



Diploma in Treasury, Investment and Risk Management

Rules & Syllabus 2010

ABOUT THE INSTITUTE

GENESIS

Indian Institute of Banking & Finance, a body of banks and financial institutions and professionals in banking and finance industry in India, was established on 30th April, 1928, at the initiative of few eminent bankers, businessmen and industrialists of India.

MISSION

The mission of the Institute is to develop professionally qualified and competent bankers and finance professionals primarily through a process of education, training, examination, consultancy / counseling and continuing professional development programmes.

OBJECTIVES

The objectives for which the Institute was established are:

- To facilitate study of theory and practice of banking and finance
- To test and certify attainment of competence in the profession of banking and finance
- To collect, analyze and provide information needed by professionals in banking and finance
- To promote continuous professional development
- To promote and undertake research relating to operations, products, instruments, processes etc. in banking and finance and to encourage innovation and creativity among finance professionals so that they could face competition and succeed.

VISION

"To be premier Institute for developing and nurturing competent professionals in banking and financial field".

ACTIVITIES

- Design, develop and conduct examinations to test the proficiency of bank/ financial sector employees in various areas of operations of banks/ financial institutions and finance related subjects.
- Award certificates/diplomas to successful candidates.
- Provide necessary educational support services such as tutorial classes, contact programmes and study material.
- Dissemination of knowledge on banking and financial services through publication of quarterly journal "Bank Quest", a monthly newsletter "IIBF VISION" and e-newsletter called 'fin@quest' and by organizing lectures / seminars, workshops as a part of continuing professional development programmes.
- Conduct of seminars on topical matters across the country for the benefit of members

ABOUT FIXED INCOME MONEY & DERIVATIVES ASSOCIATION OF INDIA (FIMMDA)

The Fixed Income Money Market and Derivatives Association of India commonly known as FIMMDA was incorporated on June 3,1998 as a Company under the Indian Companies Act, 1956.

It is a 90 member strong representative body for the bond, money and derivatives markets players in India. Its membership includes the State Bank of India, its Associate Banks, all Nationalised Banks, Indian Financial Institutions, Primary Dealers and Life Insurance Corporation of India.

FIMMDA as a voluntary association of banks, financial institutions and primary dealers, has been working on the following areas, since its inception :

- Standardisation of market practices
- Introduction of securities benchmarks as required by the financial markets
- Valuation of securities on a regular basis
- Interaction with market regulators on all pertinent issues
- Training programmes and certification for the benefit of members

In order to effectively discharge its role, FIMMDA has established several working groups / committees in areas of Market Practices, Legal Practices, Accounting Practices, Primary Markets, Infrastructure, Product Development, Education & Training, Risk Management and Valuation. Each of these committees is headed by a Director on the Board of FIMMDA and constitutes eight to ten experts from related fields from member organizations.

FIMMDA has been instrumental in organizing a number of conferences/ seminars on subjects of topical interest to members, such as Negotiated Dealing System, Guaranteed Trade Settlement, Real Time Gross Settlement ISDA Documentation, Monetary Policy Implications, etc. FIMMDA plays a pivotal role in lobbying for issues with various Government bodies concerning sustained growth of financial markets and its players.

The details of the examination in Diploma & Treasury, Investment and Risk Management are as under:

OBJECTIVE

With the advent of market oriented approach to banking, globalization, financial sector reforms and competition in the financial sector, finance / banking professional face the challenge to continuously innovate and improve their products and services. This calls for excellence in the performance and specialization. One of the areas which is crucial to banks performance and profits is Treasury, which Bank has to educate and train a number of staff. The Institute has therefore introduced the Diploma & Treasury, Investment and Risk Management to help the staff of financial institutions to acquire the required competence.

This diploma is designed in collaboration with FIMMDA to enable the candidate to acquire advanced knowledge in the field of Treasury and Risk Management.

After passing this diploma examination, the candidate will be in a position :

- (i) To understand and appreciate the instruments and intricacies of operation in the money market, capital market and foreign exchange market including risk management.
- (ii) To acquire proficiency in management of funds in relation to short-term, medium term and long term investment operations with liquidity/maturity planning.
- (iii) To manage foreign exchange (front and back offices) in the context of regulatory framework and recent liberalization and autonomy given to banks.
- (iv) To acquire skills for Asset Liability Management in the context of risk, control and hedging operations.

ELIGIBILITY

(i) Members of the Institute

OR

(ii) Person intending to develop a career in financial service industry, though they may not be members of the Institute.

SUBJECT OF EXAMINATION

(1) Financial Markets-an Overview (2) Treasury Management (3) Risk Management

EXAMINATION FEES / REGISTRATION FEES

| | For Members | For Non-Members |
|--------------------------|-------------|-----------------|
| First two attempts | Rs. 17000/- | @Rs.20500/- |
| Subsequent each attempts | Rs. 2000/- | Rs. 2000/- |

@Includes registration fee of Rs. 500/-

MEDIUM OF EXAMINATION

Examination will be conducted in English only.

PATTERN OF EXAMINATION

- (i) Question Paper will contain descriptive type questions to test:
- Conceptual grasp
 - Problem solving and decision making ability
 - Analytical/logical development / application of theoretical foundations
- (ii) Examination will be held in **offline mode only**.

DURATION OF EXAMINATION

The duration of the examination will be of three hours.

PERIODICITY AND EXAMINATION CENTRES

- (i) The examination will be conducted normally twice a year in May / June and November / December on Sundays.
- (ii) Examination **will be conducted on three consecutive Sundays** (one paper on each Sunday).
- (iii) A list of Examination Centers will be provided along with the Examination Application Form.

PASSING CRITERIA

- (i) Pass : Minimum marks for pass in every subject - 50 out of 100 marks.
- (ii) **Candidate securing at least 45 marks in each subject with an aggregate of 50% marks in all subjects of examination in a single attempt will also be declared as having completed the Examination.**
- (iii) Candidates will be allowed to retain credits for the subject/s they have passed in one attempt till the expiry of the time limit for passing the examination as mentioned below:

TIME LIMIT FOR PASSING THE EXAMINATION

- (i) Candidates will be required to pass the examination within a time limit of 2 years (i.e. 4 consecutive attempts). Initially a candidate will have to pay examination fee for 1st block of one year i.e. for two attempts. In case a candidate is not able to pass examination within the 1st block of one year, candidate should necessarily submit the Examination Application Form for subsequent attempt, without any gap on payment of requisite examination fee. If they do not submit the examination form immediately after exhausting the first block, the examination conducted will be counted as attempt for the purpose of time limit for passing.

- (ii) Candidates not able to pass examination within the stipulated time period of two years are required to re-enroll themselves afresh by submitting a fresh Examination Application Form. Such candidates will not be granted credit/s for subject/s passed, if any, earlier.
- (iii) Attempts will be counted from the date of application irrespective of whether a candidate appears at any examination or otherwise.

“CLASS OF PASS” CRITERIA

- 1) The Institute will consider the FIRST PHYSICAL ATTEMPT of the candidate at the examination as first attempt for awarding class. In other words, the candidate should not have attempted any of the subject/s pertaining to the concerned examination any time in the past and has to pass all the subjects as per the passing criteria and secure prescribed marks for awarding class. Candidate re-enrolling for the examination after exhausting all permissible attempts as per the time limit rule will not be considered for awarding class.
- 2) First Class: 60% or more marks in aggregate and pass in all the subjects in the FIRST PHYSICAL ATTEMPT.
- 3) First Class with Distinction : 75% or more marks in any individual subject and 60% or more marks in the aggregate and pass in all subjects in the FIRST PHYSICAL ATTEMPT.

PROCEDURE FOR APPLYING FOR EXAMINATION

Examination Application Forms will be available at the Institute’s website www.iibf.org.in which could be downloaded and filled in. The application forms will also be available at the Institute’s Zonal Offices, Corporate Office and also at such other centres / offices as may be notified from time to time. Examination Application Forms duly filled in (for the detailed instructions refer the Examination Application Form) along with requisite examination fee should be submitted to the respective Zonal Office at Mumbai, Chennai, New Delhi, Kolkata. The Institute accepts no responsibility for delay or inconvenience arising from the candidate’s failure to reach the Examination Application Form in time or if the form is incomplete or failure to furnish all the essential information about himself / herself and the details of his / her examination.

STUDY MATERIAL

The Institute has published study books to facilitate study and they will be available at outlets / showrooms / distributors of M/s. Taxmann Publication Pvt. Ltd. The price of each book and detailed list of outlets is mentioned below.

Candidates may purchase directly from outlets / showrooms / distributors of the above.

Candidates who purchase books directly from outlets of publishers will be offered a discount of 20% on the cost price of the book. Candidates desirous of purchasing books by post will not be offered any discount. However, the postage will be borne by publishers. Candidates would be required to send their indent to publishers’ outlet along with a Demand Draft for the cost of book/s. The Demand Draft should be drawn in favour of M/s. Taxmann Publication Pvt. Ltd. **(No cheques will be accepted). Candidates are requested not to send any request for the purchase of books to the Institute’s Zonal Offices / Corporate Office.**

| Name of the Book | Price |
|--|----------|
| Theory and Practice of Treasury & Risk Management in Banks, 2009 | Rs.360/- |

ADDRESSES OF TAXMANN PUBLICATION PVT. LTD.

Jaina Book Agency

649-A, Girgaum Road, Dhobi Talao,
Mumbai - 400 002
Tel. : 22012143, 22018485

Asia Law House

Shop No. 10, Aiyangar Plaza,
Between UTI & Central Bank,
Bank Street Kothi,
Hyderabad - 500 095
Tel. : 24742324

Standard Book Distributors

104, Labh Complex, 12-B,
Sattar Taluka Society,
Opp. Old High Court Rd.,
Ahmedabad - 380 014
Tel. : 7540731, 7540732

Student Book Centre

527, Kalbadevi Road,
Opp. Edward Cinema,
Mumbai - 400 002
Tel. : 22050510, 22080668

Commercial House

149, Rajendra Market,
Opp. Tis Hazari Court,
Delhi-110 054
Tel. : 23947862, 23947863

Book Corporation

4, R. N. Mukherjee Road,
Kolkata - 700 001
Tel. : 22101089, 22206669,
31000405

Student Agencies (I) Pvt. Ltd.

102, Konark Shram,
Behind Everest Building,
156, Tardeo Road,
Mumbai - 400 034
Tel. : 2351334-37

C. Sitaraman & Co.,

37, Royapettah High Road.,
Chennai - 600 014
Tel. : 28111516, 28117069,
28113950

Law Point

6C, R. N. Mukherjee Road,
Opp. Birla Building, Stephen House,
Kolkata - 700 011
Tel. : 22101821

Krishna Law House

35-36, Gokhale Market,
Opp. Tis Hazari Court,
Delhi -110054
Tel. : 23969866, 23919317

Book Corporation

108, Nandan Complex,
Near Mithkhali Rly. Crossing,
Mithakhali,
Ahmedabad - 380 006
Tel. : 6465385

Puliani & Puliani

Ground Floor,
Sujatha Complex,
1st Cross Gandhinagar,
Bangalore - 560 009
Tel. : 2265500, 2254052

Modern Law House

1/1, A. D. A. Flat,
(Near Bishop Johnson School),
M. G. Marg,
Allahabad - 211001
Tel. : 2560700, 2560616

Arora Law Agency

Shivala Road, Hussainpura,
Amritsar - 143 001
Tel. : 2584548

Commercial Book House

LG-2, 23, Aakarshan Bhawan,
Anasari Road,
Darya Ganj,
New Delhi - 110 002
Tel. : 23267860

M/s. Taxmann Publication Pvt. Ltd.

35, Bodke Building,
M.G. Road,
Opp. Mulund Railway Station,
Mulund (West),
Mumbai - 400 080
Tel. : 022-25934807/32516684/
25644807
E-mail: nileshbhanushali@taxmann.com

M/s. Taxmann Publication Pvt. Ltd.

59/32, New Rohtak Road,
New Delhi - 110 005
Tel. : 011-45562222
E-mail: sales@taxmann.com

M/s. Taxmann Publication Pvt. Ltd.

7, Abhinav Arcade,
Ground Floor,
Nr. Bank of Baroda,
Pritam Nagar, Paldi,
Ahmedabad - 380 007
Cell : 9909984900
E-mail: bdurgaprasad@taxmann.com

ONLINE TUTORIAL / CONTACT PROGRAMMES

- Total 150 hours of e-learning specially designed for the course.

In order to enhance the practical utility of the course to the bankers, the Institute has tied up with KESDEE Inc. a leading e-learning and reference solutions provider for the global finance professionals located in USA to offer 8 e-learning courses / calculators as part of the Diploma Examination. The following are the calculators/courses:

- (i) Financial Mathematics
- (ii) Futures & Forwards
- (iii) Swaps
- (iv) Options
- (v) Money Markets
- (vi) Fixed Income Markets
- (vii) Foreign Exchange Markets
- (viii) Treasury Analytics

KESDEE will host the e-learning materials in its website with a separate window for the institute. Candidates will be given a separate login id & password with 150 hours or six months whichever is earlier for browsing the above courses through internet.

- Need based Lectures / Tutorial / Contact programmes will be organized by the Institute / accredited Institutions. For further details candidates may get in touch with Zonal Office or log on to the Institute's website **www.iibf.org.in**.

SYLLABUS

The details of the prescribed syllabus which is indicative are furnished below. However, keeping in view of the professional nature of examinations, all matters falling within the realm of the subject concerned will have to be studied by the candidate as questions can be asked on all relevant matters under the subject. Candidates appearing for the Examination should particularly prepare themselves for answering questions that may be asked on the latest developments taking place under the various subjects of the said examination although those topics may not have been specifically included in the syllabus. The Institute also reserves to itself the right to vary the syllabus / rules / fee structure from time to time. Any alterations made will be notified from time to time. Further, questions based on current developments in banking and finance may be asked.

Candidates are advised to refer to financial news papers / periodicals more particularly "IIBF VISION" and "BANK QUEST" published by the Institute.

SYLLABUS

DIPLOMA IN TREASURY, INVESTMENT AND RISK MANAGEMENT PAPER-I: FINANCIAL MARKETS:AN OVERVIEW

A) Money Market

- Need for the market
- Participants
- Instruments of Money Market, their characteristics, Direct / Indirect Instruments
- Repurchase Agreements (REPOS)
- Types of interest rate quotations

B) Fixed Income Securities-Bonds-valuation - Govt. Securities

C) Capital Markets [as it pertains to Bonds, etc.]

- Broad Trends
- Primary & Secondary Market
- Regulations of the Capital Market
- Principles of Valuation
- Settlements of Transactions
- GDRs/ADRs
- Brief outline of Equity Market

D) Foreign Exchange Markets

- Foreign markets
- Role of banks in the market
- Spot and Forward mechanism, Swap, outright deals and dealer operations / other deals
- Premium and discount
- New Instruments

E) Brief Outline on Derivative Markets

- Futures, options, swaps
- Annexure - Price calculation of various instruments

PAPER-II: TREASURY MANAGEMENT

A) Treasury

- i) Objectives of Treasury
- ii) Structure and Organization
- iii) Functions of a Treasurer
- iv) Responsibility of a Treasurer

B) Cost Centre / Profit Centre, Integrated Treasury, Planning & Control, Risk Analysis

C) Liquidity Management- CRR / CCIL / RTGS

- Objectives, Sources and deployment
- Internet control, Netting

D) Implications of Treasury on International Banking

- Global scenario & treasury operation
- Exchange rate mechanism
- Structure: Front, Back & Mid office

- Dealing and trading operations : Control and orderly conduct, moral and ethical codes, checks of balances
- Revaluation : Mark to market and profit calculations, VaR (Value at Risk)

E) Regulation, Supervision and Compliance of Treasury Functions

- Internal & External Audit
- Role of Reserve Bank of India

F) Integrated Treasury

G) Bond Dynamics

H) Role of Information Technology in treasury management and Bond Dynamics

I) Accounting Valuation and Elimination of Exposures

PAPER - III: RISK MANAGEMENT

A) Risk: Definition

- Risk Process-Risk Organization
- Key Risks - Interest Rate Risk, Market Risk, Currency Risk, Credit Risk, Liquidity Risk, Legal and operational Risk

B) Risk Measurement and Control

- Calculation
- Risk Exposure Analysis
- Risk Management/Mitigation policy
- Risk Immunization Policy / Strategy fixing exposure limits
- Delegation with accountability
 - i) Open position
 - ii) Asset position limit
 - iii) Deal size
 - iv) Individual dealer's limit
 - v) Stop loss limits

C) Asset Liability Management

- Components: Multi currency balance sheet
- Organizational Structure
- Risk Management policy & procedure
- Risk adjusted return on capital
- Capital adequacy norms
- ALCO techniques / tools - GAP Analysis
- Simulation, Duration Analysis, Linear and other statistical methods of Internal Control

D) Risk Hedging Instruments & Mechanism :

Forward, Futures, options Strategies and Arbitrage opportunities

E) Challenges of BASLE-II:

Implications to hedge and position through derivative products

F) Role of Mid Office / Risk Management Dept:

Operational clarity and documentation and monitoring

G) System Audit significance in risk management / mitigations

COURSES OF IIBF

A. Flagship Courses

- ☞ JAIB
- ☞ CAIB
- ☞ Diploma in Banking & Finance

B. Specialised Post Graduate Diploma Courses (for Members* and Non-Members**)

- ☞ Diploma in Treasury, Investment and Risk Management
- ☞ Diploma in Banking Technology
- ☞ Diploma in International Banking and Finance
- ☞ Advanced Diploma in Urban Co-operative Banking
- ☞ Diploma in Commodity Derivatives for Bankers
- ☞ Diploma for Micro Finance Professionals in collaboration with Sa-Dhan
- ☞ Post Graduate Diploma in Financial Advising
- ☞ Diploma in Home Loan Advising

C. Specialised Certificate Courses (for Members* and Non-Members**)

- ☞ Certificate in Trade Finance
- ☞ Certified Information System Banker
- ☞ Certificate in Anti-Money Laundering / Know Your Customer
- ☞ Certificate in Quantitative Methods for Bankers
- ☞ Certificate in Credit Cards for Bankers
- ☞ Certificate Examination in Banking Oriented Paper in Hindi
- ☞ Certificate Examination for SME
- ☞ Certificate Examination in Basics of Banking / Card Operations for employees of IT Companies

D. Management Courses

- ☞ Advanced Management Programme in collaboration with SIES - Mumbai, Welinkar-Mumbai, IMI-Delhi.
- ☞ Project Management Blended Course with IFMR, Chennai
- ☞ Advanced Diploma in Banking Technology (with PNB-IT) - An entry point qualification
- ☞ CAIB linked MBA with IGNOU.

Educational support:

- ☞ Publishing specific courseware for each Paper/Examination and Work Books etc.
- ☞ Tutorials through Accredited Institutions, Virtual Classes, e-learning through Portal, Contact Classes or Campus Training - Model Questions and subject updates on the net

Other activities:

- ☞ Research, Seminars, Conferences, Lectures, etc.
- ☞ Publications of books, Daily e-newsletter, monthly newsletter and quarterly journal
- ☞ Training & Consultancy & Financial Education

* Members are employees of Banks and Financial Institutions who have enrolled as members of IIBF.

** Non-Members are eligible candidates for each course / examination without IIBF Membership.

The Syllabi, Rules / Regulations, Examination Forms and other information pertaining to the examinations are available with Institute's Offices at Mumbai, Chennai, New Delhi, Kolkata and also at such other centers / offices as may be notified from time to time. The same is also available at our website www.iibf.org.in.

MEMBERS OF THE GOVERNING COUNCIL (As on 15/07/2010)

President

Shri O. P. Bhatt, Chairman,
State Bank of India

Vice Presidents

Shri M. V. Nair, Chairman & Managing
Director, Union Bank of India

Shri M. D. Mallya, Chairman &
Managing Director, Bank of Baroda

Representing Reserve Bank of India

Shri C. Krishnan, Executive Director

Representing State Bank of India and its Associate Banks

Shri Narayanaraj, Deputy
Managing Director & CDO,
State Bank of India

Representing Public Sector Banks

Shri A. C. Mahajan, Chairman &
Managing Director, Canara Bank

Shri K. R. Kamath, Chairman &
Managing Director,
Punjab National Bank

Shri A. K. Misra, Chairman &
Managing Director, Bank of India

Shri J. M. Garg, Chairman &
Managing Director, Corporation Bank

Shri S. Sridhar, Chairman & Managing
Director,
Central Bank of India

Representing Financial Institutions

Shri U. C. Sarangi, Chairman, NABARD

Representing Private Sector Banks

Shri M. Venugopalan, Chairman &
Chief Executive Officer,
The Federal Bank Ltd.

Shri Ananthakrishna, Chairman,
Karnataka Bank Ltd.

Representing Foreign Banks

Shri Gunit Chadha, Chief Executive
Officer- India, Deutsche Bank AG

Representing Co-operative Banks

Shri S. K. Banerji, Managing Director,
The Saraswat Co-op Bank Ltd.

Representing other Bodies / Experts

Shri Y. H. Malegam, Former Managing
Partner, S. B. Billimoria & Co.,
Chartered Accountants

Prof. Y. K. Bhushan, Senior Advisor,
ICFAI Business School

Dr. Asish Saha, Director, National
Institute of Bank Management (NIBM)

Dr. K. Ramakrishnan, Chief Executive,
Indian Banks' Association (IBA)

From IIBF

Shri R. Bhaskaran, Chief Executive
Officer

ADDRESSES FOR CONTACT

Corporate Office :

Indian Institute of Banking & Finance
The "Arcade", World Trade Centre, 2nd Floor,
East Wing, Cuffe Parade, Mumbai - 400 005
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Fax: 91-011-2575 2193
E-mail: iibnz@iibf.org.in

Southern Zonal Office :

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Indian Institute of Banking & Finance
408, 'Anandlok', 'A' Block, 4th Floor,
227, Acharya J. C. Bose Road,
Kolkata - 700 020
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