



**Board of Administration**  
California Public Employees' Retirement System

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**Agenda Item 5b**

September 12, 2012

**ITEM NAME:** Board Travel Approvals

**PROGRAM:** Board of Administration

**ITEM TYPE:** Action Consent

**RECOMMENDATION**

Approve the attached travel requests as required under the Board of Administration's travel policy.

**ATTACHMENTS**

As required under the Board of Administration Travel Policy, attached are:

- A. Board Out of State/Country Travel Requests Approved by Board President  
JJ Jelincic – New York

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Rob Feckner, President  
Board of Administration

Board Member Out of State Travel Requests  
Approved by the Board President

<b>Board Member</b>	<b>Date</b>	<b>Destination</b>	<b>Purpose of Travel</b>
JJ Jelincic	11/4/12 – 11/8/12	New York	Euromoney Training – Risk Management for Board Members



**Board of Administration  
Board Member Travel Request**

In State (\$500 or more Registration Fee)       Out of Country       Out of State  
Registration Fee: 4950<sup>00</sup>

Name: RISK MANAGEMENT OVERSIGHT FOR BOARD MEMBERS Date(s) of Travel: 11/4 - 11/8/12  
Destination: NEW YORK CITY, NY  
Sponsoring Organization: EUROMONEY TRAINING

Purpose of Trip (Please attach meeting itineraries, conference agendas, invitation letters, etc.)  
TRAINING ON RISK MANAGEMENT BY DIRECTORS

If CalPERS is not paying for the trip, explain circumstances:

Approved       Denied  
[Signature] Board Member      7/26/12 Date  
[Signature] Board President (or Vice President if President is travelling)      8/26/12 Date

## Risk Management Oversight for Board Members & Executives

This course is designed to help corporate board members understand how to respond to this challenge. We walk participants through each of the essential processes of financial and operational risk management highlighting areas where they must be in a position to challenge the risk management function. We then give considerable attention to the formation of the board's risk sub-committee, discussing when it should take form, how it should take form and how it should function in relation to the board's audit committee in particular.

**Course Instructor: Maurice Ewing**

View all courses in **Financial - \*\*\* Most Popular \*\*\*** and **Financial - Risk Management**

### Course dates

Dates	Location	Price
5-7 Nov 2012	New York, United States	US\$4,950.00

### In this 3 day course participants are shown:

- The intended role of directors and senior executives in overseeing, understanding and leveraging risk management
- The envisaged role of directors in light of the Walker Report, OECD reports, The Turner Review and other commentaries
- How to establish executive risk management committees
- How to establish a risk profile and risk appetite
- The purpose, process and function of the core risk areas: credit, market and operational
- How to understand these risk exposures in relation to the company's overall core business operations
- How information from these functions should be reported and technological and IT considerations
- Primary questions to ask of risk management heads during the oversight process
- How and when to form a risk committee
- How the risk committee should be structured and function in relation to other committees, particularly the audit committee
- Risk management within the context of major initiatives (e.g., Basel III and its Internal Capital Adequacy Assessment Process (ICAAP))

### Who Should Attend?

- Chief executive officers
- Chief operational officers
- Chief risk officers
- Chief financial officers
- Heads of Risk management
- Heads of IT and other primary functions
- Board members
- Fund managers
- Investor representatives

**Course pre-requisites:** Experience in a executive management, director or shareholder representative position

### Day 1

#### Overview

- What risk management is meant to do for the institution
  - Goals and objectives
  - Tools and devices

- How risk management is meant to work
  - How risk events are meant to be reported
  - How losses and exposures are meant to be addressed
- The role of executives and board members
  - Risk management oversight
  - Forecasts of future problems and opportunities
  - How risk management can be used in strategy
- Benchmarking your institution's risk management effectiveness and quality to that of competitors
- Important terminology (in relation to risk management methods, derivatives, market instruments and their function)
- Important initiatives (Basel III, CAD II, Solvency II)
  - How to undertake compliance with initiatives
- ICAAP for executives
  - Benchmark examples
    - \*UK FSA guidelines
    - \*Examples from various regulators
    - \*Exploration of important contents
      - Executive Summary
      - Capital Adequacy determination
      - Capital Planning
      - Use of the ICAAP
  - How the ICAAP should be implemented and used at the board level

## Day 2

### Understanding Credit Risk

- Formation of an executive credit committee
- Formation of a credit policy and credit risk assessment manual
- Defining credit risk
- Defining credit losses
- Structuring the risk management apparatus
- Structuring reporting: How credit losses should be conveyed to senior management and the board or directors
- Benchmarking practices: How credit losses should be managed in the context of best-practice
- Gathering an understanding of the institution's risk profile
- Tools for assessing credit exposure
  - What is meant by "scoring"
    - \*Scoring methods—discussed and demystified
  - What is meant by rating
    - \*How ratings are related to the institution's
- Tools for credit monitoring
  - Establishing the monitoring function
  - Evaluating the monitoring function
- Costly initiatives that must be considered
  - Data quality and database development
  - Information technology considerations
  - Personnel and human resource considerations
  - Accounting and capital adequacy considerations
  - Governance considerations
- Credit model testing and stress testing: What executives and board members need to know in interpreting and using the results
- Deciding how much in terms of resources to dedicate to credit risk management
- Glossary of important credit terms

## Day 3

### Understanding Operational Risk

- Unfinished discussion of Understanding Credit Risk from Day 2
- Defining Operational Risk
- Understanding operational risk importance
- How items excluded from the operational risk definition affect executive decision-making
- Formation of an executive operational risk committee
- Creation of an operational risk policy and management manual
- Additional terminology
- Regulatory initiatives (Basel II, Standardized and Advanced Measurement Approaches)
- Establishing an executive risk tolerance level for operational risk exposure
- Gathering the tools for operational risk management
  - Data considerations
  - Personnel considerations
  - Information technology considerations
  - Governance considerations
- Deciding what operational risk approaches to take
- Deciding how much in terms of resources to dedicate to operational risk management

#### **Defining Market Risk**

- Formation of an executive market risk committee
- Creation of a market risk policy and management manual
- Additional terminology
- Market conditions and the market risk strategy
- Gathering tools for market risk management
  - Data considerations
  - Personnel considerations
  - Information technology considerations
  - Governance considerations
- Deciding what market risk approaches are appropriate for the institution

#### **Integrating Risk Management**

- Unfinished discussion from Understanding Operational Risk and Market Risk
- Structuring the institution's risk management to be integrated
  - Data considerations
  - Personnel considerations
  - Governance considerations
  - Information technology considerations
- Desirable platforms for summarizing overall credit, operational and market risk exposure for executives and board members
  - Risk-based pricing and assessment methods
  - Heat mapping
  - Graphing and diagramming
- Regulatory and investor reporting
- Summary and conclusions

### **■ Maurice Ewing**

#### **Dr Maurice Ewing, FRM**

Globally-Experienced Risk Management Specialist

Dr. Maurice Ewing, FRM has trained and advised individuals from institutions worldwide in risk management - at both the executive and operation levels. Formerly on the full-time faculty of the Kellogg - HKUST business school, a Princeton PhD and a chartered FRM holder, Dr. Ewing opened the first dedicated, emerging markets risk management consultancy in 2003, basing it in Hong Kong. Since that time he has expanded his practice to Africa, Europe, Latin America and the Middle East. A specialist in resolving difficulties associated with quantitative implementation, Dr Ewing is renowned for his abilities to convey often complex concepts to non-specialists in simple terms and is a widely sought after speaker and adviser to boards of directors as well as regulatory supervisory panels. His banking experience stems both from his work at the Federal Reserve Board of Governors and the New York Federal Reserve Bank as well as his firsthand experience in advising numerous (successful) Basel II compliance efforts over 4 continents. Moreover, Dr. Ewing enjoys incorporating his wide range of experiences in his classrooms, always focusing solely on proven methods of practical implementation while balancing the pedagogical needs of his participants.

Apart from his membership in the Global Association of Risk Professionals (GARP), the Professional Risk Managers International Association (PRMIA), the Risk Management Association (RMA), Dr Ewing is an affiliate of the Institute of Risk Managers (IRM) and numerous other professional organizations. He currently lives in the Mediterranean with his wife and two small children, avidly reads Byzantine history, drives like he is from the region and occasionally practices Wing Chun kung fu. He is a terrible golfer.

■ **Courses run by this instructor**

**Bank Risk Management: Designing an Effective, Forward-looking Risk Function**

■ **New York Hotel, New York, United States**

This program takes place on a non-residential basis at a New York hotel. Non-residential course fees include training facilities, documentation, lunches and refreshments for the duration of the programme. Delegates are responsible for arranging their own accommodation, however, a list of convenient hotels (many at specially negotiated rates) is available upon registration.

As with all Euromoney Training programmes on-site administrators are with you throughout the programme to ensure smooth administration and group interaction.

**Course dates**

Dates	Location	Price
5-7 Nov 2012	New York, United States	US\$4,950.00