CERA new syllabus 2019

Learning Objective	Learning Objective Description	Target Bloom
Section 1: Enterprise Risk Management Concept and Framework		
a	Describe the concept of ERM, the drivers behind it and the resulting value to organisations.	2-3
b	Explain the principal terms that are used in ERM.	2-3
c	Recommend an appropriate framework for an organisation’s enterprise risk management and an acceptable governance structure.	4-5
d	Evaluate the health of an organisation's risk management culture, including an assessment of risk consciousness, accountabilities, discipline, collaboration, incentive compensation, and communication.	4-5
e	Demonstrate an understanding of governance issues, including agency, compliance and legal risks and the need for audit and market conduct compliance activities.	3-4
f	Demonstrate an understanding of the frameworks and principles underlying regulations and other standards that are relevant to ERM.	3-4
g	Demonstrate an understanding of the perspectives of regulators, rating agencies, stock analysts, auditors and company stakeholders and how they evaluate the risks and the risk management of an organisation.	3-4
Section 2: ERM Process (Structure of the ERM Function and Best Practices)		
h	Demonstrate how to articulate an organisation’s risk appetite, desired risk profile, quantified risk tolerances, risk philosophy and risk objectives.	3-4
i	Assess the overall risk exposure arising from an organisation's current and emerging risks.	6
j	Compare the relevance of risk measurement and management to various stakeholders including customers, employees, regulators, government, company directors, professional advisors, shareholders and the general public.	4
k	Explain contagion and how it affects different stakeholders.	3
l	Evaluate the elements and structure of a successful risk management function. Analyse the ERM roles and responsibilities of the people within an organisation and how the different groups should interact.	4-5
m	Determine how an organisation’s risks and opportunities influence the selection of strategy and how ERM can be appropriately embedded into strategic planning.	4-5
n	Demonstrate the application of a risk control process such as the Risk Management Control Cycle, reflecting external influences and emerging risks.	3

o	Propose ERM solutions or strategies that effectively manage risk under different real (case study) and hypothetical situations facing financial and non-financial organisations.	5-6
p	Propose an ERM process that creates value for an organisation.	5
Section 3: Risk Categories and Identification		
q	Describe different definitions and concepts of risk.	2
r	Discuss risk taxonomy, including an awareness of how individual risks might be categorised in different ways.	2-3
s	Identify and analyse specific risks faced by an organisation, including but not limited to: financial, environmental, operational, legal, reputational and strategic risks.	3-4
Section 4: Risk Modelling and Aggregation of Risks		
t	Demonstrate how each of the financial and non-financial risks faced by an organisation can be amenable to quantitative analysis.	3-4
u	Demonstrate organisation-wide risk aggregation techniques that illustrate the concept of risk diversification by incorporating the use of correlation.	3-4
v	Evaluate and select appropriate copulas as part of the process of modelling multivariate risks.	4-5
w	Demonstrate the use of scenario analysis and stress testing in the measurement of current and emerging risks.	3-4
x	Demonstrate the importance of the tails of distributions, tail correlations, and low frequency / high severity events, and the use of extreme value theory to analyse these situations.	3-4
y	Demonstrate an understanding of model and parameter risk.	3-4
z	Evaluate and select appropriate models to handle diverse risks, including models that use a stochastic approach.	4-5
Section 5: Risk Measures		
aa	Determine risk exposures using common risk measures (e.g., VaR and TVaR) and compare the properties and limitations of such measures.	3-4
bb	Analyse quantitative financial and non-financial data using appropriate statistical methods to assist in quantifying risk.	4-5
cc	Analyse risks that are not easily quantifiable, such as liquidity, operational, and environmental risks.	4-5

Section 6: Risk Management Tools and Techniques

dd	Demonstrate risk optimisation and analyse the risk and return trade-offs that result from changes in the organisation's risk profile.	3-4
ee	Demonstrate application of the following responses to risk, including consideration of their costs and benefits: avoidance, acceptance, reduction without transfer, and transfer to a third party.	3
ff	Demonstrate the use of controls for retained and residual risks.	3-4
gg	Demonstrate how derivatives, synthetic securities, and financial contracting may be used to reduce risk within a static or dynamic hedging program.	3-4
hh	Determine an appropriate choice of mitigation strategy for a given situation, which balances benefits with inherent costs (including exposure to moral hazard, credit, basis and other risks).	4-5
ii	Demonstrate the use of tools and techniques for identifying and managing credit and counterparty risk.	3-4
jj	Analyse how ALM and other risk management principles can be used to establish investment policy and strategy, including asset allocation.	4-5
kk	Demonstrate possible risk management strategies for non-financial risks.	3-4
ll	Choose appropriate techniques to measure, model and manage various financial and non-financial risks faced by an organisation.	4-5

Section 7: Capital Assessment and Allocation

mm	Demonstrate a conceptual understanding of economic measures of value and capital requirements (e.g., EVA, embedded value, economic capital, regulatory measures, and accounting measures) and their uses in decision-making processes.	3-4
nn	Apply risk measures and demonstrate how to use them in value and capital assessment.	3-4
oo	Propose techniques of attributing the "cost" of risk/capital/hedge strategies to business units in order to gauge performance (e.g. returns on marginal capital).	5-6
pp	Demonstrate the ability to develop a capital model for a hypothetical organisation.	4-5