

MEMORANDUM

To: Subscribers to the *Corporate Treasury Management Manual*

From: A.S. Pratt & Sons

Subject: Highlights

We are happy to present the most recent update of *Corporate Treasury Management Manual* which contains extensive changes and additions offering important new information for treasury managers. Regulators continue to increase their scrutiny on the risk management processes of financial institutions. In this update, we introduce enterprise risk management (ERM) to provide a framework for identifying and assessing circumstances pertinent to your institution's objectives; determining a response strategy; and monitoring progress. You'll find the following new and revised materials in this update:

- We added a new section, Part VIII: Risk Management, which includes two new chapters. In the new **Chapter VIII.1, Sarbanes-Oxley and the Corporate Treasury Function**, we cover the Sarbanes-Oxley Act and what it means for the corporate treasury function.
- **Chapter VIII.2, An Introduction to Enterprise Risk Management**, provides the treasurer with all the basics of enterprise risk management (ERM). ERM is necessary to manage the significant financial risks that are associated with treasury operations. It also can be used to help satisfy Sarbanes-Oxley requirements.
- The new **Chapter V.5A, Internal Control Issues Involving Derivatives** explains how poorly controlled, derivative usage can result in significant losses and can lead to bank closure or a forced merger with another institution. This new chapter delineates the risks and offers management strategies dealing with the risks involved with derivatives.
- We updated **Chapter V.7, Investment Portfolio Management and Control Issues**, showing more characteristics of poorly managed investment portfolios and tips for a well-managed investment policy.