

Upcoming PRM Exam Syllabus Changes

Effective March 20, 2006

To: All candidates for the PRM Certification Program

Subject: Upcoming changes to the PRM Exam Syllabus, PRM Candidate Fees

Executive Summary

To more clearly communicate the alignment of the exams of the PRM certification with the content and structure of the Professional Risk Managers' Handbook (exams I, II and III) and to broaden the base of cases being covered in Exam IV, we will be making some changes to Exams I, II and IV which are scheduled to be published to our testing centers on March 20, 2006.

Most of these changes are cosmetic and do not represent a significant change in the content of the exam. Therefore, they should not require a major change in your course of study. The only exception to this is the addition of several new cases to Exam IV. For Exam IV, the changes will reflect a movement towards testing for key conceptual understanding of several cases and will focus less on detailed information from only a few cases.

No changes are being made to Exam III.

We are notifying you of this change now so that you can plan your test schedule accordingly. Training course providers have been notified of this change and will be incorporating changes into their programs as appropriate. The PRM Diagnostic exams will be updated to reflect this change just prior to the effective date.

As the cost of exam administration and candidate services continue to increase, exam fees will be increased modestly, effective March 1, 2006. You may purchase vouchers prior to March 1, 2006 at the current rate and may use them at anytime, even after the fee changes have been implemented.

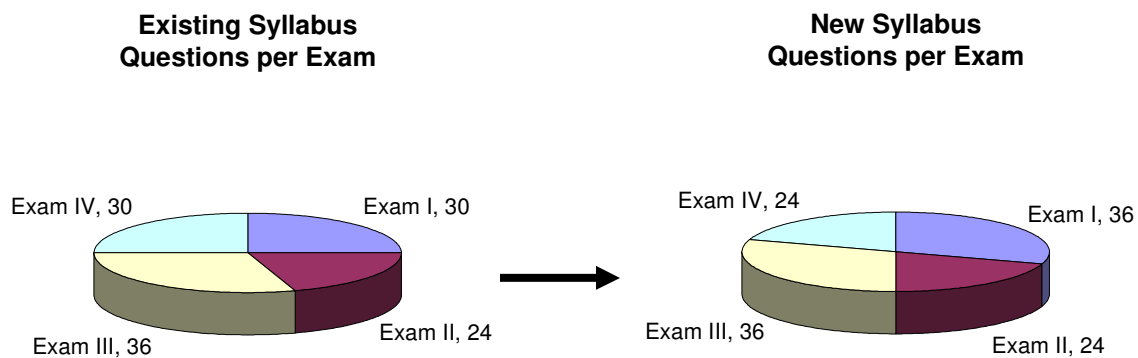
Please direct any questions to PRM Candidate Support at certification@prmia.org.

Details of Changes

Exam Question Count

We are adding six questions to Exam I and reducing the number of questions asked in Exam IV by six. The resulting distribution of questions across the exams is:

Exam I	36 questions (+ 6 questions)
Exam II	24 questions (no change)
Exam III	36 questions (no change)
Exam IV	24 questions (- 6 questions)



Exam Time Allowed

We are adding 30 minutes to the time allowed to complete Exam I. Candidates who sit for Exam I will now have 2 hours to complete 36 questions.

For candidates who sit for all four exams in one session, 30 minutes will be added to the section that occurs before the break. Candidates will have 3 hours and 30 minutes to complete Exams I and II, followed by an optional one hour break (no change) and 2 hours to complete Exams III and IV (no change).

	<i>Time Allowed (Current)</i>	<i>Time Allowed (New)</i>
Exam I	90 minutes	120 minutes
Exam II	120 minutes	120 minutes
Exam III	90 minutes	90 minutes
Exam IV	60 minutes	60 minutes
All Exams in One Sitting	3 hours (Exams I and II) 1 hour break 2 hours (Exams III and IV)	3 ½ hours (Exams I and II) 1 hour break 2 hours (Exams III and IV)

Exam Sections and Question Count

Within Exams I, II and IV, the weighting applied to each section is being changed. The sections of Exam I remain the same, but an increased knowledge of Financial Instruments will be required.

<i>Exam I (Current)</i>	<i>Exam I (New)</i>
<i>Finance Theory (12 questions)</i>	Finance Theory (13 questions)
<i>Financial Instruments (6 questions)</i>	Financial Instruments (13 questions)
<i>Financial Markets (12 questions)</i>	Financial Markets (10 questions)

Several sections are being added to Exam II. The questions in the exam database are primarily questions that were being asked in the original three sections. Exam II will now consist of seven sections:

- Mathematical Foundations
- Descriptive Statistics
- Calculus
- Linear Mathematics and Matrix Algebra
- Probability Theory in Finance
- Regression Analysis
- Numerical Methods

<i>Exam II (Current)</i>	<i>Exam II (New)</i>
<i>Calculus (6 questions)</i>	Mathematical Foundations (1 question)
<i>Linear Algebra (6 questions)</i>	Descriptive Statistics (2 questions)
<i>Probability (12 questions)</i>	Calculus (5 questions)
	Linear Mathematics and Matrix Algebra (5 questions)
	Probability Theory in Finance (6 questions)
	Regression Analysis (3 questions)
	Numerical Methods (2 questions)

Several new cases are being added to Exam IV and the PRMIA Governance Principles are being added as well. Exam IV will now have two sections, instead of five:

- Case Studies
- Standards: Governance, Best Practices and Ethics

<i>Exam IV (Current)</i>	<i>Exam IV (New)</i>
<i>LTCM (6 questions)</i> <i>Metallgesellschaft (6 questions)</i> <i>Barings (6 questions)</i> <i>Group of 30 Study (6 questions)</i> <i>PRMIA Standards of Best Practice, Conduct and Ethics; PRMIA Bylaws (6 questions)</i>	Case Studies (15 questions) Standards: Governance, Best Practices and Ethics (9 questions)

Content Changes

Please note that Convertible Bonds and Exotics will no longer be required knowledge for Exam I. These subjects will be covered in a future specialization exam.

The following Case Studies and associated reading materials will be required for Exam IV (please note that the case studies will be added to the PRMIA website at http://www.prmia.org/pdf/Web_based_Resources.php as the change date approaches:

Case Studies:

- Barings (<http://www.numa.com/ref/barings/bar00.htm>)
- NAB - FX Options (<http://www.nabgroup.com/vgnmedia/download/pwcreport.pdf>)
- Bankgesellschaft Berlin (http://www.erisk.com/Learning/CaseStudies/ref_case_bgb.asp)
- Riggs Bank (http://www.senate.gov/~govt-aff/_files/ACF5F8.pdf , pp 1-18, pp 68-94)
- Continental Illinois / Penn Square (http://www.erisk.com/Learning/CaseStudies/ref_case_continentalillinois.asp)
- Credit Lyonnais (http://www.erisk.com/Learning/CaseStudies/ref_case_creditlyonnais.asp)
- US S&L Crisis (http://www.erisk.com/Learning/CaseStudies/ref_case_ussl.asp)
- LTCM (http://www.prmia.org/pdf/Case_Studies/LTCM.pdf)
- Bankers Trust (http://www.erisk.com/Learning/CaseStudies/ref_case_bankers.asp)

- Orange County (http://www.erisk.com/Learning/CaseStudies/ref_case_orangecounty.asp)
- Daiwa (http://www.erisk.com/Learning/CaseStudies/ref_case_daiwa.asp)
- California Power Crisis (http://www.erisk.com/Learning/CaseStudies/ref_case_californiacrisis.asp)
- Metallgesellschaft (http://www.prmia.org/pdf/Case_Studies/MG_IIT.pdf)
- World Com (<http://www.scu.edu/ethics/dialogue/candc/cases/worldcom.html>)

Standards: Governance, Best Practices and Ethics:

- Group of Thirty Best Practices (http://www.prmia.org/pdf/Case_Studies/G30_Summary.pdf)
- PRMIA Governance Principles (http://www.prmia.org/pdf/PRMIA_Governance_Principles.PDF)
- PRMIA Standards of Best Practice, Conduct and Ethics (<http://www.prmia.org/pdf/Conduct.PDF>)
- PRMIA Bylaws (<http://www.prmia.org/pdf/Bylaws.PDF>)

Exam Fee Change

To adjust for the increasing costs of exam administration and candidate support, exam fees will be increased on March 1, 2006. The following fee schedule will be in effect at that time:

	Standard	Sustaining Member of PRMIA
Any Single Exam:	US\$195	US\$175
All Exams in One Session:	US\$500	US\$450

Scholarship discounts will continue to be offered for candidates who will not have their expenses reimbursed by a third party AND who have annual income below US\$25,000. These discounts are applied when registering online for exam vouchers.

Candidates may purchase vouchers for exams at the current price anytime before March 1, 2006. These vouchers may be used at anytime.

Summary Changes by Exam

<i>Exam I</i>	<i>Exam II</i>	<i>Exam III</i>	<i>Exam IV</i>	<i>Exam Fees</i>
<ul style="list-style-type: none"> • <i>Increase number of questions from 30 to 36</i> • <i>Change number of questions asked in each section, adding substantially to Financial Instruments (see detail above)</i> • <i>Remove Convertibles and Exotics from required reading</i> • <i>Add 30 minutes to exam time allowed</i> 	<ul style="list-style-type: none"> • Changing from three sections to seven sections • Reallocate number of questions asked among sections (see detail above) 	<p><i>No changes</i></p>	<ul style="list-style-type: none"> • Reduce number of questions from 30 to 24 • Reduce from 5 sections to 2 sections (Case Studies, Standards) • Add new Case Studies (see detail above) • Move Group of Thirty Summary to Standards Section • Add PRMIA Governance Principles to Standards Section 	<ul style="list-style-type: none"> • <i>Single Voucher increased to US\$195</i> • <i>Full Exam Voucher increased to US\$500</i>