

Professional Qualification in **Risk Management**

Effective risk management today is a necessity not only for banks, but also for various players across the fund industry. ALRiM, the Luxembourg Association for Risk Management, and the House of Training have therefore developed a comprehensive training programme in risk management. The programme provides a professional qualification for risk management in both banking and investment funds. The ALRiM/ House of Training Risk Management Programme has been revised extensively and updated for 2017.



IN COLLABORATION WITH



HOUSE OF TRAINING



PARTNERS

HOUSE OF TRAINING

Formally established in 2015, the House of Training brings together, under a single roof, two training institutes renowned for their expertise and their vast offerings in the field of continuing vocational training in Luxembourg. These institutions are the « Luxembourg School for Commerce (LSC) », training institute of the Chamber of Commerce, and the « Institut de Formation Bancaire, Luxembourg » (IFBL), training institute of the Luxembourg Bankers' Association (ABBL). The Financial Technology Transfer Agency (ATTF) also has joined the House of Training on 1st January 2016, bringing with it a significant international dimension.

www.houseoftraining.lu

ALRiM

ALRiM, the Luxembourg Association for Risk Management, has been dedicated to developing risk management in Luxembourg and internationally since its foundation on July 1, 1997 under the name of "PRiM". ALRiM is a non-profit organisation (association sans but lucratif), the members of which are professionals with an interest in risk management. With the support of its members and its board of directors, ALRiM meets its objective of developing risk management through a variety of activities.

www.alrim.lu

Programme overview

The programme covers three levels of sophistication, each of which comprises several training courses.

The knowledge and professional competencies of programme participants are evaluated through written examinations on the material covered in each course.

To obtain the certification Risk Management Specialist, candidates must complete 13 days of training in risk management and pass the exam for each course.

After completing the foundation of the programme, participants must choose an area of specialisation, which can be banking or investment funds.

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).

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01. FOUNDATION LEVEL (required)

Risk Management - Fundamentals

02. INTERMEDIARY LEVEL (required)

Market Risk -
Measuring and Managing it

Credit/Counterparty Risk -
Measuring and Managing it

Operational Risk Management -
Measuring and Managing it

Liquidity Risk -
Measuring and Managing it

03. ADVANCED LEVEL (required)

> SPECIALISATION IN BANKING:

Asset and Liability Management -
Mastering it

Risk Management - Regulation for Banks -
Mastering it

> SPECIALISATION IN INVESTMENT FUNDS:

Risk Management for UCITS Funds -
Mastering it

Risk Management for Alternative Funds -
Mastering it

04. SPECIFIC COURSE/ SEMINAR

Risk Management for Fund Directors and Conducting Officers

Courses in detail

› FOUNDATION LEVEL

Risk Management - Fundamentals

Prerequisites: None

01.

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.

TARGET AUDIENCE

This training course has been designed for a broad audience, i.e. for anyone wishing to acquire fundamental knowledge in risk management.

CONTENTS

By the end of this one-day 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

EXAMINATION

The knowledge acquired from this course can be validated by means of a written examination. The examination consists of true/false and multiple-choice questions. To pass the exam, a candidate must achieve a score of at least 50% of the total points on the exam.

A man in a dark suit and glasses stands on the left side of the image, holding a tablet. He is smiling and looking towards the right. The background is a modern office interior with large windows and glass railings. The text is overlaid on the right side of the image.

Although in the past
risk management
focused primarily
on banking, it has
recently become a
**crucial component
of the investment
fund industry.**

> **INTERMEDIARY LEVEL** (required)**Market Risk -
Measuring and
Managing it****Prerequisites:**
Risk Management

02.

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.

TARGET AUDIENCE

This training course has been designed for anyone who already has good knowledge of risk management and who wishes to acquire a solid understanding of market risk.

CONTENTS

By the end of this two-day 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

EXAMINATION

The knowledge acquired from this course can be validated by means of a written examination. The examination consists of true/false and multiple-choice questions. To pass the exam a candidate must achieve a score of at least 50% of the total points on the exam.

Credit/ Counterparty Risk - Measuring and Managing it

Prerequisites:
Risk Management

02.

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.

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TARGET AUDIENCE

This training course has been designed for anyone who already has good knowledge of risk management and who wishes to acquire a solid understanding of credit and counterparty risk.

CONTENTS

By the end of this two-day 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

EXAMINATION

The knowledge acquired from this course can be validated by means of a written examination. The examination consists of true/false and multiple-choice questions. To pass the exam a candidate must achieve a score of at least 50% of the total points on the exam.

Operational Risk Management - Measuring and Managing it

Prerequisites:
Risk Management

02.

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.

TARGET AUDIENCE

This training course has been designed for anyone who already has good knowledge of risk management and who wishes to acquire a solid understanding of operational risk.

CONTENTS

By the end of this two-day 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

EXAMINATION

The knowledge acquired from this course can be validated by means of a written examination. The examination consists of true/false and multiple-choice questions. To pass the exam, a candidate must achieve a score of at least 50% of the total points on the exam.

Liquidity Risk - Measuring and Managing it

Prerequisites:
Risk Management

02.

Since the Financial Crisis of 2008, which is often described as a liquidity crisis, liquidity risk has become a major area of focus in risk management. Many of the changes in Basel III target liquidity risk and how banks can protect themselves against it. The purpose of this two-day course is to provide participants with a good understanding of liquidity risk and how to manage it.

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TARGET AUDIENCE

This training course has been designed for anyone who already has good knowledge of risk management fundamentals and who wishes to acquire a practical understanding of liquidity risk.

CONTENTS

By the end of this two-day course, participants will be able to:

- › Understand the various forms of liquidity risk and their sources
- › Analyse funding and asset liquidity risk
- › Judge the impact of governance and organisational structure on liquidity risk
- › Apply the most common methods for measuring liquidity risk
- › Develop a contingency funding plan
- › Evaluate the regulatory environment for liquidity risk in banks and investment funds
- › Understand the changes in Basel III regarding liquidity risk

EXAMINATION

The knowledge acquired from this course can be validated by means of a written examination. The examination consists of true/false and multiple-choice questions. To pass the exam, a candidate must achieve a score of at least 50% of the total points on the exam.



**Every company
must manage
the delicate
balance
between its
assets and its
liabilities.**

› **ADVANCED LEVEL** (required)
SPECIALISATION IN BANKING

Asset & Liability Management Mastering it

Prerequisites:

Risk Management;
Credit/Counterparty Risk;
Market Risk;
Operational Risk
Liquidity Risk

03.

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.

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TARGET AUDIENCE

This training course has been designed for anyone who already has good knowledge of risk management and who wishes to acquire a solid understanding of ALM.

CONTENTS

By the end of this two-day 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

EXAMINATION

The knowledge acquired from this course can be validated by means of a written examination. The examination consists of true/false and multiple-choice questions. To pass the exam, a candidate must achieve a score of at least 50% of the total points on the exam.

Risk Management Regulation for Banks

Prerequisites:

Fundamentals of Risk Management;
Credit/Counterparty Risk;
Market Risk;
Operational Risk
Liquidity Risk

03.

Although closely related, risk management and regulation are quite different. Risk management takes place within an individual organisation and aims to identify, measure and mitigate risks before they become losses. Regulations are normally created, implemented and enforced by public authorities for the benefit of an entire country or region. This course explores the interaction of regulation and risk management with a particular focus on the work of the Basel Committee on Banking Supervision, which serves as an important foundation for regulating risk and risk management in banks.

TARGET AUDIENCE

This training course has been designed for anyone who already has good knowledge of risk management fundamentals and who wishes to acquire a solid understanding of the interaction between risk management and regulation.

CONTENTS

By the end of this two-day course, participants will have a good understanding of:

- › Risk and regulation
- › The Basel Committee on Banking Supervision
- › The international regulatory environment for risk management
- › Risk management, the Basel Accord and how to manage:
 - Credit risk
 - Market risk
 - Operational risk
 - Liquidity risk
- › Regulating risk in financial services
- › Future trends in risk and regulation

EXAMINATION

The knowledge acquired from this course can be validated by means of a written examination. The examination consists of true/false and multiple-choice questions. To pass the exam, a candidate must achieve a score of at least 50% of the total points on the exam.

› **ADVANCED LEVEL** (required)
SPECIALISATION IN INVESTMENT FUNDS:

Risk Management for UCITS Funds Mastering it

Prerequisites:

Risk Management;
Credit/Counterparty Risk;
Market Risk;
Operational Risk;
Liquidity Risk

03.

Risk management as a dedicated discipline covering a wide range of problems is relatively new in the fund industry. Since UCITS III, risk management for UCITS funds has extended its focus and become increasingly sophisticated. This course provides participants with an in-depth understanding of the different types of risks that are most threatening for UCITS funds and how they can be identified, measured and managed.

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TARGET AUDIENCE

This training course has been designed for anyone who already has good knowledge of risk management fundamentals and who wishes to acquire a solid understanding of how risk in UCITS funds is managed.

CONTENTS

By the end of this two-day course, participants will be able to:

- › Describe risk in the markets for UCITS funds
- › Analyse the different aspects of market risk and their impact on UCITS funds, including:
 - Portfolio risk
 - Systematic vs. unsystematic risk
 - Global exposure
- › Use different methods for evaluating market risk in funds, e.g., Sharpe Ratio, value at risk, alpha/beta
- › Measure and manage credit risk in UCITS funds
- › Measure and manage liquidity risk in UCITS funds
- › Evaluate operational risk in the operation of UCITS funds
- › Understand the risk reporting requirements for UCITS funds
- › Judge the current trends that will shape the future of UCITS funds

EXAMINATION

The knowledge acquired from this course can be validated by means of a written examination. The examination consists of true/false and multiple-choice questions. To pass the exam, a candidate must achieve a score of at least 50% of the total points on the exam.

Risk Management for Alternative Funds Mastering it

Prerequisites:

Risk Management;
Credit/Counterparty Risk;
Market Risk;
Operational Risk
Liquidity Risk

03.

The publication of the Alternative Investment Fund Managers Directive (AIFMD) was a significant turning point for alternative funds in Europe. Since the publication of the AIFMD, interest in alternative funds has increased considerably. Despite this trend, the characteristics of risk management for alternative funds are not widely known. This course analyses risk management for alternative funds to give participants a good understanding of how risk in alternative funds is identified, measured and managed.

TARGET AUDIENCE

This training course has been designed for anyone who already has good knowledge of risk management fundamentals and who wishes to acquire a solid understanding of how risk in alternative funds is managed.

CONTENTS

By the end of this two-day course, participants will be able to:

- › Describe alternative funds and the risks that are most threatening for them
- › Understand the fundamental concepts that increase risk in alternative funds (e.g., leverage, short selling, hedging, arbitrage, absolute performance, illiquid assets)
- › Describe the main risks that hedge funds face, including:
 - Market risk and hedge fund investment strategies
 - Risks deriving from short selling, high leverage, derivatives, arbitrage and others
 - Operational risks related to NAV calculation for hedge funds, performance fees, equalisation, side pockets, gating
- › Understand risk management for alternative funds with illiquid assets, i.e., real estate funds and private equity funds, including
 - Investment strategies
 - Managing and valuing assets
 - Safekeeping assets
 - Quantitative/qualitative risk assessment
 - Operations for alternative funds with illiquid assets
 - Risk reporting for alternative funds» to the higher bullet level.
- › Evaluate the trends that will shape the future of risk management for alternative funds

EXAMINATION

The knowledge acquired from this course can be validated by means of a written examination. The examination consists of true/false and multiple-choice questions. To pass the exam, a candidate must achieve a score of at least 50% of the total points on the exam.

Risk Management for Fund Directors and Conducting Officers

04.

TARGET AUDIENCE

People working in the fund industry who want to acquire a good understanding of fund governance, the roles and responsibilities of fund directors and conducting officers

CONTENTS

By the end of this one-day course, participants will have a good understanding of:

- › Basic principles of fund governance for risk management
- › Roles and responsibilities of fund directors and conducting officers regarding risk management
- › Impact of regulatory differences between UCITS funds and alternative funds for fund directors
- › Risk reporting requirements for UCITS funds and alternative funds
- › Case studies
- › Future trends impacting fund governance

Practical information

DURATION AND PRICES

COURSE	DURATION	PRICE + 3% VAT
Risk Management	8 hours	€ 195,-
Risques financiers	8 hours	€ 195,-
Market Risk	16 hours	€ 535,-
Credit/ Counterparty Risk	16 hours	€ 535,-
Operational Risk	16 hours	€ 535,-
Liquidity Risk	16 hours	€ 535,-
Asset and Liability Management	16 hours	€ 635,-
Risk Management Regulation for Banks	16 hours	€ 635,-
Risk Management for UCITS Funds	16 hours	€ 635,-
Risk Management for Alternative Funds	16 hours	€ 635,-
Risk Management for Fund Directors and Conducting Officers	8 hours	€ 475,-

SCHEDULES

Day courses (morning sessions):

8:30 am to 12:30 pm

Day courses (afternoon sessions):

1:30 to 5:30 pm

Written examinations: from 8:45 onwards

LANGUAGES

All courses are taught in English. For the course "Risk Management", a French version is offered as well.

REGISTRATIONS

The registrations have to be submitted at the latest 5 working days prior to the beginning of the course.

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

TRAINING LOCATION

Unless otherwise indicated in the registration confirmation, all courses take place at the **Centre de Formation House of Training/ 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

CONTACT

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