

## November 2004

- GARP 2005: 6<sup>th</sup> Annual Convention and Exhibition Coming Soon!
- FRM Registration Soaring as Global Exam Date Nears
- Almost Here: GARP's 3<sup>rd</sup> Annual Hedge Fund and Asset Management Forum Will Feature Great Speakers and Informative Workshops
- New York and London Prep for Credit Modelling Events
- GARP's 4<sup>th</sup> Annual Operational Risk Seminar Set for Takeoff
- Basel II & Banking Regulation
- Free Access to Select Stories in the Sept/Oct Issue of GRR
- Chapter Meetings
- Advertisements

GARP 2005: GARP's 6th Annual Convention and Exhibition  
**Marriott Marquis Hotel, New York, January 31 – February 3, 2005**

**Book Before December 3, 2004, and Save Up To USD \$500!**

**Full event website, including online registration:**  
[www.garp.com/events/garp2005](http://www.garp.com/events/garp2005)

Following the huge success of the first five annual Conventions, GARP is pleased to announce that the **6th Annual Convention & Exhibition** will be held in New York on January 31 – February 3, 2005. GARP would like to thank the lead and technology sponsor, Standard & Poor's Risk Solutions, the lead sponsor, SAS, the associate sponsor, FitchRisk, and the FRM cocktail reception sponsor, Wiley's, for their enthusiastic support for this event.

Join over 600 attendees from more than 40 countries for what promises to be the financial risk management event of the year. **Four** simultaneous streams during two days and over **80** high level speakers address and analyze topical risk issues affecting the future direction of financial risk management. Highlights of the 2005 Convention include:

- **Inaugural Address: Nicholas Le Pan**, Superintendent, **Office of the Superintendent of Financial Institutions, Canada**; Chairman of the Basel Accord Implementation Group; and Vice Chairman, **Basel Committee on Banking Supervision**
- **Andrew Crockett**, President, **JPMorganChase International**
- **Michael Gordy**, Senior Economist, **Federal Reserve Board** and GARP Financial Risk Manager of the Year, 2003
- **Professor Robert J. Shiller**, Stanley B. Resor Professor of Economics, **Yale University**
- **Stanley Fischer**, Vice Chairman, **Citigroup** and President, **Citigroup International**

Visit the event website at: [www.garp.com/events/garp2005](http://www.garp.com/events/garp2005) for further details. Below are some of the **tracks and sessions** that attendees can expect to hear at GARP 2005:

- The latest **market risk and ALM** measurement and management techniques – drawdowns of the US interest-rate markets, new research on stress testing, capital management under new Basel environment, stochastic volatility
- **Credit risk, Basel II and capital allocation** including IRB validation, measurement, use and convergence of economic and regulatory capital

- **Operational risk, the new Basel Accord and capital charges** including case studies on the AMA approach, VaR approach to AMA compliance and implementing AMA across an enterprise
- **Latest advances in hedge funds** – risk management for the buy-side
- New advances in **credit risk measurement and management** including counterparty exposures, default estimations for low probability defaults
- Innovations in **credit derivatives and the latest securitisation techniques**

In addition to the two-day four-track Convention, GARP 2005 offers delegates four separate, intensive and interactive one-day workshops:

**Monday, January 31, 2005**

- **Overview of Monte Carlo Simulation in Finance**
- **Effectively Using Credit Derivatives to Mitigate Credit Risk**

**Thursday, February 3, 2005**

- **Enterprise Risk Management – Essentials for Decision Makers**
- **Quantifying Operational Risk – Latest Advances in Measuring and Modelling Operational Risk Under the new Basel Accord**

For more information, please see the enclosed brochure or visit the Convention website at [www.garp.com/events/garp2005](http://www.garp.com/events/garp2005). If you have any questions, please do not hesitate to contact GARP's events coordinator, Katherine Barnes, on +44 (0) 20 7626 9303, or via email at [katherine.barnes@garp.com](mailto:katherine.barnes@garp.com).

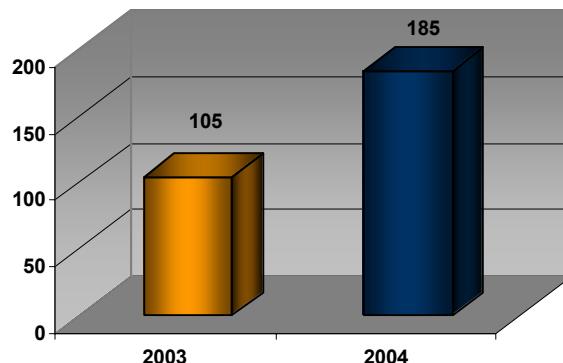
We look forward to meeting you in New York!

**FRM Smashes Registration Record**

Registration for GARP's 2004 FRM exam – scheduled to be administered in locations across the globe on November 20 – has set an all-time mark. As of the close of the registration period, 5,726 individuals signed up to take the FRM – the world's most prestigious global certification program for financial risk managers. The 2004 FRM registration record represents a 31 percent jump from the previous all-time mark of 4,369 registrants, set in 2003.

Similarly, over the last year, the total number of companies with five or more FRM registrants has risen from 105 to 185 – a 76 percent increase.

**COMPANIES WITH 5 OR MORE FRM REGISTRANTS**



If you're interested in seeing a complete listing of 2004 exam sites, please read below:

#### 2004 FRM Examination Sites

United States	Canada
<a href="#">Boston, Massachusetts</a>	<a href="#">Vancouver</a>
<a href="#">Charlotte, North Carolina</a>	<a href="#">Montreal</a>
<a href="#">Chicago, Illinois</a>	<a href="#">Toronto</a>
<a href="#">Columbus, Ohio</a>	
<a href="#">Gainesville, Florida</a>	
<a href="#">Houston, Texas</a>	
<a href="#">Los Angeles, California</a>	
<a href="#">New York, New York</a>	
<a href="#">San Francisco, California</a>	
<a href="#">Seattle, Washington</a>	
<a href="#">Washington, DC</a>	
<b>Rest of the World</b>	
<a href="#">Abu Dhabi, UAE</a>	<a href="#">Melbourne, Australia</a>
<a href="#">Amman, Jordan</a>	<a href="#">Mexico City, Mexico</a>
<a href="#">Beijing, China</a>	<a href="#">Moscow, Russia</a>
<a href="#">Beirut, Lebanon</a>	<a href="#">Mumbai/Bombay, India</a>
<a href="#">Bermuda</a>	<a href="#">Nicosia, Cyprus</a>
<a href="#">Caracas, Venezuela</a>	<a href="#">Paris, France</a>
<a href="#">Dublin, Ireland</a>	<a href="#">Prague, Checz Republic</a>
<a href="#">Frankfurt, Germany</a>	<a href="#">Sao Paulo, Brazil</a>
<a href="#">Glasgow, Scotland</a>	<a href="#">Seoul, Korea</a>
<a href="#">Hong Kong, China</a>	<a href="#">Shanghai, China</a>
<a href="#">Istanbul, Turkey</a>	<a href="#">Singapore</a>
<a href="#">Jakarta, Indonesia</a>	<a href="#">Stockholm, Sweden</a>
<a href="#">Johannesburg, South Africa</a>	<a href="#">Sydney, Australia</a>
<a href="#">Karachi, Pakistan</a>	<a href="#">Taipei, Taiwan</a>
<a href="#">Kuala Lumpur, Malaysia</a>	<a href="#">Tel Aviv, Israel</a>
<a href="#">London, England</a>	<a href="#">Tokyo, Japan</a>
<a href="#">Lugano, Switzerland</a>	<a href="#">Utrecht, The Netherlands</a>
<a href="#">Madrid, Spain</a>	<a href="#">Zurich, Switzerland</a>
<a href="#">Manila, Philippines</a>	
<a href="#">Manama Town, Bahrain</a>	

**GARP's 3rd Hedge Fund and Asset Management Forum:  
Business and Investment Risk Techniques for Asset Management and  
Hedge Fund Industries**

November 15-18, 2004, London

**Limited Places Available: Book Now to Avoid Disappointment!**

Full website and online registration at

**<http://www.garp.com/events/3rdHFAMF/>**

GARP is pleased to announce the return of its highly successful annual Hedge Fund and Asset Management Forum. This popular event encompasses two educational workshops and a two day, two stream conference program. Highly experienced and knowledgeable speakers from the top echelons of the risk management industry will guide delegates through the most pressing and pertinent issues facing hedge fund and asset management professionals today.

Join fellow risk professionals from across Europe and beyond for one of the years most anticipated learning and networking experiences.

Highlights of the Forum will include Keynote Addresses from:

- **Mark Wallace**, COO, **UBS Global Asset Management**
- **Bill Martin**, Global Head of Investment Risk, **INVESCO**
- **Kenneth Winston**, Global Chief Risk Officer, **Morgan Stanley Investment Management**
- **Prof. Avinash Persaud**, Chairman of Intelligence Capital, Investment Director, **GAM London**
- **Colin Morrison**, Head of Performance and Risk Measurement, **Standard Life Investments**
- **Augustin Sevilla**, Chief Investment Officer, **Axa Rosenberg Investment Management**

Our speakers will confront many of the most important issues confronting the industry, including:

- **Understanding why hedge funds fail** and overcoming industry pitfalls
- Adapting to the requirements for **greater transparency**
- **Regulating the hedge fund industry**: changes and challenges
- Implementing a **UCITS II** compliant framework
- Assessing **risk management styles and asset allocation strategies**
- Overcoming discrepancies between **return horizons and risk management tools**

**Plus: Two separately bookable workshops** on November 15 and 18.

- Pre-Conference (Nov. 15) Workshop: : **Merton and beyond: the state of the art in credit modelling and trading**
- Post-Conference (Nov. 18) Workshop: **Risk budgeting and effective risk control techniques for hedge funds**

For full program details, including online registration, please visit <http://www.garp.com/events/3rdHFAMF/>. If you have any questions regarding this event please do not hesitate to contact GARP's events coordinator, Katherine Barnes on +44 (0) 20 7626 9303, or via email at [katherine.barnes@garp.com](mailto:katherine.barnes@garp.com). If

you would like to know about sponsorship and exhibition opportunities, please contact Kevin at [Kevin.healey@garp.com](mailto:Kevin.healey@garp.com).

We look forward to meeting you in London in November!

### **Credit Models: Comparing Performance of Reduced Form and Structural Credit Models**

#### **Masterclass Tutor:**

**Donald R. van Deventer**

**Chairman & CEO, Kamakura Corporation**

*One of the world's best known risk management experts*

**Nov. 15-16, 2004, New York (Jersey City)**

**December 6-7, 2004, London**

Full website information, including online registration, available at:

<http://www.garp.com/events/creditmodelling/>

10 reasons why you should attend this event:

- Rare opportunity to view test results on a common data base of structural and reduced form credit models
- Credit model testing required for Basel II
- Credit model testing also required for best practice corporate governance, since it's the key to model improvement
- Credit model testing critical to IAS 39 and FAS 133 loan loss provisioning
- Credit model performance essential for best practice capital allocation and loan loss provisioning
- Credit model performance is a critical element of financial strategy for financial institutions--what is the best probability of default/capital structure for an organization?
- Practical and applied session consistent with the highest standards of financial theory and mathematical statistics
- Credit model performance--how good is good enough? The session provides a framework to answer that question
- Registered delegates receive a complimentary copy of Don's Latest Book: *Advanced Financial Risk Management*

### **GARP's 4<sup>th</sup> Operational Risk Seminar: Implementing an Operational Risk Framework**

Luxembourg, November 24-25, 2004

To download a brochure, please click here

<http://www.garp.com/events/download/OpRisk2004W.pdf>

GARP is pleased to announce an intensive and interactive two-day operational risk seminar, now in its fourth successful year. The objective of the seminar is to educate risk, back-office, audit and operations professionals to deal with real life problems in operational risk and to implement an operational risk framework. Real cases will be presented and resolved, and the instructors will carefully

explain the theory and practice behind the cases. It is a rare opportunity to learn from the best risk professionals in the area.

**Critical Issues to be addressed include:**

- Operational risk - a regulatory perspective
- Increasing shareholder's value
- Special CAD treatment for operational risks
- Internal and external loss data collection
- Using qualitative approaches for effective operational risk measurement and management
- Using market and credit risk techniques to manage operational risk
- Operational risk mitigation via insurance

To download a brochure, please click here

<http://www.garp.com/events/download/OpRisk2004W.pdf>

If you have any questions regarding this event please do not hesitate to contact GARP's events coordinator, Katherine Barnes on +44 (0) 20 7626 9303, or via email at [katherine.barnes@garp.com](mailto:katherine.barnes@garp.com).

**Basel II & Banking Regulation  
Zurich, Switzerland  
April 6, 2005**

**Latest Innovative Advances and Developments in IRB, AMA, CAD III & IFRS**

**GARP** is pleased to announce its first conference focusing exclusively on the vital area of Basel II and Banking Regulation. With deadlines fast-approaching for crucial legislation over the coming months, this event provides the perfect forum to equip your company with the latest information to ensure compliance.

Prominent figures from the Basel Committee, European institutions, national regulators and leading financial practitioners from around the world will address key issues and concerns regarding the challenges facing the industry, to ensure compliance with upcoming legislation.

This intensive, one-day, multi-track event will focus on critical subjects relating to:

- Credit risk, such as IRB, economic capital, trading and banking book portfolios.
- Operational risk, including AMA, capital requirements and Sarbanes-Oxley.
- International accounting regulation and the road ahead, looking at IAS, liquidity risk and Pillar III.

In addition, there will be a number of dedicated, intensive one-day workshops running either side of the event, tackling in greater detail:

- Applying economic capital within a financial institution.
- Latest quantification methodologies for effective operational risk management under Basel II.
- Complying with Basel II requirements within the securitization markets.
- Establishing a New World Order – the implementation and road ahead for International Accounting Standards.

To reserve a copy of the brochure in advance, please [\*\*click here\*\*](#)

For information on speaking opportunities, please contact

[paula.brewer@garp.com](mailto:paula.brewer@garp.com)

For information on sponsorship or exhibition opportunities, please contact

[kevin.healey@garp.com](mailto:kevin.healey@garp.com)

GARP Risk Review: Free Peek at Sept/Oct issue

The September/October issue of GARP Risk Review identified and analyzed a variety of topical risk issues, including Basel II, disaster recovery and operational risk management. Please click the links underneath any of the following synopses for a free peek at Sept/Oct.

### **Basel II**

The saga of Basel II is far from over. Despite the fact that the Basel Committee recently published its so-called final version of the global capital accord, the path to successful implementation is still blocked by an array of political, geographic and regulatory obstacles. Peter Manning analyzes the evolving political landscape in Europe, dissects the potential impact of the United States' upcoming QIS 4 and raises questions about Basel II's shabby treatment of non-G10 countries.

**Click here to download:**

<http://www.garp.com/garpriskreview/download/Issue20/Basel2.pdf>

### **Disaster Recovery**

In recognition of the ongoing terror threat faced by US financial institutions, futures commission merchants and derivatives exchanges in Chicago and New York are beefing up their operational risk infrastructures. What specific disaster recovery scenarios are firms considering? Is it necessary to have a physical back-up facility? And how can a firm measure its return on investment from business continuity projects?

**Click here to download:**

<http://www.garp.com/garpriskreview/download/Issue20/DisasterRecovery.pdf>

### **Industry Commentary**

Operational risk can be summed up in one word: people. So says Philip Martin. But what are the types of operational risk failures caused by human errors and what steps can investment banks and brokers take to minimize such losses? Can anything be done about terrorists? Is risk management much more important than risk measurement? Martin probes and analyzes the human operational risk factor.

**Click here to download:**

<http://www.garp.com/garpriskreview/download/Issue20/IndustryCommentary.pdf>

### Chapter Meetings

A. Netherlands

Wednesday, November 10, 2004

Lombard Odier Darier Hentsch Building

The Weteringschans 109, Amsterdam

Time: 4:30 p.m.

**For FREE registration, please [click here](#).**

**Topic: Soft Spots and the Role of the Risk Manager**

Some risks are easy to quantify. But at times a risk manager is also asked to form an opinion on risks that are not easy to measure. Basel II for example talks about business risk. How is the risk manager to quantify this and how should he be positioned to deal with this question effectively?

**Speaker: Jaap Koelewijn**

**Speaker Biography:** Before founding his consultancy company, Financieel Denkwerk, Jaap Koelewijn worked for MeesPierson and Robeco. He has a broad investment experience and writes a weekly commentary in the Financieele Dagblad.

B. New York  
Wednesday, November 10, 2004  
360 Madison Avenue, 17<sup>th</sup> Floor  
New York, New York  
Time: 8 a.m. – 9:30 a.m.

For FREE registration, please [click here](#).

**Topic: Dealing With Operational Risk – A Global Firm Perspective**

Operational risk is a by-product of the activities of financial institutions, and is among the risks covered by the Basel II capital framework. In addition, Sarbanes Oxley and regulation in general are creating additional operational risk challenges. In this seminar, representatives of two global financial organizations discuss their firms' approaches to measuring and managing operational risk.

**Speakers:**

- **Jay Newberry**, Head of Operational Risk, **Citigroup**
- **Joe Sabatini**, Managing Director and the Head of the Corporate Operational Risk Team, **JPMorgan Chase**

**Speaker Biographies:**

**Jay Newberry's** operational risk responsibilities include policy, measurement and methodologies, and reporting for Citigroup. In this role, Jay works closely with the businesses to ensure that operational risks throughout Citigroup are effectively identified, assessed, and managed as well as consistently monitored.

**Joe Sabatini** is a Managing Director and the Head of the Corporate Operational Risk Team for JPMorgan Chase, where he is responsible for managing the firm's overall framework for the measurement and management of Operational Risk.

C. Ontario  
Tuesday, November 23, 2004  
Sheraton Centre Hotel, Conference Room B  
123 Queen St. W. Toronto, ON  
Time: 6 p.m.

For FREE registration, please [click here](#).

**Topic: Operational Risk - Challenges in Meeting SOX 404 and Basel II Requirements**

Recently, regulators have trained their eyes on operational risk, a heretofore ill defined and measured risk that exists within all types of firms. Basel II and Sarbanes-Oxley (SOX) requirements have forced institutions to take a closer look

at internal processes. The effort necessary to meet these requirements is substantial and can appear daunting. We are fortunate to have presenters who can provide insight into regulatory expectations as well as practical issues in meeting SOX 404 and Basel II requirements, including highlighting some available synergies in implementation.

### **Speakers:**

- **Mike Shapiro** is SVP and CAO, Head of Corporate, Operational, Reputation & Legal Risk, **CIBC Treasury, Balance Sheet & Risk Management**.
- **Bruce Renihan**, EVP and Controller, Finance Division, **CIBC**.
- **Abhilash Bhachech**, Head of the Financial Services Technology Division (FSTD), **Office of the Superintendent of Financial Institutions Canada (OSFI)**.

### **Speaker Biographies:**

**Mike Shapiro** is SVP and CAO, Head of Corporate, Operational, Reputation & Legal Risk, which is housed within Treasury, Balance Sheet & Risk Management at **CIBC**. Mike is responsible for Operational Risk Measurement, Monitoring, & Control and is a co-executive sponsor of CIBC's Basel II Program; he is therefore ideally suited to discuss the practicalities of Basel II Op Risk implementation. He has been with CIBC for over 12 years and has held numerous senior Financial and Administrative positions. Mike holds an MBA in International Banking & Finance, and is a CPA, having worked at one of the largest Accounting and Assurance firms in the world.

**Bruce Renihan** is EVP and Controller in the Finance division at CIBC. Bruce has worldwide responsibility for financial controls, as well as management, financial and regulatory accounting and reporting. He also has executive responsibility for Sarbanes-Oxley 404 compliance, and therefore can provide insight into challenges faced while implementing SOX. Bruce's international banking experience spans 23 years - the last 17 with CIBC, holding several senior positions in Finance and Administration. Bruce is a Chartered Accountant and holds an MBA from the University of Chicago.

**Abhilash Bhachech**, head of the Financial Services Technology Division (FSTD) of the Office of the Superintendent of Financial Institutions Canada (OSFI) will provide an overview of Basel II Operational Risk requirements. He is a key resource in OSFI's Basel II implementation effort. Prior to joining OSFI, Abhilash spent 25 years working in management consulting, and international banking as well as co-founding running his own IT services enterprise. Abhilash holds an MBA in Management Information Systems and International Finance.

### **ADVERTISEMENTS**

### **SCHWESER**

The Schweser Institute Certificate Programs (SICP) are designed to provide financial professionals and upper-level university students with a rigorous and comprehensive treatment of various topics in investment finance, including risk management. For more than a decade, tens of thousands of students worldwide have turned to Schweser Study Program for high-quality professional financial education. Find out what SICP can do for you at [www.schweser.com](http://www.schweser.com).

## **Lista de Riscos**

Founded in 1999, Lista de Riscos is the largest private online community in Latin America focused on risk management. Lista de Riscos' mission is to cover everything related to market risk, credit risk, operational risk, legal risk, corporate risk, sovereign risk, real options, funds & assets risk, energy risk, amongst other risks. The idea behind this community is provide a central point of contact and to spread the risk management culture to Brazilian risk managers from financial institutions, corporates and academics area.

Currently Lista de Riscos has over 2,700 members discussing the following topics: Value At Risk, Stress Testing, Duration, Greeks, Back Testing, Riskmetrics, Monte Carlo Simulation, Historical Simulation, Credit Scoring, Rating, BASEL 2, Legal Issues, and other topics. Once registered in the Lista de Riscos site, the members are able to use Forums to discuss the topics (**note that there is a special forum to discuss GARP's FRM exam and best practices**), Library (to have access to papers, articles, theses, white papers, presentations), Events (an agenda with the most important Seminars/Courses/Events in Brazil), Career Center (with the best opportunities in Brazil), News, Market Data, Suppliers (yellow page) and Links.

To visit Lista de Riscos, [click here](#).