

Subject SP9

CMP Upgrade 2024/25

CMP Upgrade

ActEd often produces a free CMP Upgrade, which provides details of changes to the Syllabus, Core Reading and ActEd materials. This year, however, due to the large number of changes to the Course Notes and Assignments, it is not practical to produce a full upgrade.

This document *outlines* the most significant changes so that you are aware of the main differences between the 2024 study material and that for the 2025 exams. However, given the large number of detailed changes to the course, we strongly recommend that you use the 2025 study materials for the 2025 exams.

We offer a full set of up-to-date Course Notes / CMP at a significantly reduced price if you have previously bought the full-price Course Notes / CMP respectively in this subject. Please see our 2025 *Student Brochure* for more details.

We only accept the current version of assignments for marking, *ie* those published for the sessions leading to the 2025 exams. If you wish to submit your scripts for marking but only have an old version, then you can order the current assignments free of charge if you have purchased the same assignments in the same subject in a previous year and have purchased marking for the 2025 session.

0 Retaker discounts

When ordering *retaker-price material*, please tick the relevant box when using the e-store.

Students have the choice of purchasing the full CMP (printed or eBook) or just the Course Notes (printed).

Further information on retaker discounts can be found at:

acted.co.uk/paper_reduced_prices.html

1 Changes to the Syllabus

This section contains all the *non-trivial* changes to the syllabus objectives.

The following syllabus objectives have been added:

- 1.4.1 Discuss the impact of the external environment on an organisation's ability to achieve its objectives.
- 1.4.2 Describe how an organisation can adapt to unforeseen changes in its risk environment.
- 2.7 Describe the characteristics of effective risk communication appropriate for the target audience. *[Consequently previous syllabus objectives 2.7-2.8 are now 2.8-2.9.]*
- 3.2.2 Identify emerging risks. *[Consequently previous syllabus objectives 3.2.2-2.2.3 are now 3.2.3-3.2.4.]*
- 5.2 Analyse risks that can be quantified using appropriate methods.
- 5.4 Analyse risks that are not easily quantifiable, such as operational, environmental, and contagion-related risks.
- 5.5 Determine the implication of risks on an organisation's financial statements.
- 6.6 Explain how to manage the impact of significant events after they have occurred (eg customer remediation).

The following syllabus objectives have been removed:

- 1.4.1 Explain the role of regulators in ERM and effective management of the supervisor relationship.
- 1.4.2 Describe the Basel Accord and Solvency II frameworks, including their underlying principles and approaches to risk measurement.
- 1.4.3 Outline the requirements of Sarbanes–Oxley and other regulatory risk frameworks and their underlying principles.
- 1.4.4 Demonstrate an awareness of how different parts of an organisation and different parts of a portfolio may be subject to different capital adequacy standards.
- 1.5 Demonstrate an understanding of the perspectives of credit rating agencies.
 - 1.5.1 Describe the role of credit rating agencies in the evaluation of risk management functions, including the risk management grading criteria used.
 - 1.5.2 Assess the relevance of these criteria.
- 5.1 Understand common risk measures. *[Consequently previous syllabus objective 5.1.1 is now 5.1.]*
 - 5.1.2 Determine risk exposures and tolerances using these measures.

- 5.2 Describe how to choose a suitable time horizon and risk discount rate.
- 5.3 Analyse univariate and multivariate financial and insurance data (including defaults, interest rates and insurance losses) using appropriate statistical methods. *[Consequently previous syllabus objective 5.4 is now 5.3.]*
- 5.5 Assess different types of market risk.
- 5.6 Assess credit risk.
 - 5.6.1 Describe what is meant by a credit spread and its components.
 - 5.6.2 Discuss different approaches to modelling credit risk.
- 5.7 Assess operational, liquidity and insurance risks.

The following syllabus objectives have been amended to the below:

- 1.2 Describe the concept of ERM, the drivers behind it, and the resulting value to organisations.
- 1.4 Demonstrate an understanding of the external environment.
- 4.5 Demonstrate how events of low frequency and high severity can be modelled.
- 6.2.1 Describe how to reduce risk by transferring it, including insurance and reinsurance.

2 Changes to the Core Reading

This section contains all the *non-trivial* changes to the Core Reading.

Modules 6 and 7

The previous Modules 6 and 7 (on advisory and proprietary risk frameworks) have been combined into a single module, Module 6.

There is a new Module 7, entitled 'Financial Statements', which contains a large amount of new Core Reading on the types of financial statements, reasons for good quality financial reporting, an overview of accounting standards and some detail on IFRS 17.

Module 8

Section 3.1

There is a new section of Core Reading on 'organisational resilience':

In an ever-changing environment with a greater frequency of previously described 1 in 200 events, entities must develop greater organisational resilience. This is defined as the ability of an organisation to anticipate and prepare for both small incremental changes and significant unknown events and to develop a strategy for managing the outcome of these changes and events.

The following articles explain how businesses can greater adapt to, and thrive in, an uncertain world:

Meeting the future: Dynamic risk management for uncertain times – Ritesh Jain, Fritz Nauck, Thomas Poppensieker and Olivia White:

mckinsey.com/capabilities/risk-and-resilience/our-insights/meeting-the-future-dynamic-risk-management-for-uncertain-times

Three imperatives for businesses to mitigate risks and thrive in an uncertain world – Carl Hess:

weforum.org/agenda/2022/04/three-business-imperatives-to-thrive-in-an-uncertain-world/

Module 13

Section 4.1

There is a new section of Core Reading on 'typical characteristics of emerging risks':

Typical characteristics of emerging risks include:

- **greater uncertainty compared to existing risks due to insufficient data and a lack of knowledge**
- **a time horizon that is difficult to predict and may be subject to significant change**
- **difficulties in quantification due to greater uncertainty over the incidence and impact of the risks**
- **generally external to an organisation and therefore more difficult to control and manage**
- **often significant in size and scale, covering a number of industries and territories**
- **often arising as the result of global trends.**

There is new additional reading on emerging risks.

An Introduction to Emerging Risks and How to Identify Them – IRM Charities Special Interest Group Report.

theirrm.org/media/9230/charities-sig-an-introduction-to-emerging-risks-and-how-to-identify-them.pdf

Module 30

Section 5.2

The section of Core Reading on allocating capital using game theory has been removed.

3 Changes to the ActEd material

Significant changes have been made to the ActEd text to reflect changes in the Core Reading.

Modules 6 and 7 have been combined, and a new Module 7 has been written, entitled 'Financial statements'.

ActEd text has been added around the new Core Reading in Modules 8 and 13.

In the majority of modules, the end of module questions have been revised to ensure that the questions are more reflective of an open-book exam environment, *ie* more application focused rather than bookwork.

We strongly recommend that you use the 2025 study materials for the 2025 exams.

4 Changes to the X Assignments

Overall

There have been changes throughout the assignments, including changes to mark allocations. We recommend that you use the new 2025 materials.

Significant changes are listed below.

Assignment X1

X1.7 has been moved to Assignment X2 to become X2.6.

Part (i) of the previous X1.8 (now the new X1.7) has been removed.

An additional question has been added as a new X1.8 to test the new Core Reading on financial statements.

Assignment X2

X2.6 has been moved to Assignment X3 to become X3.1.

X1.7 from the previous Assignment X1 is now X2.6. Part (ii) of this question is now worth [7] marks (previously [6] marks).

Assignment X3

X2.6 from the previous Assignment X2 is now X3.1.

X3.2 now comprises part (i) of the previous X3.1, and the whole of the previous X3.2.

X3.3 now comprises part (i) of previous X 3.3, and the whole of the previous X3.4.

Subsequent questions have been renumbered accordingly.

5 Changes to the Mock Exam

There are no *non-trivial* changes to the Mock Exams.

6 Other tuition services

In addition to the CMP, you might find the following services helpful with your study.

6.1 Study material

For further details on ActEd's study materials, please refer to the *Products* pages on the ActEd website at **ActEd.co.uk**.

6.2 Tutorials

We offer the following (face-to-face and/or online) tutorials in Subject SP9:

- a set of Regular Tutorials (lasting a total of three days)
- a Block (or Split Block) Tutorial (lasting three full days).

For further details on ActEd's tutorials, please refer to our latest *Tuition Bulletin*, which is available from the ActEd website at **ActEd.co.uk**.

6.3 Marking

You can have your attempts at any of our assignments or mock exams marked by ActEd. When marking your scripts, we aim to provide specific advice to improve your chances of success in the exam and to return your scripts as quickly as possible.

For further details on ActEd's marking services, please refer to the *2025 Student Brochure*, which is available from the ActEd website at **ActEd.co.uk**.

6.4 Feedback on the study material

ActEd is always pleased to receive feedback from students about any aspect of our study programmes. Please let us know if you have any specific comments (*eg* about certain sections of the notes or particular questions) or general suggestions about how we can improve the study material. We will incorporate as many of your suggestions as we can when we update the course material each year.

If you have any comments on this course, please send them by email to **SP9@bpp.com**.