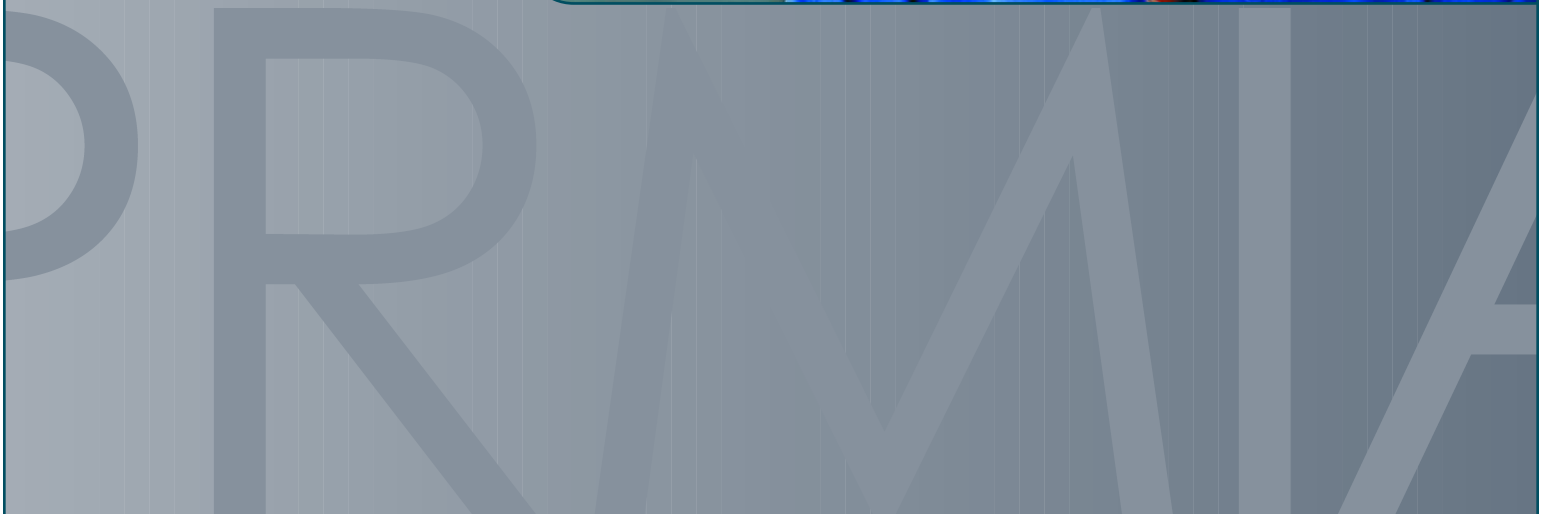
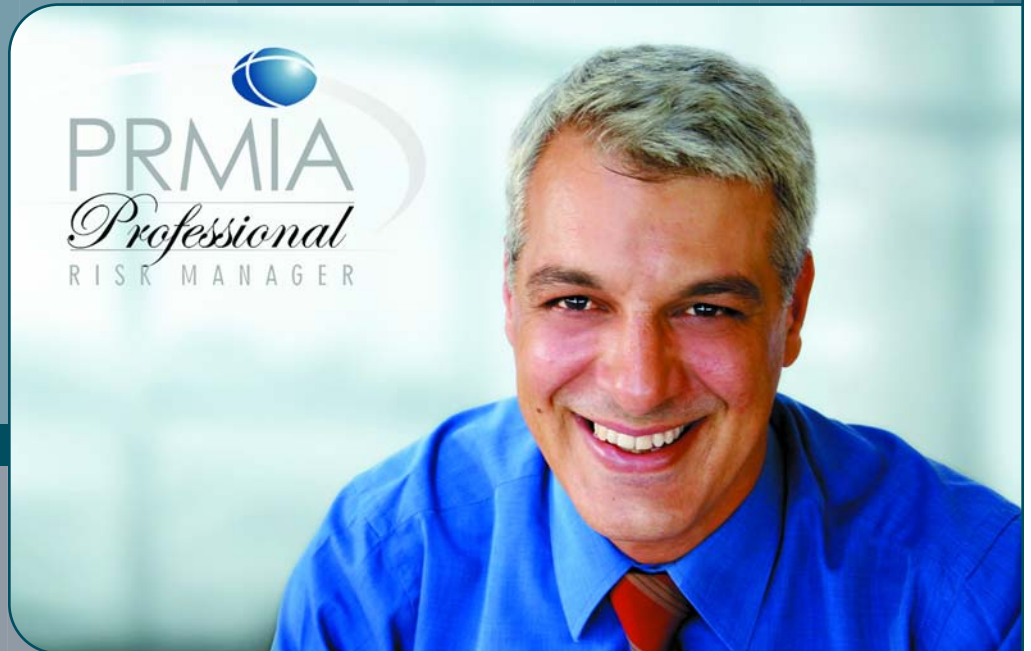




PRM CANDIDATE GUIDEBOOK

CERTIFYING ONLY THE BEST IN THE RISK PROFESSION

www.PRMIA.org





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EXECUTIVE SUMMARY

The PRM program is a series of evaluation exams and self-study materials, designed for the development of professional risk managers. Endorsed by leading university programs and industry firms, it is the global standard for risk management professionals.

Built by a broad coalition of industry leaders to reflect the mission objectives of the association and to establish the leading form of education, validation and certification in the Risk Management profession, the PRM counts candidates from over 85 countries, more than any other risk certification program, anywhere.

The learning objectives for the PRM designation are to demonstrate knowledge and understanding of:

- the classic finance theory underpinning risk management
- the mathematical foundations of risk measurement
- the foundation of option theory
- financial instruments and their associated risks
- the daily form and function of trading markets
- risk management practices
- failed systems and practices from major risk events
- best practices of governance, conduct and ethics

PRM EXAMS

To meet with the needs of busy professionals, the program provides for great flexibility, offering one six-and-one-half-hour sitting for those wishing to complete evaluation in one day, or four separate exams, varying in length from one to two hours, which can be taken in any order over a period of up to two years. Passing all four exams leads to the award of the PRM designation.

| Exam | Exam Name | No. of Questions | Time Allowed |
|------|--|------------------|--------------|
| I | Finance Theory, Financial Instruments and Markets | 36 | 2 hours |
| II | Mathematical Foundations of Risk Measurement | 24 | 2 hours |
| III | Risk Management Practices | 36 | 1.5 hours |
| IV | Case Studies; Standards: Governance, Best Practices and Ethics | 24 | 1 hour |

CROSS-OVER REQUIREMENTS FOR OTHER DESIGNATIONS

The program also recognizes the achievements of those who have other professional designations and gives partial credit towards completion of the requirements for the PRM designation. “Cross-over” candidates must pass the following exams:

| | |
|--|----------------------|
| CFA Cross-over | Exams III and IV |
| CIIA, CEFA Cross-over | Exams III and IV |
| Actuarial Fellow Cross-over | Exams III and IV |
| CQF Cross-over | Exams III and IV |
| Actuarial Associate Cross-over | Exams I, III and IV |
| CSI Financial Risk Manager Cross-over | Exams II, III and IV |
| CAIA Cross-over | Exams II, III and IV |



PROGRAM DESIGN

The Professional Risk Manager program has been designed for those:

- seeking professional certification
- looking to develop their skills or those of their staff
- looking for skills assessment of current employees
- looking for skills assessment of potential employees

The subject matter for the PRM program has been chosen based on relevance as well as the ready availability of literature on the specific subjects.

Because we are a diverse association, with members from more than 165 countries, from a variety of disciplines and varying areas of interest, the members of the Education and Standards Committee along with our Academic Advisory Council have taken the job of creating the framework to help us meet both the demands of current members as well as developing the flexibility to grow and change together with our industry. **Specifically, the program has been designed with four of our mission objectives in mind:**

TO BE A LEADER OF INDUSTRY OPINION AND A PROPONENT FOR THE RISK MANAGEMENT PROFESSION

- By setting the gold standard of development and certification for the risk management profession, we create standards of practice and accountability that will define what Professional Risk Managers represent to their colleagues and employers.

TO DRIVE THE INTEGRATION OF PRACTICE AND THEORY

- Neither theory nor practice will successfully develop to their potential without a strong interaction between professionals in each area. The Professional Risk Manager program contains subject matter drawn from risk management theory, finance theory, the math underpinning risk measurement and applied question matter from the practices of our profession. We will directly test for knowledge of Finance (Portfolio Theory, Asset Pricing Theory, Option Theory) and basic Math (Calculus, Linear Algebra and Probability). Such knowledge is essential for risk managers as it forms the foundation of risk measurement and management.
- We will also test for practical knowledge about markets: trading practices, intermediaries, settlement and other conventions in specific markets. These market choices will reflect the most global of markets as well as some more narrowly defined markets, with the latter giving us the opportunity to expose people to markets in which they may not normally be active.
- Finally, to test for broad understanding of important risk management lessons, we have included a section based on the time-tested case-study approach to learning. Narratives of historical incidents where critical risk management issues have arisen give us the opportunity to conduct a sort of pathology of events from around the globe and to test members' understanding of their root causes.

TO BE GLOBAL IN OUR FOCUS, PROMOTING CROSS-CULTURAL ETHICAL STANDARDS, SERVING EMERGING AS WELL AS MORE DEVELOPED MARKETS

- Candidates for the PRM program come from more countries than any other risk certification program, anywhere!
- The content of the PRM program is designed to be geographically neutral. Specific sections focusing on “markets” are designed so that a variety of markets and market lessons will be studied.
- The PRMIA Standards of Best Practice, Conduct and Ethics (Code of Conduct) represents the standards of behavior that Professional Risk Managers promise to their colleagues and employers. It has been written to cut across geographic and cultural boundaries. All Professional Risk Managers will be required to study the Code for the program and adhere to it to stay in good standing as a certified PRM.
- The PRMIA Governance Principles delineate seven key principles to best practice corporate governance, all gleaned from governance documents developed by leading public and private entities from around the world.

TRANSPARENT, NONPROFIT, INDEPENDENT, MEMBER-FOCUSED AND MEMBER-DRIVEN

- PRMIA is a tax-exempt, non-profit professional association under the full control of its members. It does not have for-profit subsidiaries that may financially benefit individuals. Its bylaws provide strong protection for member rights and the assets of the membership. Net revenues from the Professional Risk Manager program benefit all members of PRMIA by being dedicated to support local chapter activities and the delivery of web-based resources. We are “of the risk professional, by the risk professional and for the risk professional.”
- The program has been designed by industry leaders, all PRMIA members. Any PRMIA member can submit questions for possible inclusion on the exams. Those submissions go through a quality control screening by a number of members of the Education and Standards Committee and, if approved, will make it to our exam question database. By emphasizing peer input and peer review, this approach sets a standard of measurement created by the industry.
- Candidates will study the Bylaws of PRMIA, so that they are familiar with our structure and codification of member-leadership.

Be sure to read this entire document to view important information that will help you to be a successful candidate.

We hope that you will join us in promoting the PRM program as the standard for our industry and that you will join in our efforts to ensure that it will continue to meet the needs of our members and our industry.



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PROGRAM DATES AND LOCATIONS

For your convenience, the exams are offered on every business day of the week.

You may request to schedule your exams at any time. There is no advantage to taking your exams on any particular date. Questions within exams are drawn from a large database of questions and are administered randomly, creating thousands of unique exam forms, all of comparable difficulty.

PRMIA uses the services of VUE, part of the Pearson Publishing family, to administer the PRM exams. Pearson VUE is a professional testing firm that has nearly 4,000 testing centers in more than 140 countries around the world.

Candidates have two years to pass all required exams of the PRM program.

You have up to two years to pass the required exams. Candidates may take exams over more than a two-year period, but any exams passed more than two years in the past will need to be retaken.

Please note some important details about registration, cancellation, identification requirements and space availability in the Registration section found on page seven.



FEES AND REGISTRATION

FEES

The program allows for you to take one, two, three or all four exams at the same time. Payment by credit card is required for online purchases. If you would like to make alternative arrangements, please contact certification@prmia.org.

| | MARCH 2006 | SUSTAINING MEMBERS |
|------------------------------------|------------|--------------------|
| Any One Exam | US \$195 | US \$175 |
| Full Program in one Sitting | US \$500 | US \$450 |

Sustaining Memberships are US\$100. Discounted memberships are available for academics and students (US\$50) and for those from emerging markets (US\$25). You can become a Sustaining Member online at <http://prmia.org/INDEX/paid-membership.php>.

If you are interested in adopting the PRM as a corporate program, please contact certification@prmia.org. Special pricing on exam vouchers and preparatory materials may be available to your company.

REGISTRATION

Registration for the PRM is handled using our online form at <http://prmia.org/INDEX/exam-registration1.php>.

When you register, voucher number(s) will be provided to you that you can use to schedule your exam at the center, date and time of your choice. Once you have obtained your voucher please visit www.pearsonvue.com/prmia and follow the instructions on how to create an account, select your testing center online or for phone numbers where you can be assisted by a representative of Pearson VUE.

Please be certain to have your PRMIA username available and to enter it correctly when registering with VUE. Your exam results will be provided to that username via the PRMIA website. It is your responsibility to ensure that your PRMIA username is entered correctly when registering with Pearson VUE. Failure to do so may result in a delay of exam results being reported to you or misreporting of exam results to another member.

Please note that you may only take the same exam once every ninety days. If you repeat the exam before ninety days have passed, your second score will not count and you will be charged the full fee for both exams.

Please note that all vouchers used to schedule exams have an expiration date. Should you attempt to schedule or reschedule to a date beyond the expiration date of your voucher, it will not be accepted by Pearson VUE. You may contact certification@prmia.org for a new voucher number, which will be provided to you without charge.

Candidates have two years to pass all required exams of the PRM program.

You have up to two years to pass the required exams. Candidates may take exams over more than a two-year period, but any exams passed more than two years in the past will need to be retaken.



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TAKING THE PRM EXAM

PERSONAL IDENTIFICATION

On the date of your appointment, arrive at the testing center at least 15 minutes before the scheduled start time. **You must bring two forms of identification with you.** The first must be a current government-issued ID with your photograph and signature.

| Examples of Acceptable Forms of Government Issued ID | Examples of Acceptable Forms of Supplemental ID | Examples of <i>Unacceptable</i> Forms of ID |
|---|---|--|
| <ul style="list-style-type: none"> ■ DRIVER'S LICENSE ■ NATIONAL IDENTITY CARD ■ MILITARY ID | <ul style="list-style-type: none"> ■ CREDIT CARD ■ EMPLOYEE ID CARD | <ul style="list-style-type: none"> ■ LIBRARY CARD ■ SOCIAL SECURITY CARD |

EXAM FORMAT

The exams are computer-based. You will not receive any copies of the questions. No paper may be brought into the testing center, however, you will be provided with an erasable board upon request.

Once admitted to the testing room, there will be a tutorial that introduces the functionality of the exam and a brief message from PRMIA. After this has been viewed, you may begin your exam. You will be asked multiple-choice questions, varying in quantity by exam.

| Exam | Exam Name | No. of Questions | Time Allowed |
|------|--|------------------|--------------|
| I | Finance Theory, Financial Instruments and Markets | 36 | 2 hours |
| II | Mathematical Foundations of Risk Measurement | 24 | 2 hours |
| III | Risk Management Practices | 36 | 1.5 hours |
| IV | Case Studies; Standards: Governance, Best Practices and Ethics | 24 | 1 hour |

If you take the full exam, it is broken into a three-and-one-half-hour section, covering Exams I and II, then a two hour section for Exams III and IV. There is an optional break of one hour after the first section. Once you have started your break you will not be able to return to those questions. Following the break, you will have two hours to complete the remaining two sections of the exam. Allowed times include the time spent on the tutorial, thus the lesser time allocated when full exams are scheduled.

The testing system allows you to mark and review questions as long as time is remaining. Please note that you are unlikely to finish your exams with substantial extra time. You are encouraged to use the tutorial in an expedient manner, but sufficient time is allocated for you to complete the tutorial and each exam.

CALCULATORS

An online scientific calculator is part of the testing computer. It is the same scientific calculator that is available with Windows operating systems. If you use the Windows calculator on your computer, but it is not set to default to the scientific version, click “View,” then select “Scientific” to change default formats. We strongly recommend that you familiarize yourself with this calculator before arriving at the testing center.

ARRIVE ON TIME

It is very important that you leave enough time to arrive at the testing center early. Candidates that arrive late to the test center may not be permitted to test. The full charge for the exam will be made if you are not admitted for any reason. As these centers offer exams for other organizations as well, not everyone in the room will be taking the same exam, so no assumptions should be made about when other candidates enter or leave the testing center.

Each testing center has an administrator who can assist candidates with any questions that they may have. All exam rooms are videotaped and monitored via a parabolic mirror by a proctor.

EXAM RESULTS

Your exam results should be available within 15 business days of your test date and will be delivered to you via the PRMIA website.

CANCELLATIONS/CHANGES

In recognition of the busy and changing schedules of risk managers, you may change your exam appointment without charge through the Pearson VUE system at www.pearsonvue.com/prmia. Please note that all change requests must be made at least one business day before the testing date or the entire exam fee will be forfeited.

Please note that all vouchers used to schedule exams have an expiration date. Should you attempt to reschedule to a date beyond the expiration date of your voucher, you may contact certification@prmia.org for a new voucher number, which will be provided to you without charge.

Because of the flexibility in rescheduling, exam fees are non-refundable.

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PRM SYLLABUS

The subject matter of the PRM program is broken down broadly as:

| Exam | Topic | Weighting |
|------|--|-----------|
| I | Finance Theory, Financial Instruments and Markets | 30% |
| II | Mathematical Foundations of Risk Measurement | 20% |
| III | Risk Management Practices | 30% |
| IV | Case Studies; Standards: Governance, Best Practices and Ethics | 20% |

The complete syllabus is outlined below, including the weighting of each section.

EXAM I – FINANCE THEORY, FINANCIAL INSTRUMENTS AND MARKETS

FINANCE THEORY

36%

- Risk and Risk Aversion
- Portfolio Mathematics
- Capital Allocation
- The CAPM and Multifactor Models
- Basics of Capital Structure
- The Term Structure of Interest Rates
- Valuing Forward Contracts
- Basic Principles of Options Pricing

FINANCIAL INSTRUMENTS (DESCRIPTIVE AND PRICING KNOWLEDGE)

36%

- General Characteristics of Bonds
- The Analysis of Bonds
- Futures and Forwards
- Swaps
- Vanilla Options
- Credit Derivatives
- Caps, Floors and Swaptions

MARKETS

28%

- The Structure of Financial Markets
- Money Markets
- Bond Markets
- Foreign Exchange Market
- Stock Markets
- Futures Markets
- The Structure of Commodities Markets
- Energy Markets

EXAM II – MATHEMATICAL FOUNDATIONS OF RISK MEASUREMENT

FOUNDATIONS 4%

- Symbols and Rules
- Sequences and Series
- Exponents and Logarithms
- Equations and Inequalities
- Functions and Graphs

DESCRIPTIVE STATISTICS 8%

- Data
- The Moments of a Distribution
- Measures of Location or Central Tendency
- Measures of Dispersion
- Bivariate Data

CALCULUS 21%

- Differential Calculus
- Higher-Order Derivatives
- Financial Applications of Second Derivatives
- Differentiating a Function of More than One Variable
- Integral Calculus
- Optimization

LINEAR MATHEMATICS AND MATRIX ALGEBRA 21%

- Matrix Algebra
- Application of Matrix Algebra to Portfolio Construction
- Quadratic Forms
- Cholesky Decomposition
- Eigenvalues and Eigenvectors

PROBABILITY THEORY IN FINANCE 25%

- Definitions and Rules
- Probability Distributions
- Joint Distributions
- Specific Probability Distributions

REGRESSION ANALYSIS IN FINANCE 13%

- Simple Linear Regression
- Multiple Linear Regression
- Evaluating the Regression Model
- Confidence Intervals
- Hypothesis Testing
- Prediction
- Breakdown of OLS Assumptions
- Random Walks and Mean Reversions
- Maximum Likelihood Estimation

NUMERICAL METHODS 8%

- Solving (Non-differential) Equations
- Numerical Optimization
- Numerical Methods for Valuing Options

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EXAM III – RISK MANAGEMENT PRACTICES

| | |
|--|------------|
| MARKET RISK | 33% |
| <ul style="list-style-type: none"> ▪ Market Risk Management ▪ Introduction to Value-at-Risk Models ▪ Advanced Value-at-Risk Models ▪ Stress Testing | |
| CREDIT RISK | 50% |
| <ul style="list-style-type: none"> ▪ Credit Risk Management ▪ Foundations of Credit Risk Modeling ▪ Credit Exposure ▪ Default and Credit Migration ▪ Portfolio Models of Credit Loss ▪ Credit Risk Capital Calculation | |
| OPERATIONAL RISK | 17% |
| <ul style="list-style-type: none"> ▪ The Operational Risk Management Framework ▪ Operational Risk Process Models ▪ Operational Value-at-Risk | |

EXAM IV – CASE STUDIES AND STANDARDS: GOVERNANCE, BEST PRACTICES AND ETHICS

| | |
|--|------------|
| CASE STUDIES | 63% |
| <ul style="list-style-type: none"> ▪ Barings ▪ NAB-FX Options ▪ Bankgesellschaft Berlin ▪ Riggs Bank ▪ Continental Illinois/ Penn Square ▪ Credit Lyonnais ▪ US S&L Crisis ▪ LTCM ▪ Bankers Trust ▪ Orange County ▪ Daiwa ▪ California Power Crisis ▪ Metallgesellschaft ▪ World Com | |
| STANDARDS: GOVERNANCE, BEST PRACTICES, ETHICS | 37% |
| <ul style="list-style-type: none"> ▪ PRMIA Governance Principles ▪ PRMIA Standards of Best Practice, Conduct and Ethics ▪ Group of Thirty Derivatives Best Practices | |

PREPARING FOR THE PRM EXAM

Practicing risk managers are already preparing for the exams by going to work each day where they interact with other professionals and read industry magazines, software manuals, company policies and procedures, academic journals, websites and regulatory notices. They attend risk committee meetings, prepare risk reports, give presentations and write papers. They attend PRMIA chapter meetings, participate in on-line forums and attend risk management conferences. All of these activities prepare candidates for the PRM exams.

RECOMMENDED READING

The Professional Risk Managers' Handbook: A Comprehensive Guide to Current Theory and Best Practices is the recommended reading material for candidates preparing for the exams of the PRM certification program.

This Handbook covers all of the syllabus items for Exams I, II and III, while free web-based resources are available at http://www.prmia.org/pdf/Web_based_Resources.php for Exam IV.

Special pricing is available for registered candidates and the handbook can be purchased at <http://prmia.org/INDEX/institute01/prm-handbook.php>.

PRM DIAGNOSTIC EXAM

You may need to brush up on your risk management theory or on those areas you might not yet have worked on. An online PRM Diagnostic Exam can be used to assess your current skills as they relate to the PRM Syllabus and/or as a practice exam prior to taking the PRM Exam(s).

Alternatively, you can do a self-assessment by looking at the exam content outlines to identify the topics you may need to study. We suggest the following resources to prepare for the exams:

PRM SELF-STUDY GUIDE

This is a detailed study guide, produced by experts in the field, which encourages a structured learning approach to PRM exam preparation, whether alone or in self-study groups. The guide is free of charge and available from the PRMIA site at http://www.prmia.org/pdf/PRM_Self_Study_Guide.PDF.

The guide offers advice and motivation on examination techniques including a considered approach to modular multiple-choice timed exams. It provides considerable assistance in studying for the examinations, especially in the timing and ordering of study, key facts of knowledge, the ease of obtaining the study text reference and practice with worked examples.

ONLINE PRM TRAINING COURSES

Online training courses designed specially for the PRM exams are accessible through the PRMIA web site. These courses have been developed and are administered by third parties. You may find these to be very helpful supplements to your study program. You can learn more about these courses at <http://prmia.org/INDEX/buyonline-PRM.php>.

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PRM TRAINING COURSES

Various universities and training companies are offering review courses for the PRM program. They have submitted their programs to our Education Committee to ensure that the subject matter matches the PRM syllabus. You can view them at:

University-based Courses: <http://prmia.org/INDEX/university-training.php>

Private Company Courses: <http://prmia.org/INDEX/private-training.php>

PRMIA CHAPTER MEETINGS

PRMIA has regional chapters around the world that host regular meetings on current risk management topics. The speakers are leading industry figures from banks, exchanges, regulators, academia, consultants, vendors, asset managers etc. The meetings are free and open to all PRMIA members, and constitute an excellent opportunity for professionals to stay informed of the latest developments in risk management and measurement.

FREQUENTLY ASKED QUESTIONS

Q: What is required to receive the PRM designation?

A: Candidates must demonstrate sufficient knowledge and understanding of the building blocks essential for the successful practice of modern risk management by passing exams in four specific areas. In addition, they must commit to uphold the highest professional and ethical standards as defined by the PRMIA Standards of Best Practice, Conduct and Ethics.

Q: I've looked at some other designations in risk management, what are the reasons why so many people are choosing the PRM?

A: Here are ten reasons why:

REASON 1: ENDORSED BY LEADING UNIVERSITIES

National University of Singapore Centre for Financial Engineering, The Hong Kong University of Science and Technology Masters of Science in Investment Management, The University of Toronto Risk Lab, The University of Reading ICMA Centre, Technical University of Munich - HVB-Institute for Mathematical Finance, the Macquarie University Applied Finance Center, a consortium of faculty in Paris representing ESCP-EAP, HEC, Ecole Polytechnique, Sorbonne and Université Paris Dauphine and the Director of the Masters in Financial Engineering program at The University of California at Berkeley Haas School have all announced their endorsement of the PRM certification program as the global standard for risk management professionals.

REASON 2: GLOBAL

Candidates from more than 80 countries are actively pursuing the PRM, more than any other risk certification program. Global recognition means that the PRM is the world's most portable risk management certification.

REASON 3: ENDORSED BY LEADING BUSINESSES

Many companies have put their brand names on the line by publicly endorsing the PRM exam. There are no such firms doing this publicly for any other risk management certification program that we know of.

REASON 4: PREDICTIVE POWER

Because the PRM is broken into four exams, each of which must be passed to attain the designation, you cannot use strength in one area, say Math or Finance, to cover weaknesses in other area, say Risk Management. Exams with one overall score cannot reliably validate each critical area of competence. This muddling creates uncertainty about whether the candidate does indeed have the broad knowledge and understanding that risk managers must bring to their job. The point of a certification program is to remove such uncertainty.

REASON 5: THE PRM HANDBOOK

Written by over 35 leading authors, the PRM Handbook is available anywhere in the world that has access to the Internet. It is currently used in over 105 countries, at 23 of the world's 25 largest banks, at all ten of the world's largest financial services companies and is the core text for a growing number of graduate programs in risk management.

REASON 6: FLEXIBLE

Risk managers' schedules are far from predictable, so you can take PRM exams any business day of the year and in any order you wish. If last minute issues arise, you can reschedule your exam without a charge.



REASON 7: RECOGNITION OF OTHER ACHIEVEMENTS

We provide partial credit to those that have demonstrated their skills through attaining designations like the CFA, FSA, ASA and others.

REASON 8: NO MAINTENANCE FEES

Just because you are successful doesn't mean that PRMIA should earn an annuity. We will provide you with benefits as a successful PRM like training course discounts and access to resources that are only for PRMs. You won't need to pay us anything to keep your designation active.

REASON 9: QUALITY

Because the PRM is delivered via computer, in controlled testing facilities, we are able to monitor questions so that they truly reflect our syllabus and desired degree of difficulty. In other words, our exam is designed, not just assembled.

REASON 10: RESPECT

The PRM is the most challenging certification program available for financial risk managers. That's why it is the only one to have been publicly endorsed by leading universities and businesses. Holders of the PRM are easily distinguished for their achievement and have the backing of PRMIA, the premier meeting place for the risk profession.

Q: Between family and work, I don't have time to prepare for lengthy exams. Can you help me?

A: Of course. The PRM program is first and foremost designed to help you and the profession to advance. That's our main goal. So, to help you with your busy schedule, you can take the exams required at your pace, in any order, over a period of up to two years. Individual exams vary in length from one to two hours, making them very easy to fit into most business days.

Q: What are the exam dates?

A: You may take the exams on any business day. You may register for the time and date or dates that are most convenient for you.

Q: What are the fees?

A: The program allows for you to take one, two, three or all four exams at the same time. Payment by credit card is required for online purchases. If you would like to make alternative arrangements, please contact certification@prmia.org.

| | MARCH 2006 | SUSTAINING MEMBERS |
|------------------------------------|------------|--------------------|
| Any one exam | US \$195 | US \$175 |
| Full program in one sitting | US \$500 | US \$450 |

Sustaining Memberships are US \$100. Discounted memberships are available for academics and students (US\$50) and for those from emerging markets (US \$25). You can become a Sustaining Member online at <http://prmia.org/INDEX/paid-membership.php>.

If you are interested in adopting the PRM as a corporate program, please contact certification@prmia.org. Special pricing on exam vouchers and preparatory materials may be available to your company.

Q: Do you offer scholarships for students and those of lower income?

A: Scholarships discounts equal to 30% of the exam fees are available to offset part of the cost of the PRM program for anyone with annual income below US\$25,000 who will not have the costs of the program reimbursed by their employer. You may claim this scholarship discount when registering for the exam at <http://prmia.org/INDEX/exam-registration1.php>.

Q: Are group discounts available?

A: Discounts are also available for companies or institutions that wish to enroll 10 or more candidates in any part of the program. The candidates need not sit at the same time, and your group will have up to one year to use the testing vouchers purchased. Contact our support team at certification@prmia.org to learn more.

Q: Where does the money go?

A: All of the net revenues from the exam program go to support education and resources for PRMIA members. In 2005, over 18,000 delegates attended free PRMIA chapter meetings and over 7 million pages were viewed on the PRMIA web site. So, your support of the PRM program gives you and your colleagues continued benefits. PRMIA is a tax-exempt, nonprofit professional association and does not have any for-profit subsidiaries that may benefit private individuals.

Q: Are there any prerequisites?

A: Membership in PRMIA is the only prerequisite. Visit www.prmia.org to become a member.

Q: What is the format of the exams and how long are they?

A: The exams are all multiple choice questions. PRMIA's computer-based method of delivery of the exams allows us to evaluate very specific details about each question administered, including down-to-the-second measurements of how long it takes most candidates to answer each question. Exams vary in length based on these validated testing times:

| Exam | Exam Name | No. of Questions | Time Allowed |
|------|--|------------------|--------------|
| I | Finance Theory, Financial Instruments and Markets | 36 | 2 hours |
| II | Mathematical Foundations of Risk Measurement | 24 | 2 hours |
| III | Risk Management Practices | 36 | 1.5 hours |
| IV | Case Studies; Standards: Governance, Best Practices and Ethics | 24 | 1 hour |
| | Complete PRM Exam | 120 | 6.5 hours |

Q: I just want to learn, not to be certified. Is this still for me?

A: Yes. There is no requirement that you complete all exams. If you want to improve your knowledge and understanding, or want to train your staff, pick and choose the areas that you think they should know and use our program to validate their success. All financial market participants benefit from a better understanding of risk management Case Studies. You might have your trading desk sit for Exam IV. Suppose someone is applying for an entry level job in your department. You can have them take any one of the exams to determine how ready they are to become a risk manager. The goal of our program is to advance you and the profession.

Q: How do I register?

A: Registration is available online. Go to <http://prmia.org/INDEX/exam-registration1.php> for details. Spaces at the testing centers will be reserved on a first-come, first-served basis, so you are encouraged to register as soon as possible.

Q: What is the expected pass rate?

A: Pass rates vary by exam and tend to be between 50% (Exams I and III) and 75% (Exam IV). Overall, the success rate of candidates attempting to attain the PRM has been just above 50%.

Q: What is the passing grade?

A: Candidates must score 60% or higher on each individual exam to pass.

Q: Where can I take the exams?

A: The exams are offered in all over the world in secure, clean and convenient testing centers. Visit www.pearsonvue.com/prmia/locate to find specific addresses of testing centers.

Q: What are the security arrangements?

A: Candidates will be required to present two forms of official identification when arriving at the test center. Candidates must sign-in and sign-out of the testing center. No papers may be brought into the examination room. Many rooms are videotaped during testing and all are monitored by a proctor using a parabolic mirror or other viewing device.

Q: Can I bring a calculator or PDA into the exam?

A: You will not be allowed to bring anything into the testing room. An erasable board will be provided to you by the testing center administrator upon request. An online scientific calculator is part of the testing computer. It is the same scientific calculator that is available with Windows operating systems. If you use the Windows calculator on your computer, but it is not set to default to the scientific version, click "View," then select "Scientific" to change default formats. We strongly recommend that you familiarize yourself with this calculator before arriving at the testing center.

Q: What designation is awarded to successful candidates?

A: With the awarding of the certificate, successful candidates become a Professional Risk Manager, or PRM, and will have a limited license to use the PRM insignia on business cards, resumes and CV's.

Q: Do you recognize other designations?

A: Holders of the CFA, CQF, CIIA, CEFA, CAIA, Actuarial Fellow or Actuarial Associate designations will receive partial credit towards the PRM designation. The credit applied is based on the quality and challenge of materials covered in each of those programs, the rigor of the testing versus that required for the PRM designation and the ability to interpret results as being equivalent to the requirements of the PRM. Details on which exams must be passed are available on page three of this guide.

Q: If I am successful, do I have to pay an annual fee to keep my designation?

A: No. Some organizations want you to pay them for your achievement. PRMIA wants to encourage you to develop professionally and to attain the highest standard in the industry. PRMIA will give to you special discounts and special resources as a PRM. Who has endorsed the PRM? The PRM program has received the endorsements of leading university programs and some of the leading firms in our business because it is simply a better test of skills and it is available to members in all parts of the world. No other program has received such public backing. You can also read the Testimonials and Case Studies of some successful PRMs.

Q: I'm ready to register, what should I do?

A: Go to <http://prmia.org/INDEX/exam-registration1.php> and book your place.



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ASSOCIATION WAS FOUNDED IN 2002 AS A FREE AND
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