testing, and risk appetite

Risk Management and Investment Risk Management (15%)

- Risk management techniques applied to investment management process
- Portfolio construction and performance analysis
- Risk budgeting and portfolio and component VaR
- Issues related to hedge funds and private equity investments

Current Issues in Financial Markets (10%)

- Sovereign Risk and Financial Crisis
- Flash Crash
- Financial Innovation and Its Issues