

Syllabus of Accredited Risk Management Officer (ARMO™) certification (P1)

Fundamentals of Risk Management 15%

Risk and return always come together with each other, therefore, risk management has become a significant component of organizational management.

This section provides a comprehensive and basic introduction to risk management, portfolio theory, enterprise risk management and related performance evaluation indicators to help candidates build risk management thinking and lay a solid theoretical foundation. In addition, through a large number of global classic financial risk management cases, the candidate should have a comprehensive understanding of the whole process of risk management.

Fundamentals of Quantitative Methods 15%

Modern risk management theory is completely based on statistics, probability theory, stochastic process and other mathematical cornerstones. A solid mathematical foundation is helpful for candidates to learn follow-up knowledge smoothly.

This section introduces the basic mathematical knowledge necessary for financial risk management, and introduces the statistical tools and their applications, such as parameter estimation, hypothesis testing, and linear regression, etc.

Fundamentals of Accounting 15%

Accounting is the foundation of finance, and finance is the soul of accounting. Accounting, as a business language, is the foundation of risk identification and measurement.

This section helps the candidates to build a solid accounting foundation of risk management by introducing the fundamental accounting principle, measurement basis, recognition and measurement principles, the financial accounting theory, financial reporting, financial statement analysis and by explaining in detail the specific topics, such as the accounting treatment of inventory, long-term assets and income tax, etc.

Fundamentals of Market Risk Management 15%

Price change is the core of market risk, and understanding financial instruments is the basis of understanding market risk.

This section covers four major categories of financial markets, which include the stock market, money market, fixed-income market, and derivatives market, and their corresponding financial instruments. It covers fixed-income products and their pricing, and the concepts and pricing of forwards, futures, and swap contracts. For options, candidates only need to know their concepts and roles, and the factors affecting pricing.

Fundamentals of Credit Risk Management 10%

Credit risk is a loss caused by the failure of the counterparty to perform its obligations.

This section involves the definition of credit risk, especially the key indicators, the fundamental methods of credit risk measurement and the comparative analysis of such methods. In addition, it also involves the specific application of both various credit risk measurement models and financial statement data in credit risk management practice.

Fundamentals of Operational Risk Management 10%

The whole industry became familiar with operational risk after the collapse of Barings bank in 1995. Operational risk has been regarded as one of the most challenging peaks in the field of risk management because it involves a wide range of risk types and is difficult to predict and measure.

This section involves the causes of operational risk and the framework of operational risk management. In addition, it introduces the methods of operational risk measurement and regulatory requirements in detail.

Fundamentals of Quantitative Risk Analysis 10%

Technology has greatly reshaped and deeply affected finance. Enabling risk control by

technology has become a significant trend of modern risk management.

This section is a forward-looking frontier in modern financial risk management technology, mainly covering a brief overview of the Fintech field, and introduces in detail how to use Python language for quantitative analysis, thus laying a solid foundation for risk management modeling.

Code of Ethics and Standards of Practice 10%

Adhering to a high standard of professional ethics is in line with the long-term interests and sustainable welfare of the customers, the public, the market and the whole society. The *Code of ethics and Standards of Practice of the ISFM* is the minimum requirement for the participants of the ISFM.

All participants are required to understand and abide by the specific provisions of the *Code of ethics and Standards of Practice of the ISFM*, understand and be able to apply the basic principles of compliance, integrity, objectivity and independence, effectively resolving conflicts of interest, improving professional competence and confidentiality. Participants are also required to understand and be able to fulfill their responsibilities to the industry, customers, employers and the ISFM at work.