

2021

FRM[®]

Study Guide
Changes





FRM Exam

Part I



Foundations of Risk Management

PART I EXAM WEIGHT | 20%

ADDITIONS

- None

DELETIONS

- None

UPDATES

- None



Quantitative Analysis

PART I EXAM WEIGHT | 20%

ADDITIONS

- None

DELETIONS

- None

UPDATES

- None



Financial Markets and Products

PART I EXAM WEIGHT | 30%

ADDITIONS

- None

DELETIONS

- None

UPDATES

- None



Valuation and Risk Models

PART I EXAM WEIGHT | 30%

ADDITIONS

- None

DELETIONS

- None

UPDATES

- None



FRM Exam

Part II



Market Risk Measurement and Management

PART II EXAM WEIGHT | 20%

ADDITIONS

- None

DELETIONS

- None

UPDATES

- None



Credit Risk Measurement and Management

PART II EXAM WEIGHT | 20%

ADDITIONS

- None

DELETIONS

- None

UPDATES

1. **Previous version:** Jon Gregory, *The xVA Challenge: Counterparty Credit Risk, Funding, Collateral, and Capital, 3rd Edition* (West Sussex, UK: John Wiley & Sons, 2015).

- Chapter 4. Counterparty Risk
- Chapter 5. Netting, Close-out and Related Aspects
- Chapter 6. Collateral
- Chapter 7. Credit Exposure and Funding
- Chapter 9. Counterparty Risk Intermediation
- Chapter 14. Credit and Debt Value Adjustments
- Chapter 17. Wrong-way Risk

New version: Jon Gregory, *The xVA Challenge: Counterparty Credit Risk, Funding, Collateral, and Capital, 4th Edition* (West Sussex, UK: John Wiley & Sons, 2020).

- Chapter 3. Counterparty Risk and Beyond
- Chapter 6. Netting, Close-out and Related Aspects
- Chapter 7. Margin (Collateral) and Settlement
- Chapter 11. Future Value and Exposure
- Chapter 17. CVA



Operational Risk and Resiliency

PART II EXAM WEIGHT | 20%

ADDITIONS

- None

DELETIONS

- None

UPDATES

- None



Liquidity and Treasury Risk Measurement and Management

PART II EXAM WEIGHT | 15%

ADDITIONS

- None

DELETIONS

- None

UPDATES

- None



Risk Management and Investment Management

PART II EXAM WEIGHT | 15%

ADDITIONS

1. Stephen G. Dimmock and William C. Gerken: *Predicting Fraud by Investment Managers* (2012)

DELETIONS

- None

UPDATES

1. **Previous version:** Zvi Bodie, Alex Kane, and Alan J. Marcus, *Investments, 11th Edition* (New York, NY: McGraw-Hill, 2017).

- Chapter 24. Portfolio Performance Evaluation

New version: Zvi Bodie, Alex Kane, and Alan J. Marcus, *Investments, 12th Edition* (New York, NY: McGraw-Hill, 2020).

- Chapter 24. Portfolio Performance Evaluation

Current Issues in Financial Markets

PART II EXAM WEIGHT | 10%

ADDITIONS

1. "Financial Crime in Times of COVID-19 – AML and Cyber Resilience Measures", *Financial Stability Institute*, May 2020.
2. Chapter 1: Global Financial Stability Report: Markets in the Time of COVID-19, *International Monetary Fund (IMF)*, May 2020.
3. "Cyber Risk and the U.S. Financial System: A Pre-Mortem Analysis", *Federal Reserve Bank of New York Staff Reports*, June 2020.
4. Valentin Haddad, Alan Moreira, and Tyler Mui, "When Selling Becomes Viral: Disruptions in Debt Markets in the COVID-19 Crisis and the Fed's Response".
5. Patrick Bolton, Morgan Despres, Luiz Awazu, Pereira Da Silva, Frédéric Samama, Romain Svartzman, "The Green Swan – Central Banking and Financial Stability in the Age of Climate Change", *Bank for International Settlements (BIS)*, January 2020. (Chapter 1 - Chapter 3 only)
6. Chapter 5: Climate Change: Physical Risk and Equity, Global Financial Stability Report: Markets in the Time of COVID-19, *International Monetary Fund (IMF)*, May 2020.
7. Stephen Cecchetti, Kim Schoenholtz, "Replacing LIBOR" <https://voxeu.org/article/replacing-libor>. September 2019.

DELETIONS

1. "The Impact of Blockchain Technology on Finance: A Catalyst for Change," *International Center for Monetary and Banking Studies*, 2018. (Section 1-Section 3 only)
2. "FinTech and market structure in financial services: Market developments and potential financial stability implications," *Financial Stability Board*, February 14, 2019.
3. Stijn Claessens, Jon Frost, Grant Turner, and Feng Zhu, "Fintech credit markets around the world: size, drivers and policy issues," *BIS Quarterly Review*, September 23, 2018.
4. "Sound Practices: Implications of fintech developments for banks and bank supervisors," *Bank for International Settlements (BIS)*, February 2018.
5. Tobias Adrian and Tommaso Mancini-Griffoli, "The Rise of Digital Money," *International Monetary Fund (IMF)*, July 2019.
6. Hal Varian, "Big Data: New Tricks for Econometrics," *Journal of Economic Perspectives* (Spring 2014): 28(2), 3-28.
7. Hugues Chenet, "Climate Change and Financial Risk," *Social Science Research Network*, June 25, 2019.



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ABOUT GARP | The Global Association of Risk Professionals is a non-partisan, not-for-profit membership organization focused on elevating the practice of risk management. GARP offers role-based risk certification — the Financial Risk Manager (FRM®) and Energy Risk Professional (ERP®) — as well as the Sustainability and Climate Risk (SCR™) Certificate and on-going educational opportunities through Continuing Professional Development. Through the GARP Benchmarking Initiative and GARP Risk Institute, GARP sponsors research in risk management and promotes collaboration among practitioners, academics, and regulators.

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