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The Professional Risk Managers' International Association

PRMIA

Kellogg School of Management

ENTERPRISE RISK MANAGEMENT IN A NEW ENVIRONMENT

With Special Focus on Operational Risk Management

A TWO-DAY COURSE LED BY DR. RUSSELL WALKER

This two-day session will cover in detail Enterprise Risk Management in the new environment with special emphasis on the importance of Operational Risk Management. Credit and Market Risk Management will be discussed in-depth based on Basel II accepted techniques for risk management. The evolving role of the Risk Office in the new environment will be developed, with direction given on how leading firms have positioned and empowered their Risk Offices. Implications of risk management on corporate strategy will be reviewed with an executive perspective on the Basel II accords and the appropriate regulatory calculations and Value-at-Risk techniques. Given the great importance of understanding the risks in modern credit instruments, we will also review credit swaps, credit derivatives, and CDOs, examining inherent risks in each and how each poses unique counter party risks. We will also look at the role of Liquidity Risk and Model Risk in today's environment and how firms should prepare for the confounding of risks going forward. With Operational Risk viewed as a great driver in risk management, we will examine in detail the approaches for calculating Operational Risk and resolving the needed regulatory capital, under Basel II. International research on the risks and issues behind the 2007-2008 market downturn and the role of Operational Risk along with outlooks on the US economy will also be presented.

Thursday & Friday
4 & 5 February, 2010
9:00 A.M. – 5:00 P.M.
CHICAGO

A certificate of attendance will be provided.

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COURSE OUTLINE

DAY 1

9:00 - 10:30 a.m.
RISK MANAGEMENT NEW AND REGULATORY

- Overview of Risk Types
- Principles of Risk Management
- Roles of the Board and Senior Management in Risk Management
- The bigger Role of Chief Risk Officer

11:00 - 12:30 p.m.
CREDIT RISK IN DETAIL

- A brief introduction to Credit Risk
- Regulatory Approaches for quantification of Credit Risk
- How to manage Credit Portfolio Risk
- Pros and Cons of Credit Value at Risk
- Counterparty Credit Risk (especially for OTC derivatives)
- Credit Risk Migration

1:30 - 3:00 p.m.
CREDIT DERIVATIVES AND THEIR RISKS

- Overview of Credit Derivatives
- Credit Swaps
- Credit Transfers
- CDOs: Product Analysis with a focus on inherent Risks
- CDOs Squared: Differences and additional Risks in comparison to CDO's
- Liquidity Risk on CDOs and similar assets
- A new role of Credit Derivatives (Issues, Concerns, and Trends)

3:30 - 5:00 p.m.
ANALYSIS OF SELECTED RISK TYPES - Back to Basics

- Market Risk
- Value at Risk Methodology (VAR, Conditional VAR, Expected Shortfall etc.) for Market Risk
- Alternative advanced approaches for Market Risk quantification
- Liquidity Risk
    - · How should an efficient Liquidity Risk Management look like?
    - · Quantification Issues
- How to handle and manage Model Risk in the new environment

DAY 2

9:00 - 10:30 a.m.
OPERATIONAL RISK - PART I

- Introduction to Operational Risk
- Operational Risk Management Principles in Basel II
- Operational Risk Methodologies
    - · Statistical Loss Models
    - · Empirical Models
    - · Parametric Models
    - · Extreme Value Theory Models
- Fat Tails and Using Extreme Value Theory
- Integrated Approach
- Introduction to VaR in Operational Risk

11:00 - 12:30 p.m.
OPERATIONAL RISK - PART II

- Modeling Operational Loss through Simulation in LDA
- Stress Testing and Scenario Analysis
- Validation Approaches
- Backtesting
- Mitigation of Operational Risk
- Hedging and Insurance

1:30 - 3:00 p.m.
ENTERPRISE AND OPERATIONAL RISK after the 2008 Crisis

- Outsourcing Issues Under Basel II
- Disclosure Issues
- Capital Allocation Trends
- Operational Risk Reporting
- Chief Risk Officer as Strategist
- Operational Risk Research from US and Europe
- Preparing Your Organization for Operational Risk Management
- Confounding of Risk
- Lessons from the US Subprime Crisis
- Some Outlooks on the US Economy

WHAT YOU WILL LEARN

- Advanced approaches for Credit, Market, and Operational Risk
- The new role of the Chief Risk Officer
- A Framework for Enterprise Risk Management in a new Environment
- New views on the Basel II Accord
- Capital Allocation approaches in Operational Risk
- Operational Risk Measurement and Management
- Use of Credit Swaps, Credit Derivatives, and CDOs and their inherent risks
- Role of Liquidity Risk and its impact going forward
- Overview of latest international research on Operational Risk
- Outlook on the international financial markets and details on US housing and credit markets

KEY OBJECTIVES AND LEARNING OUTCOMES

- Risk Management Foundations in the new risk environment
- Importance of Enterprise Risk Management in the new risk environment
- The evolving role of the Chief Risk Officer as a corporate strategist
- The Impact of Basel II approaches on Risk Quanitification Techniques
- Understanding credit swaps, credit derivatives, and CDOs
- Managing and preparing for Liquidity Risk
- The Confounding of Risk: Are Market, Credit, and Operational Risk Correlated
- Preparing the organization to lead with risk management

WHO SHOULD ATTEND

- Risk Managers
- Financial Advisors
- Consultants to the Financial Services Industry
- Members of Banks, Insurance and brokerage firms dealing with Risk Management topics (including Senior Management)
- Operational Risk Teams
- Basel II and Regulatory teams of banks

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PRMIA is registered with CFA Institute as an Approved Provider of professional development programs. This program is eligible for 11 PD credit hours as granted by CFA Institute, the maximum amount awarded for any single course.

RUSSELL WALKER

Russell Walker is the Assistant Director of the Zell Center for Risk Research at the Kellogg School of Management. He teaches courses in the application of business intelligence and analytics to business opportunities, especially in risk management and marketing. His course offerings in the full-time and Executive Kellogg MBA programs include Managerial Statistics, Operational Risk, Data-driven Marketing, Analytical Modeling, and Global Initiatives in Management. Previous to joining the Kellogg faculty, Walker was a corporate strategist at Capital One Financial, responsible for risk management and predictive modeling research. Walker holds an executive MBA from the Kellogg School of Management at Northwestern University and Ph.D. and MS from the College of Engineering at Cornell University, and a BS in Engineering from the University of South Florida.

COURSE FEE: $2,495 (USD)

Register by January 4, 2010 and receive a US$200 discount.
An additional $100 discount is available for Sustaining Members of PRMIA and Kellogg Alumni.

REGISTRATION IS ONLINE: *www.prmia.org*

OR REGISTER BY PHONE OR EMAIL:
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LOCATION:
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CANCELLATION:
A refund (less a US$200 administrative fee) will be made if formal notice of cancellation is received two weeks prior to the date of the event. We regret that no refunds will be made after that date. Substitutions may be made at no extra charge.

IMPORTANT: This program is subject to demand. PRMIA reserves the right to cancel or postpone courses at short notice at no loss or liability where, in its absolute discretion, it deems this necessary. PRMIA will issue 100% of registration refund should cancellation be necessary. Travel and hotel expenses are the responsibility of the registering individual.

CONTACT INFORMATION

To contact the PRMIA staff, visit the "Contact Us" link at ***www.prmia.org*** or send an e-mail to ***training@prmia.org*** or call +1-612-216-5497