

EDUCATION COMMITTEE OF THE SOCIETY OF ACTUARIES (SOA)

INTRODUCTORY STUDY NOTE

EXAM SESSION: FALL 2017

EXAM: CORPORATE FINANCE AND ERM —STRATEGIC DECISION MAKING

DATE & TIME: Thursday, November 2, 2017; 8:30 a.m. – 11:45 a.m. and 1:30 p.m. – 3:45 p.m.

1. The examination will consist of five hours of written answer questions. A read-through time will be given prior to the start of the exam, 15 minutes in the morning session and 15 minutes in the afternoon session. No writing is allowed during the read-through time.
2. The following link shows a recommended FSA module/exam sequence for each track:
<http://www.soa.org/Education/Exam-Req/edu-new-fsa-recommended.aspx>

This order is NOT mandated. Each candidate will determine the appropriate sequence based on factors including readiness to sit for an exam, exam administration schedules, or study time available. However, the Education committees believe that these recommendations provide the most effective guide for candidate success. An examination/module may assume familiarity with material that is covered in any requirement that is recommended to come before that examination or module.
3. The Syllabus material includes textbooks, online readings, and the study notes listed in the Appendix. Study notes listed with an asterisk (*) will also be included in the Revision set of study notes. The Appendix also may contain additional important information regarding this exam. A complete listing of the Syllabus and Learning Objectives is located in this exam's home page on the SOA Web site.
4. Several book distributors carry some or all of the textbooks for the Society of Actuaries exams. A list appears on the SOA Web site: <http://www.soa.org/education/exam-req/resources/edu-txt-manuals.aspx>.
5. Any changes in the Syllabus for this exam will be published under "Updates" in this exam's home page on the SOA Web site.
6. Past exams, solutions and case studies are available at: <http://www.soa.org/education/exam-req/syllabus-study-materials/edu-multiple-choice-exam.aspx>
7. A case study will be used as a basis for some questions on the examination. Be sure to answer the questions asked by referring to the case study. For example, if asked for advantages of a particular plan design to a company referenced in the case study, limit your response to the specifics for that company. Other advantages should not be listed as they are extraneous to the question and will result in no additional credit. Further, if they conflict with the applicable advantages, no credit will be given. Candidates are advised to familiarize themselves with the case study. A copy will be included in the examination booklet. Candidates will not be allowed to bring their study note copy of the case study into the examination room.

8. The candidate should be very familiar with the Learning Objectives. These Learning Objectives are the first ingredient in developing the syllabus and also guide the examination committee when writing questions. The Learning Objectives set out the cognitive level needed to pass this exam. You will notice that the candidates are expected to “analyze,” “explain,” “calculate,” “describe,” “apply,” etc. While studying the syllabus material, candidates may want to refer back to the Learning Objectives to remain focused on the goals of the exam.
9. The examination questions for this exam will be based on the required readings for this exam. If a conflict exists (in definitions, terminology, etc.) between the readings for this exam and the readings for other exams, the questions should be answered on the basis of the readings for this exam.
10. Candidates may ONLY use these battery or solar-powered Texas Instruments models: BA-35, BA II Plus*, BAII Plus Professional*, TI-30Xa, TI-30X II* (IIS solar or IIB battery), and TI-30X MultiView* (XS solar or XB battery). Candidates may use more than one of the approved calculators during the examination.

Calculator instructions may not be brought into the exam room. During the exam, the calculator must be removed from its carrying case so the supervisor can confirm that it is an approved model. Candidates using a calculator other than the approved models will have their exams disqualified.

Candidates can purchase calculators directly from: Texas Instruments, Attn: Order Entry, PO Box 650311, Mail Station 3962, Dallas, TX 75265, phone 800/842-2737 or <http://epsstore.ti.com>.

The memory of the **BA II Plus, BA II Plus Professional, TI-30X II and TI-30X MultiView calculators will need to be cleared by the examination supervisor upon the candidate’s entrance to the examination room.*

11. A list of various seminars/workshops and study manuals appears on the SOA Web site <http://www.soa.org/education/exam-reg/resources/edu-sem-workshops.aspx> and <http://www.soa.org/education/exam-reg/resources/edu-txt-manuals.aspx>. These seminars/workshops and study manuals do not reflect any official interpretation, opinion, or endorsement of the Society of Actuaries or its Education Committee.

Please note that the Education Committee expects candidates to read the material cited in the *Syllabus* and to use other material as a complement to the primary sources rather than a substitution for them.

12. The Society of Actuaries provides study notes to persons preparing for this examination. They are intended to acquaint candidates with some of the theoretical and practical considerations involved in the various subjects. While varying opinions are presented where appropriate, limits on the length of the material and other considerations sometimes prevent the inclusion of all possible opinions. These study notes do not, however, represent any official opinion, interpretation or endorsement of the Society of Actuaries. The Society is grateful to the authors for their contributions in preparing study notes.

The American Academy of Actuaries, the Canadian Institute of Actuaries, the Conference of

Consulting Actuaries, and the Society of Actuaries jointly sponsor various examinations administered by the Society of Actuaries.

APPENDIX

Study notes for this exam

Code	Title
SDM-100-13	Managerial Accounting for CERAs and FSAs
SDM-105-13	The European Insurance CFO Forum Market Consistent Embedded Value Principles
SDM-106-13	Chapters 5 & 6 of <i>Credit Risk</i>
SDM-107-13	Chapter 17 of <i>Financial Institutions Management: A Risk Management Approach</i> , 7 th Edition
SDM-108-13	Chapters 2 and 3 of <i>Liquidity Risk Measurement and Management: A Practitioner's Guide to Global Best Practices</i>
SDM-111-13	Chapters 2.2, 6.1 and 6.3 of <i>Quantitative Risk Management</i>
SDM-113-13	Revisiting the Role of Insurance Company ALM within A Risk Management Framework
SDM-121-13	British Petroleum (PLC) and John Browne: A Culture of Risk Beyond Petroleum
SDM-126-13	Managing the Multiple Dimensions of Risk–Part II: The Office of Risk Management
SDM-129-14	The Impact of Capital Structure on Economic Capital and Risk Adjusted Performance
SDM-132-14	There's More to Life than Solvency II
SDM-133-14	Solvency II: Rainmakers and the Elements of Risk
SDM-135-14	Solving the Financial and Sovereign Debt Crisis in Europe
SDM-136-14	The Common Link in Failures and Scandals at the World's Leading Banks
SDM-138-14	When and When <i>Not</i> to Vertically Integrate
SDM-141-15	Managing the Invisible: Identifying Value-Maximizing Combinations of Risk and Capital
SDM-142-15	China Risk Oriented Solvency System Conceptual Framework (available on circ.gov.cn website and not included in printed study note sets)
SDM-145-16	A Comparison and Economic Analysis of International Solvency Regimes for Life Annuity Markets
SDM-147-16	Berkshire Hathaway 2014 Annual Report (pages 7-11 and 121)
SDM-148-16	Chapter 1 of <i>Counterparty Credit Risk, Collateral and Funding: With Pricing Cases for All Asset Classes</i>

Code	Title
SDM-149-16	Basel III: International Framework for Liquidity Risk Measurement, Standards and Monitoring
SDM-150-16	Liquidity Risk: Regulatory Framework and Impact on Management
SDM-151-16	Risk Appetite Frameworks: How to Spot the Genuine Article
SDM-152-16	Final Countdown to Solvency II
SDM-153-16	Exploring Risk Appetite and Risk Tolerance
SDM-155-16	Sybil Logic Bomb Cyber Catastrophe Scenario
SDM-156-16	Why Data Breaches Don't Hurt Stock Prices
SDM-157-16	AirBNB: A Spare Room for Debate
SDM-158-16	How Uber and the Sharing Economy Can Win Over Regulators
SDM-159-16	Alibaba: The First Real Test for Amazon's Business Model
SDM-160-16	Why Tesco's Strengths Are No Longer Good Enough
SDM-161-16	Creating Bold Innovation in Mature Markets
SDM-163-16	Identifying New Product Development Best Practice
SDM-164-16	Counterparty Risk, Impact on Collateral Flows, and Role for Central Counterparties
SDM-165-16	CVA the wrong way
SDM-166-17	Global Insurance Capital Standards: Origin, Perspectives and Impact on U.S. Markets
SDM-167-17	Bagehot was a Shadow Banker: Shadow Banking, Central Banking, and the Future of Global Finance
SDM-168-17	Risk Management and the Rating Process for Insurance Companies
SDM-169-17	Quantifying Risk Exposures for Own Risk and Solvency Assessment Reports
SDM-170-17	Fear and Respect: VW's Culture under Winterkorn (Available as download only. Not included in printed study notes)
SDM-171-17	Five Leadership Lessons from the BP Oil Spill