



# PROFESSIONAL RISK MANAGER

(PRM™) DESIGNATION

The Industry Standard  
for Professional  
Risk Practitioners

CANDIDATE  
GUIDEBOOK



Today's risk professionals are expected to know and understand industry best practices and be committed to using them. There is no better way for risk managers to show their commitment than by proving they have the knowledge, skills, and qualifications to back their experience.

## About the Professional Risk Manager (PRM™) Designation Program

The **Professional Risk Manager (PRM) Designation** is a globally recognized, graduate-level risk management credential.

The PRMIA PRM Designation consists of two exams, designed to recognize the competencies of professional risk managers and awarded to individuals with proven knowledge and skills in financial risk management.

**Endorsed by leading university programs and industry firms,** it is the global standard for risk management professionals.

Built by a broad coalition of industry leaders to reflect the mission objectives of the association and to establish the leading form of education, validation, and certification in the risk management profession, the PRM includes candidates and current Holders from over 110 countries.

**“We are “of the risk professional, by the risk professional, and for the risk professional.”**



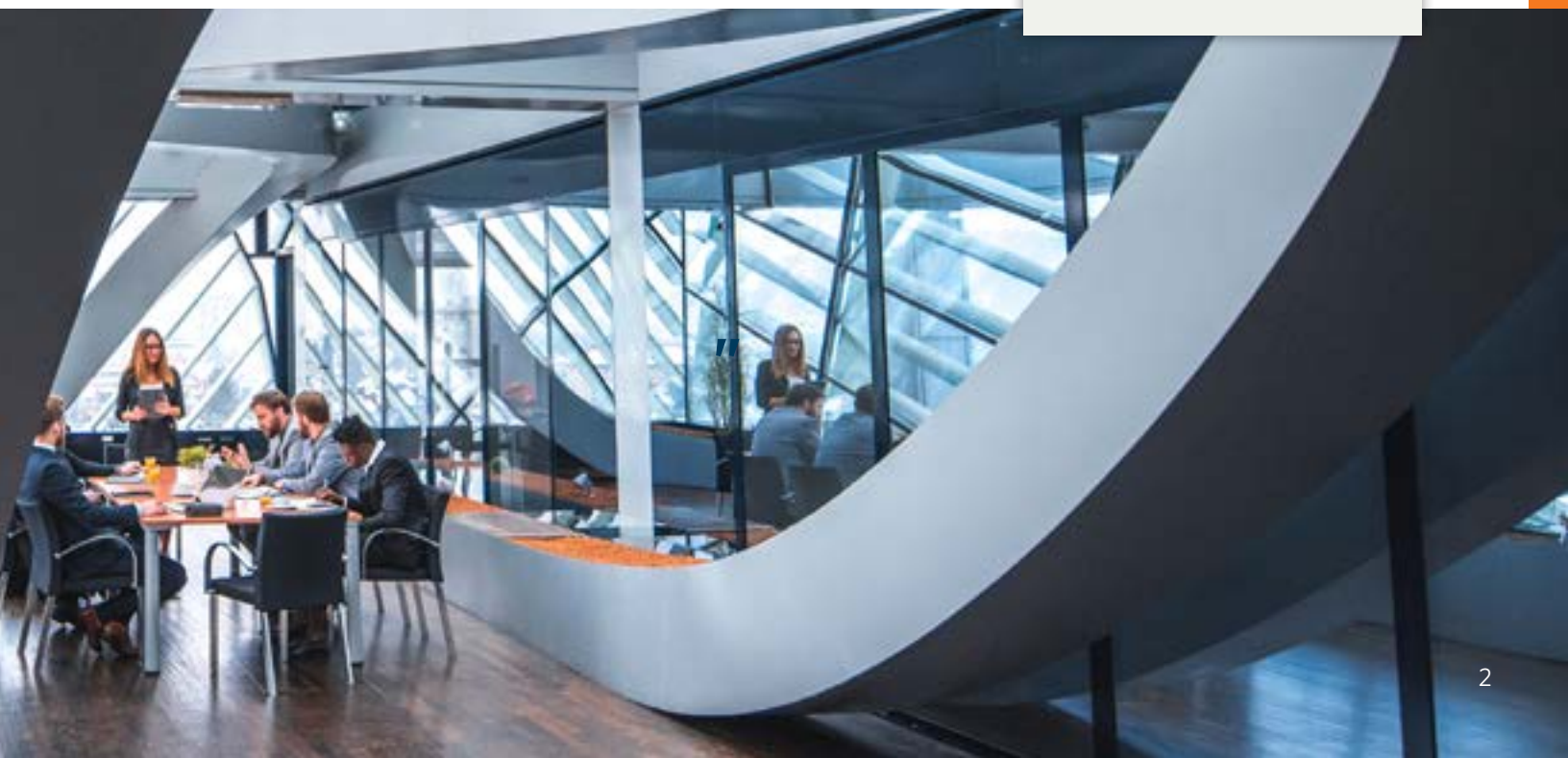
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Holders of the Professional Risk Manager Designation have demonstrated their knowledge and skills related to:

- Risk management best practices and the finance theory underpinning risk management
- Financial instruments and their associated risks and uses
- The roles, features, and processes within the various financial markets
- Mathematical foundations of risk measurement
- Risk management frameworks and operational risk best practices
- The classic credit risk lifecycle, products, and methodologies
- Counterparty risk management (CVA, DVA, XVA) elements
- The foundations of market risk
- The foundations and complexities of asset liability management
- The foundations of liquidity risk
- Latest developments in areas like machine learning, ESG, compliance, and virtual assets
- Lessons learned from failed systems and practices and major risk events
- Best practices of governance, conduct, and ethics

### **What does having PRM after my name do for me?**

Along with the accomplishment of passing the exam comes the ability to set yourself apart in the industry. PRM certified professionals have many more opportunities in the competitive job market than those who do not hold the PRM. Businesses recognize the importance of the skill sets proven by the PRM Designation, and many more are requiring the credential in their higher-level positions.



## Who holds the PRM?

PRM Holders have shown their competence in risk management tools, techniques, theories, and principles. It is intended for Financial Analysts, Risk Managers, Chief Risk Officers, and Chief Executive Officers.

Current PRM certified professionals include staff from large banks and corporations, universities, government agencies, and other non-financial organizations. Organizations represented include Ernst & Young (EY), Credit Suisse, HSBC, ING, First Derivatives, Deloitte, KPMG, UBS, Scotiabank, PWC and National Bank of Canada.

**Access PRMIA Certifications Public Directory for a list of PRM Designation Holders.**

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## IS THIS THE RIGHT CERTIFICATION FOR YOU?

Choosing a professional certification is a personal one that depends on professional goals, current knowledge or skill level, and how well that credential will aid one's career path.

When considering the Professional Risk Manager Designation, one could consider the following:

- Do I meet the **experience requirements**
  - If I don't currently meet the experience requirements, or the alternatives, will I meet them soon?
- Am I knowledgeable of the topics shown in the PRM syllabus?
- Is the program a global certification recognized in the regions where I work?
- Does my employer or potential employer recognize the importance of continued education through the study for a professional certification?

If answers to these questions are favorable and evidence exists for meeting the current requirements, continue on for information about applying.

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## REFUND POLICY

The PRM application and program fees are not refundable or transferable. The information provided in this guidebook and online is intended to ensure candidates who apply for the PRM program are well informed about its requirements and fees before applying. For more information, visit the PRMIA [Terms of Use](#).

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Many of your questions can be answered by this PRM Candidate Guidebook. However, as a quick reference, some of the more commonly asked questions from exam candidates can be found on the [online FAQs page](#).

## How to Use this Candidate Guidebook

The purpose of this Professional Risk Manager (PRM™) Designation Candidate Guidebook is to ensure future and current candidates have the information needed to pursue the PRM professional certification.

**Future Candidates** — Those individuals who have not yet applied for certification may find important and detailed information regarding the PRM Designation to determine whether it is appropriate for their career path.

**Applicant** — an individual who has submitted an application and paid the application fee, or an individual who has an approved application but has not yet paid the PRM program fee.

**Current Candidates** — Those who have applied for and are taking the examinations should refer to this Candidate Guidebook to aid their path to the PRM Designation. This status continues until all required examinations are successfully taken.

**Qualified** — You have successfully completed the PRM 1 and PRM 2 exams (or equivalent pathways). This status is yours for life—you will always be recognized as PRM Qualified. However, you cannot use the PRM Designation professionally (on your CV, business cards, or LinkedIn) or be included in the PRM Holder list.

**Current PRM Designation Holders** — You pay your annual Sustaining member fees to maintain your Holder status. You are officially recognized as a PRM Holder and can use the PRM Designation professionally (on your CV, business cards, and LinkedIn). You remain connected to PRMIA’s global network and can access risk management resources in the members’ sections of our website.

**Retired** — a PRM certified user that has been certified as ‘retired’ in their professional career and holds Sustaining membership. For instructions on how to retire the PRM Holder status, contact [certification@prmia.org](mailto:certification@prmia.org).

Be sure to read this entire document. It contains important information that will help you be a successful Candidate.

We hope you will join us in promoting the PRM program as the standard for the risk management industry. Invite your peers to learn more about the PRM by sharing the link [http://bit.ly/PRMIA\\_PRM](http://bit.ly/PRMIA_PRM) in your social media profiles.

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# Program Design



The Professional Risk Manager Designation program was developed under the guidance of the PRMIA Education Committee and with input from current and future Professional Risk Managers around the globe. Its subject matter is based on relevant, readily available sources of literature on the specific subjects within its syllabus.

**Specifically, the program has been designed with four of the PRMIA Mission objectives in mind:**

## 1 To be a leader of industry opinion and a proponent for the risk management profession

By setting the higher standard in risk certification, we create standards of practice and accountability that will define what Professional Risk Managers represent to their colleagues and employers.

## 2 To drive the integration of practice and theory, and certify the credentials of those in our profession

Neither theory nor practice will successfully develop to their potential without a strong interaction among professionals in each area. The Professional Risk Manager program contains subject matter drawn from risk management theory, finance theory, the math underpinning risk measurement, and applied practices of our profession.

We directly assess knowledge of finance and basic math. Such knowledge is essential for risk managers, as it forms the foundation of risk measurement and management.

We assess practical knowledge about markets: trading practices, intermediaries, settlement, and other conventions in specific markets. These market choices will reflect the most global of markets as well as some more narrowly defined markets, with the latter giving us the opportunity to expose people to markets in which they may not normally be active.

The PRM Designation program includes an assessment of the application of important risk management lessons from the PRMIA Case Studies. Narratives of historical incidents where critical risk management issues have arisen give us the opportunity to conduct a pathology of events from around the globe and to assess members' understanding of the cases' root causes. **Access the PRMIA Case Studies assessed as part of the PRM Designation Program from [www.prmia.org/PRM](http://www.prmia.org/PRM).**



### 3 To be global in our focus, promoting cross-cultural ethical standards, serving emerging as well as more developed markets

The content of the PRM program is designed to be geographically neutral. Specific sections focusing on “markets” are designed so that a variety of markets and market lessons are studied.

The **PRMIA Standards of Best Practice, Conduct, and Ethics** (Code of Conduct) represent the standards of behavior that Professional Risk Managers promise to their colleagues and employers. It has been written to cut across geographic and cultural boundaries. All Professional Risk Managers will be required to study the Code for the program and adhere to it to stay in good standing as a certified PRM.

The PRMIA Governance Principles delineate seven key principles to best practices of corporate governance, all gleaned from governance documents developed by leading public and private entities from around the world.

### 4 To be transparent, nonprofit, independent, member-focused, and member-driven

PRMIA is a non-profit professional association under the full control of its members. It does not have for-profit subsidiaries that may financially benefit individuals. The **PRMIA Bylaws** provide strong protection for member rights and the assets of the membership. We are “of the risk professional, by the risk professional, and for the risk professional.”

**“The PRM Designation has a cutting-edge curriculum that provides for the most effective path to Professional Risk Manager success. ”**

— JOHN PAUL BROUSSARD,  
PHD, PRM

# PRM Exam Structure

The purpose of the PRM examinations is to assess the current knowledge and skill levels for financial risk managers to determine competency against the PRM Designation syllabus domain areas in relation to the global standards expected of a professional risk manager. Knowledge and skills are assessed by multiple-choice test questions that make up each examination.

The PRM exam program includes two required examinations.

**The PRM Exam 1** assesses knowledge of the domains related to finance theory, instruments, markets, and the application of mathematical foundations of risk measurement.

**The PRM Exam 2** assesses the knowledge of the domains related to risk management frameworks, asset liability management, funds transfer pricing, the specific risk areas of operational risk, credit risk, counterparty credit risk, and market risk, as well as the PRMIA Standards and Governance.

**The PRM Exam 2** includes a **Practicum Assessment** that assesses the ability to apply lessons learned from the PRMIA case studies using knowledge from across the PRM syllabus. It is for this reason that the graphic below shows Exam 2 assessing all areas of the PRM syllabus as some test questions that assess a case study may also assess the application of knowledge from the domains of finance theory, instruments, or markets, as well as some of the mathematical foundations of risk management.



## PRM TEST SPECIFICATIONS

In an effort to ensure PRM candidates can prepare for their studies, the following tables provide the specific test specifications that are used to develop each exam form.

The exams include 100% multiple choice test questions with four options, where only one option is the intended correct answer.

The PRM Exam 1 consists of 60 stand-alone test questions.

The PRM Exam 2 consists of 64 stand-alone test questions and a practicum portion that includes four scenarios each followed by five related test questions, bringing the total number of test questions to 84.

Domains Assessed	Number of Stand-Alone Test Questions <sup>1</sup>		Number of Practicum-Based Test Questions <sup>2</sup>		Proportion Across Both Exams
	PRM Exam 1		PRM Exam 2		
I. Finance Theory	15		0-2		12%
II. Financial Instruments	15		0-2		10%
III. Financial Markets	15		0-2		11%
IV. Mathematical Foundations of Risk Measurement	15		0-2		9%
V. Enterprise Risk Management Frameworks & Operational Risk Management Practices		20			
VI. Credit Risk and Counterparty Credit Risk		20	4-7		15%
VII. Market Risk, Asset Liability Management, and Funds Transfer Pricing		20	4-7		13%
VIII. Case Study Practicum <sup>3</sup>		0	<b>20<sup>4</sup></b>		12%
IX. PRMIA Standards and Governance		4	0		2%
<b>TOTAL</b>	<b>60</b>		<b>84</b>		<b>100%</b>

<sup>1</sup> Stand-alone test questions are questions intended to be answered based on the information provided in the question's stem or prompt. The answer to the question will refer only to the content provided in that specific question.

<sup>2</sup> Practicum-based test questions are questions intended to be answered based on the information provided in the scenario that precedes the question. The question's stem or prompt may require additional information to be identified from the provided scenario in order to answer the question.

<sup>3</sup> The Case Study Practicum portion of PRM exam 2 includes test questions that assess the application of knowledge from domains I through VII. Due to the nature of the practical application of the lessons learned from the case studies, different skill sets and knowledge will be assessed with each practicum. As a result, each exam form may contain different sets of test questions assessing these areas.

<sup>4</sup> The Case Study Practicum includes 4 sets of 5 test questions, to make up the 20 total test questions that assess application of the lessons learned from the PRMIA Case Studies. Each set of test questions may include between 0-2 questions related to domains I-IV, and will include between 4-7 questions related to domains V-VII.

# PRM Syllabus

The Professional Risk Manager (PRM) syllabus includes a comprehensive set of knowledge and skills expected of a competent financial risk manager.

The subject matter of the PRM program is broken down broadly among nine major domain areas. The current knowledge and skill level of a Professional Risk Manager is assessed using examinations that include multiple choice test questions.

PRM Handbook Title	PRM Syllabus Domains
Foundational Theories, Instruments and Markets for Risk Management	I. Financial Theory II. Financial Instruments III. Financial Markets
Mathematical Foundations of Risk Management	IV. Mathematical Foundations of Risk Measurement
Risk Management Frameworks and Practices for Enterprise and Operational Risk Management	V. Enterprise Risk Management Frameworks and Operational Risk Management Practices
Practices for Credit and Counterparty Credit Risk Management	VI. Credit Risk and Counterparty Credit Risk
Risk Management Frameworks and Practices for Market Risk & Asset Liability Management	VII. Market Risk, Asset Liability Management and Funds Transfer Pricing





## DIGITAL RESOURCES

To support the use and study from the PRM Handbook, additional digital resources are available to candidates. These resources are referenced within the text of the Handbook and are freely available on the PRMIA website.

## RISK MANAGEMENT IN PRACTICE

Practicing risk managers may feel more prepared for the exams by going to work each day where they interact with other professionals, read industry magazines, software manuals, company policies and procedures, academic journals, websites and regulatory notices. Current professionals attend risk committee meetings, prepare risk reports, give presentations, and write papers.

Many of these work-related activities may already prepare them for taking the PRM exams. Candidates who want to gauge their current knowledge level against the PRM syllabus may take a moment to self-assess by utilizing the **PRM Designation Skills Self-Assessment tool**.



## PRMIA CHAPTER EVENTS

PRMIA has regional chapters around the world that host regular meetings on current risk management topics.

The speakers are leading industry figures from banks, exchanges, regulators, academia, consultants, vendors, asset managers, etc. The meetings are open to all PRMIA members and constitute an excellent opportunity for professionals to stay informed of the latest developments in risk management and measurement.

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# PRM Requirements

The PRM Designation program consists of three core requirement areas:

1. **Experience Requirements**
2. **Examination Requirements**
3. **Maintain a Sustaining membership. Continued Learning credits are recommended but not required.\***

The purpose and scope of each are described in detail in the following sections.

\*Examination requirements must be fulfilled within a two-year period. Individuals have two options to maintain their Holder status:

Option 1: Pay an annual Sustaining membership fee.

Option 2: Pay the annual Sustaining membership fee and submit 20 Continued Risk Learning credits each year to your member record. Choosing this option will result in a reduced membership fee and a badge listing the year for maintaining the designation.

## ENROLLMENT PERIOD

The PRM enrollment period begins with the date of the PRM application submission.

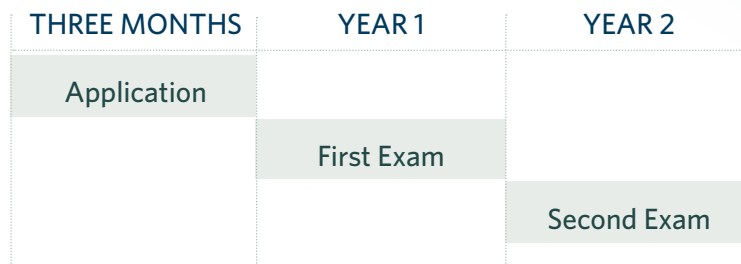
While some PRM candidates are ready to sit for their exams with little study, the two year enrollment period has been set to allow for some study before each of the exams are attempted.

It is expected that the application process may take between 15-30 days, with a vast majority of applications reviewed and verified (approved) within two weeks of initial submission. A few applications require additional documentation or additional time to receive and verify the evidence, causing the review to take up to 60 days.

Upon being approved by application process, within several days, PRM applicants are sent the details on the fee for their study material and exam authorization. PRM applicants are expected to complete this part of the process within 90 days of making their PRM application submission.

Discounts are available for Sustaining and Corporate members of PRMIA as well as those who wish to purchase both exams at once.

Both exams are to be completed within two years of this point of the process. Extensions to exam authorization may be purchased via **PRMIA.org**.



# Experience Requirements

Individuals applying to the PRM Program must provide evidence of meeting the following requirements:

1. Graduate school (i.e. MBA, MSF, MQF etc.) or current CFA Charter Holder, CIIA Holder, FRM Holder, OR
2. Bachelor's degree with two years full-time work experience, OR
3. Four years full-time work experience.

**Any work experience submitted must be associated with the financial services industries** (including regulatory or rating industries), or in the risk management department of any industry. Documentation of experience will be required upon applying for the PRM program.

**Are you a student or a recent graduate?** Students currently enrolled in a degree program and graduates who have recently completed an undergraduate degree program are eligible to take the PRM examinations as part of a special PRM for students program. They can then apply to the PRM Designation program when they are eligible, meet any remaining PRM requirements necessary, and become a PRM Designation Holder. This can be combined with the exemptions for **accredited universities**. Details can be found on the **PRM for Students page**.

## Cross-over exemptions: CFA, CIIA, and FRM

PRMIA members who currently hold a CFA, CIIA, or FRM are eligible for exemptions for PRM Designation examinations as shown in the table. The CFA charterholder and FRM status also provide evidence that applicants meet the PRM experience requirements (master's degree or equivalent) as long as the CFA or FRM status are current.

## New PRM Applicants

If individuals are eligible for a PRM Exam Exemption, they only pay for an application to confirm their eligibility / exemption and then the exam fee for the exam they must complete. On paying the exam fee, they will be provided with the appropriate PRM Handbooks and Exam Authorization.

Program	Awarding Organization	PRM Program Exemptions
Chartered Financial Analyst (CFA)	CFA Institute	Exam 1, Experience
CIIA charter holder	Association of Certified International Investment Analysts (ACIIA)	Exam 1, Experience
Financial Risk Manager (FRM)	Global Association of Risk Professionals (GARP)	Exam 1, Experience
PRMIA Accredited University Program	<b>Participating Universities</b>	Exam 1

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# Paths to the PRM™ Certification

## A flexible way to earn your designation

Traditionally, to earn the PRM candidates must complete two exams — PRM 1 and PRM 2 — along with meeting other requirements.

The **Paths to the PRM™** initiative introduces more flexibility in how candidates complete the PRM 2 requirement.

Candidates can now choose between: Taking both PRM Exams 1 and 2 OR Taking Exam 1 and being exempt from Exam 2 by taking advantage of one of the three available exemption options.

### **Option 1 Exam Exemption: Completing three specialized certificates**

- Operational Risk Management Certificate Holder;
- Credit and Counterparty Risk Management Certificate Holder; and
- Market, Liquidity and Asset Liability Risk Management Certificate Holder.

### **Option 2 Exam Exemption: Cross-over qualifications**

The Fast-Track Exemption Program allows CFA, CIIA, and FRM certification holders to bypass the application process and the PRM 1 exam, which is already covered by their existing credentials. This streamlined process will require them to complete only the PRM 2 exam. They will be required to provide their CFA, CIIA, or FRM certification identifier for verification before final approval.

### **Option 3 Exam Exemption: PRMIA Risk Accreditation Program — Accredited University Programs**

Visit the [PRMIA Risk Holder Accreditation Program website](#) to view the current list of PRMIA accredited risk programs.

Visit us online to learn more about paths to the PRM™.

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# Exam Logistics: Application, Preparation, & Testing

## APPLICATION

Potential PRM candidates must first apply to PRMIA by visiting <https://prmia.org/PRMApplication>

PRM Designation Candidates are required to submit verifiable evidence of meeting the minimum experience requirements online as part of the application.

The application review process will occur within two weeks of application submission provided the application fee is paid. For applications with missing or incomplete information, the review process may take longer. In some cases, responses from references for verification may delay the application review process. In these instances, candidates are notified of the status of the application.

Refer to the **PRM Frequently Asked Questions** for details on the application process and the required documentation.

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## PROFILE DETAILS FOR PRMIA

It is critical that a complete PRMIA profile be provided when applying for the PRM certification or any certificate program.

PRMIA uses the following details when reviewing the application and also when sending pre-approval for any exam authorizations to Pearson VUE for testing purposes.

- Name as it appears on identification card
- Full preferred mailing address
- Phone number with country (or country code)

Information on PRMIA Data Privacy may be found in the **Terms of Use**.

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## PROGRAM FEES

Individuals with an approved application are required to indicate their readiness to begin the study process by paying the PRM program fee within 90 days of the date the application was submitted to PRMIA.

Instructions on how to pay the fee are included in the application approval email. Bundles are available to allow both exams to be bought at a discount.

Within 2-3 business days of paying the program fee, authorization to take the required examinations will be submitted to Pearson VUE, and instructions on how to schedule the exams and access to the digital PRM Handbook will be sent via email to the PRM candidate.

PRMIA has contracted with Pearson VUE to administer the PRM examinations at its test centers around the globe or online via their Remote Proctored exam solution. Follow the instructions in the email to create an account with **Pearson VUE**.

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## PROFILE DETAILS FOR PEARSON VUE

Once a candidate receives an email notification from PRMIA that their exam authorization has been submitted to Pearson VUE, they will receive another email within 24 hours from Pearson VUE to confirm their account is ready.

New candidates will receive a second email with a username and temporary password to log in to <https://home.pearsonvue.com/prmia>.

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## SCHEDULING EXAMS

The PRM exams are administered in a proctored environment at Pearson VUE facilities around the globe or online via their Remote Proctored exam solution.

Candidates schedule an examination by creating an account with Pearson VUE or logging in to their existing account to view pre-approved exams at [www.pearsonvue.com/prmia](http://www.pearsonvue.com/prmia).

Exams are offered four times per year during specific testing windows. These testing intervals allow for consistent opportunities to complete the PRM exams within the required two-year period. Current exam schedules can be found on the [PRMIA website](#) and also on the [Pearson VUE scheduling page](#).

Candidates are encouraged to review the [important details](#) about registration, cancellation, identification requirements and space availability. The current [testing schedule](#) on the PRMIA website shows when the scheduling and testing windows open.

**\*\*\*Quebec Language Project** - PRMIA exams will not be offered at the testing centers or remotely in Quebec. Due to the Quebec Language Project, all materials and exams are required to be offered in French. PRMIA is not able to offer the exam options in French at this time. Candidates will need to travel outside of Quebec to sit for their exams.

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## CANCELING OR RESCHEDULING

In recognition of the busy and changing schedules of risk managers, candidates may change their exam appointment without charge through the Pearson VUE system at [www.pearsonvue.com/prmia](http://www.pearsonvue.com/prmia).

**All change requests must be made with Pearson VUE at least one business day before the testing date or the entire exam fee will be forfeited.**

All authorized exams have an expiration date. An email from Pearson VUE with the subject line "Authorization to Test" specifies the authorized dates. This email also provides important information about scheduling, canceling, and rescheduling exams. It is crucial to keep this email for your records.

All program and exam fees are **final and non-refundable**.

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## PRM EXAMS — TEST LENGTH AND TESTING TIME

The testing time limits established for the PRM examination is set to ensure sufficient time for all candidates to complete the exams.

Exam Title	Test Length (number of test questions)	Testing Time Limit
Exam 1	60 questions	4 hours
Exam 2	84 questions	4 hours

Candidates who need additional time or specific test environment accommodations due to medical or other accommodation needs may contact [certification@prmia.org](mailto:certification@prmia.org) with details of the specific accommodations required. A staff member will review the request and work with Pearson VUE to determine how best to meet the accommodation requirements.

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## EXAM PLATFORM

Whether completed at a test center or via a remotely proctored exam, the PRM exam is computer-based, and questions are all multiple choice with four options, and one option is the correct answer.

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## CALCULATORS

For the portions of the exam that allow calculators to be used, the platform provides an online scientific calculator, the Texas Instrument TI-30XS. This calculator is part of the test delivery system.

A user guide for the calculator can be found on the [Texas Instruments Guidebooks](#) page.

Candidates may also choose to purchase the hand-held version (TI-30XS) to familiarize themselves with the calculator. However, personal calculators are not allowed into the testing room.

No other materials may be brought into the exam room.

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## EXAM LANGUAGE

The PRM exams are offered in the English language only.

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## CHECKING IN FOR AN EXAM APPOINTMENT

On the date of the appointment, candidates should arrive at the testing center at least 15 minutes before the scheduled start time. If using the remote proctored service, please log in 30 minutes before your scheduled exam time.

PRM candidates must meet the Pearson VUE Global ID Policy. A link to this policy can be found at <https://home.pearsonvue.com/prmia>.

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## EXAM SECURITY

Whether taken in an exam center or remotely, the PRM exams are conducted under secure conditions. Any attempt by candidates to copy questions, by any means including organized memorizing, and to distribute these questions to other individuals, will be treated as unethical behavior and may result in penalties against the candidate, which could include forfeiture of any PRMIA certificates, exam authorizations, and possible expulsion from PRMIA. Incitement to copy and usage of copied questions may also result in the same penalties.

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## TAKING THE EXAMS

PRM candidates have two years to pass all required exams of the PRM Designation. The two-year period commences from the date of the first successful PRM examination. Candidates may take exams over more than a two-year period, but any exams older than two years will need to be retaken.

- Candidates may only sit for the same exam once every 60 days.
- The exams are computer-based.
- Candidates will not receive any copies of the questions.
- No paper may be brought into the testing center; however, candidates will be provided with an erasable board upon request.

### **Examination Administration**

Each testing center has an administrator who assists exam candidates with the testing process.

Once admitted to the testing room, there will be a tutorial that introduces the functionality of the exam and a brief message from PRMIA. After the tutorial has been viewed, the candidate may begin the exam, which includes multiple-choice questions. Sufficient time is allocated to read the tutorial and message and complete the exam.

The testing system allows marking and reviewing questions as long as time is remaining. Candidates are encouraged to monitor and use their time effectively to ensure they respond to all required test questions.

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## EXAM RESULTS

PRMIA will post exam results to candidates' PRMIA profiles no later than 15 business days from the testing date. When available, candidates will receive an email from [certification@prmia.org](mailto:certification@prmia.org) with instructions on how to access results.

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## RETAKE THE EXAMS

Candidates who do not pass an exam are eligible to retake the exam 60 days from the date of the last exam. Individuals who require a retake will receive a notification from PRMIA that they are eligible to retake the exam, with instructions for how to purchase an exam retake.

Candidates may also contact [support@prmia.org](mailto:support@prmia.org) or submit a **Contact Us inquiry** to request the retake exam purchase link.

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# PRM Syllabus

## Domain I to IV: PRM Exam I

### I. FINANCE THEORY

#### A. Risk Theory

1. Describe the axioms and assumptions of utility theory with respect to expected return and risk, and describe its application to the mean-variance portfolio theory.
2. Calculate the Sharpe ratio and Jensen's Alpha, and interpret the results.
3. Identify and describe risk adjusted performance measures, in particular RAROC, RORAC, RARORAC, RoVaR, and the Treynor, Information, and Omega ratios, and the Sortino and Kappa indices.

#### B. Portfolio Theory and Mathematics

1. Understand how diversification reduces risk and how serial correlation in returns affects risk over time horizons.
2. Understand hedging and be able to apply this knowledge in an example situation.

#### C. Asset Allocation

1. Relate mean-variance portfolio theory to asset allocation decisions, with risky assets and a risk-free asset (e.g., asset correlation, efficient frontier, market portfolio, capital allocation line, capital markets line, dominated portfolio, and separation principal).

#### D. The CAPM and Multifactor Models

1. Outline the components of the capital asset pricing model (CAPM), including the risk premium, systematic and idiosyncratic risk, beta, securitymarket line, and its underlying assumptions.
2. Compare and contrast single-factor (e.g., CAPM) and multifactor models.
3. Compare and contrast the capital asset pricing model and the single-index model.
4. Describe how arbitrage pricing theory can be used for decision-making.

#### E. Capital Structures

1. Outline the factors to be considered to determine the capital structure of a firm, in particular the balance of debt to equity as well as agency costs, taxes, and leverage.

#### F. The Term Structure of Interest Rates

1. Define the term structure of interest rates and demonstrate how to construct a yield curve from observable bond pricing.

2. Describe the standard theories used to explain the observed shape of the yield curve: a) pure expectations theory, b) liquidity preference theory, c) preferred habitat theory, and d) market segmentation theory.
3. Understand the concepts of duration and convexity, and describe the impact of an embedded call or put on the duration convexity and the price of a bond.
4. Compare and contrast the Ho-Lee, Hull-White, and Black-Derman Toy models.

## II. FINANCIAL INSTRUMENTS

### A. Bonds

1. Understand the characteristics of bonds, using concepts of duration, convexity, and yield.
2. Price different types of bonds (e.g., zero coupon, fixed/floating, investment/non-investment grade, etc.).

### B. Forward and Futures Contracts

1. Understand the relationship between spot and forward prices.
2. Value a forward contract using concepts of interest differential and delivery cost.
3. Understand the standardized characteristics of futures contract, for bonds, stocks, currencies, and commodities.

### C. Swaps

1. Understand the key components of a swap agreement and value a vanilla interest rate swap.
2. Understand features of various types of swaps on instruments (e.g., currencies, bonds, equities, commodities, assets, etc.).

### D. Options

1. Identify and understand the components of option valuation.
2. Verify an option price using a given methodology (e.g., binomial models, Black-Scholes-Merton, etc.).
3. Identify different option trading strategies.

### E. Credit Derivatives

1. Apply the concepts of default probability and loss given default in determining a credit default swap premium.
2. Understand different types of credit derivatives and securitized products.

### F. Caps, Floors, and Swaptions

1. Understand caps, floors, and swaptions and their use in the markets.

### G. Virtual Assets

1. Understand the underlying concepts of virtual assets.
2. Describe developments in virtual assets and related Instruments.

### III. FINANCIAL MARKETS

#### A. Participants in and the Structure of Financial Markets

1. Define and describe the various participants within financial markets (e.g., banks, brokers, front/middle/back office, underwriter, participants, etc.)
2. Discuss the structure of financial markets.
3. Distinguish between the various markets (e.g., bonds, FX, stocks, etc.), trading systems (e.g., over-the-counter (OTC), ECN, "open cry", etc.), and settlement processes (e.g., straight-through).
4. Assess and analyze the capital structure of entities.

#### B. Bond Markets

1. Define and describe the characteristics of bond markets.
2. Interpret how an agency rating impacts the spread.

#### C. Money Market Securities

1. Define and describe money market securities (e.g., T-bills, CDs, CPs, BA, etc.).
2. Discuss significant funding rates (e.g., Euro Interbank Offered Rate (Euribor), London Interbank Offered Rate (LIBOR), Overnight Index Swap (OIS), and Euro Over Night Index Average (EONIA).)
3. Calculate the bond equivalent yield of money market securities.

#### D. Stock Market

1. Define and describe the characteristics of stock markets.

#### E. Foreign Exchange Markets

1. Discuss foreign exchange markets (both spot and forward) and describe various characteristics of these markets.
2. Calculate and interpret the cross rate given two FX rates.

#### F. Energy Markets

1. Define and describe the various elements of energy markets, including emerging energy markets.

#### G. Commodities Markets

1. Define and describe the various elements of commodities markets and the distinguishing features of these markets.

#### H. Futures Markets

1. Understand the the characteristics of derivatives exchanges on which futures and trade.

#### I. Fintech Markets

1. Describe developments in the Fintech markets.

## IV. MATHEMATICAL FOUNDATIONS OF RISK MEASUREMENT

### A. Risk Management and Mathematics

1. Understand the Mathematics of Machine Learning.
2. Applying Simple Math to a Common Financial Issue: The Time Value of Money.

### B. Algebraic Methods

1. Solve equations using algebraic methods (e.g., linear and quadratic equations).

### C. Calculus Methods Related to Risk Management

1. Apply calculus methods (e.g., exponential and integration, approximation, differentiation, stochastic, etc.) to risk management.

### D. Basic Statistics Related to Risk Management

1. Compute and interpret basic statistical measures relating to risk management (e.g., mean, standard deviation, kurtosis, correlation, etc.).
2. Understand the application of extreme value theory.

### E. Numerical Methods

1. Discuss, calculate, and interpret various optimization and numerical methods (e.g., LaGrange, Newton-Raphson, Monte Carlo simulation, Multistate Markov model, etc.).

### F. Matrix Algebra

1. Understand and apply matrix algebra as it relates to risk management (e.g., Cholesky decomposition, etc.).
2. Calculate and interpret principal components analysis (PCA).
3. Solve linear simultaneous equations using matrix algebra.

### G. Probability Theory in Finance

1. Understand probability theory including Bayesian theory.
2. Calculate, apply, and interpret probability distributions (e.g., normal, lognormal, Poisson, Copula, probit, and logit models).

### H. Regression Analysis in Finance

1. Understand and interpret time series, simple, and multiple linear regression.
2. Apply confidence intervals and hypothesis testing.

## Domain V to IX: PRM Exam II

### V. ENTERPRISE RISK MANAGEMENT FRAMEWORKS AND OPERATIONAL RISK PRACTICES

#### A. Risk Governance

1. Understand key organizational roles and responsibility for risk decision-making and challenges.
2. Describe the role of the risk function and leadership in ensuring the success of the risk framework through the support of risk culture.
3. Evaluate the effectiveness of governance structures, including the role of external stakeholders (regulators, auditors, shareholders, rating agencies, etc.).

#### B. Risk Management Framework

1. Identify the key components of a risk framework including policies, appetite, culture, limits, and thresholds.
2. Describe how a risk management framework supports an enterprise-wide participation in risk management.
3. Differentiate between expected loss appetite versus tolerance and capacity for stress losses.
4. Apply strategies for managing risk exposure.

#### C. Risk Assessment

1. Identify the key steps in a risk assessment lifecycle.
2. Categorize operational risk into its sub-components, including causes and effects.
3. Understand different methodologies for measuring and quantifying operational risks.

#### D. Risk Information

1. Evaluate relevant measures to identify and analyze loss experience.
2. Understand the key steps in a loss investigation.
3. Be able to identify, select, and implement appropriate key risk indicators and articulate a risk profile.

#### E. Risk Capital and Operational Resilience

1. Evaluate the use of data in operational risk modeling.
2. Understand new developments in operational risk capital.
3. Understand developments in operational resilience.

#### F. Compliance Risk Framework

1. What is Compliance Risk Management?
2. Types of Compliance Risks
3. Enterprise Compliance Risk Controls

## VI. CREDIT RISK AND COUNTERPARTY CREDIT RISK PRACTICES

### A. Classic Credit Life Cycle

1. Describe the entire credit life cycle from origination to repayment.

### B. Classic Credit Products

1. Describe credit markets and credit instruments.
2. Analyze and describe the credit risk taxonomy.

### C. Classic Credit Risk Methodology

1. Analyze, compare, and contrast credit risk evaluation methodologies.

### D. Counterparty Risk

1. Explain counterparty risk.
2. Measure counterparty exposure and interpret risk appetite.

### E. Credit Derivatives and Securitization

1. Outline how credit derivatives and securitization are used as a funding risk management tool.

### F. Credit Portfolio Management

1. Recognize credit portfolio management goals and philosophy.
2. Define commonly used credit portfolio management metrics and describe how these metrics are used in practice.

### G. Valuation Adjustments (XVA)

1. Calculate and interpret various value adjustments (e.g., credit (CVA), funding (FVA), debit (DVA), margin (MVA), etc.)
2. Describe right- and wrong-way risk, and the role of the central clearing counterparties (CCPs).



## VII. MARKET RISK, ASSET LIABILITY MANAGEMENT AND FUNDS TRANSFER PRICING PRACTICES

### A. Asset Liability Management

1. Understand the framework and governance processes for managing liquidity and funding risk.
2. Determine the efficiency of capital and funding sources, and the use of the balance sheet.

### B. Liquidity Risk

1. Understand and interpret the matching of asset and liability maturities.
2. Define and calculate liquidity indicators and ratios.
3. Identify the key components of liquidity assessment and contingency funding plans.

### C. Interest Rate Risk

1. Compare interest rate risk management for a trading book versus banking book structures.
2. Calculate specific measures of interest rate risk at different points in the yield curve.

### D. Market Risk Management and Stress Testing

1. Identify the components of market risk policy, limit setting frameworks, and how management action triggers are designed to work.
2. Define stress testing techniques for trading exposures (e.g., FX, interest rate, equity commodity) with different levels of market liquidity.

### E. Market Risk Monitoring

1. Compare and contrast different risk monitoring techniques (e.g., gross/net exposure, concentration measure, value at risk (VaR), stress VaR, expected shortfall, etc.)
2. Calculate a simple VaR measure.

### F. Commodities Market Risk Management

1. Understand the risks related to commodities and how to mitigate them.

### G. Balance Sheet Management

1. Understand the methods to manage several risks as part of overall balance sheet management.

### H. Bank Funds Transfer Pricing (FTP)

1. Understand funds transfer pricing (FTP) and how it can help mitigate risks.

## **VIII. CASE STUDY PRACTICUM**

### **A. Risk Taxonomy**

1. Interpret specific scenarios to identify areas of risks according to the PRMIA risk taxonomy.

### **B. Historical Case Studies**

1. Compare and contrast the scenario environment against case studies and the lessons learned from those documented cases.
2. Examine the symptoms and causes from specific case studies and apply these to the scenario.

## **IX. PRMIA STANDARDS AND GOVERNANCE**

### **A. Group of Thirty Best Practices**

1. Describe the Group of Thirty Best Practice recommendations and how they may be applied in risk management.

### **B. PRMIA Governance Principles and Bylaws**

1. Define the PRMIA Governance Principles and describe the application of the principles.
2. Describe the PRMIA Bylaws.

### **C. PRMIA Code of Conduct and Ethics**

1. Define and describe the PRMIA Professional Standards, Code of Conduct, and Guidance on Ethical Behavior, and understand how these shall be applied in professional practice.



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