

Financial Risk Management (FRM) Syllabus

Part I

S.No.	Subject	Questions
1	Foundations of Risk Management (20%)	100
	<i>An understanding of corporate risk governance and the trade-off between risk and return, The construction of efficient portfolios, Fundamental asset pricing models, Enterprise risk management frameworks, Data quality management, A review of major financial disasters,</i>	
2	Quantitative Analysis (20%)	
	<i>Monte Carlo methods, Volatility forecasting models, Value-at-Risk estimation,</i>	
3	Financial Markets and Products (30%)	
	<i>Futures and forwards, Equity options, swaps, and other derivatives, Commodities, Currencies, Corporate bonds and interest rates, A basic understanding of arbitrage arguments and hedging related to these financial products,</i>	
4	Valuation and Risk Models (30%)	
	<i>Basic bond valuation and bond hedging, Valuation using binomial trees, An understanding of the Black-Scholes-Merton model, Value-at-Risk (VaR), Expected and unexpected loss estimation, Stress testing,</i>	

Eligibility:

There are no minimum eligibility requirements to write the exam.

You can write the FRM Part-1 exam even if you are in the final year of your graduation.

Part II

S.No.	Subject	Questions
1	Market Risk Management (25%)	80
	<i>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</i>	
2	Credit Risk Management (25%)	
3	Operational and Integrated Risk Management (25%)	
	<i>Coverage of the tools and techniques necessary to measure, manage, and mitigate operational risk, conomic 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, Importantly, this section also tests a candidate's knowledge of key regulations and the major international regulatory frameworks relevant to risk managers today, such as Basel</i>	
4	Risk Management and Investment Risk Management (15%)	
5	Current Issues in Financial Markets (10%)	
	<i>Sovereign Risk and Financial Crisis, Flash Crash, Financial Innovation and Its Issues</i>	

Eligibility:

You can take the FRM Part-2 only when you complete the FRM Part-1 exam.

Certification:

Once they have cleared the examination, they need to have a relevant work experience of 2 years at the least to get the certification.