

INTRODUCTION TO STRUCTURED FINANCE PRODUCTS

Overview

This course is designed to provide participants with information and knowledge that will assist in expanding their understanding and use of client derivative applications in structured products. The course should be particularly useful for banks which are in the process of, or are considering, expanding their interest rate derivatives activities and product offering. Participants will gain a better understanding of structuring asset (investment) and liability (hedging/risk transfer) derivatives for clients and decomposing and managing the inherent risks of these products in the bank's trading books. The course also covers several recent and developing issues important for bank trading activities, including pricing and managing CVA (current valuation adjustment, wrong-way risk in trading book products, and the market risk and trading book capital changes now under final decision discussions in the Basel Committee (Basel 'Fundamental Review of the Banking Book' consultation paper). The course explains how credit default swaps and selected structured credit transactions work, why these markets have grown and some of the risks these products generate. Prior knowledge of credit derivatives and structured transactions is not required. The course is designed for people working in both the front office and support areas including risk management and operations.

Target Participants

- Bank Treasury Management
- Sales Specialists and Traders
- Risk Management Officers
- Compliance & Audit Professionals
- Funds and Assets Managers
- Back Office Functions

Course Objectives

On completion of the course, participants will have acquired a deep understanding and application of the following:

- Credit default swaps, what they are and how they work
- Collateralised debt obligations, the structures and selected transactions
- Synthetic CDOs
- Principal Protected Products
- CDO squared transactions
- Asset backed commercial paper & structured investment vehicles
- Valuing & Structuring FX, Commodity, Interest Rate & Equity Derivatives
- Understanding Interest Rate Derivatives & Structuring Products across Asset Classes
- Market Risk, Counterparty Credit Risk and Regulatory Capital Treatment
- Examples based around Case Studies

The training will be in a workshop format and will include a mixture of presentation and case study material. Below is a summary of the workshop. The contents have been placed in a logical sequence and addresses the main issues surrounding these products.

Pre-Requisite - Prior experience of complex treasury and derivative products

COURSE CONTENTS

Credit Derivatives

- Introduction
- Market statistics/why credit trading is growing
- The main counterparties

Credit Default Swaps, (CDS)

- How a CDS trade works
- What the premium is
- The main terms used

- What happens if there is a credit event
- Risks with CDS transactions

How CDS Are Used

- Institutions that use CDS
- Funded/unfunded exposures
- Simple trading strategies
- Risk transfer for structured transactions

Collateralised Debt Obligations, (CDOs)

- Market background
- Objectives of issuer & investor
- The structure
- The SPV
- The assets, diversification, restrictions and ratings
- The liabilities, the tranche structure, (senior debt, mezzanine debt, equity) and subordination
- Waterfalls, attachment points, thickness
- Role of the manager
- Role of rating agency
- Transaction examples including:

- Asset backed CDO
- Synthetic CDO
- Principal protected CDO
- CDO squared

- Case study based on transactions the bank has purchased
 - The objectives of buying the asset
 - How the credit decision is undertaken
 - What you have purchased
 - The risks you have
 - The return you get
 - Valuation issues

Asset Backed Commercial Paper, (ABCP)

- How the structure works
- The assets and liabilities
- Main risks for the investor

Structured Investment Vehicles, (SIVs)

- How the structure works
- The assets and liabilities
- Main risks for the investor

End of Course & Closure.

| COURSE DURATION | DELIVERY MODE | DELEGATE CLASS SIZE | COURSE FEE/PARTICIPANT |
|--|---------------|------------------------|---|
| 3 DAYS | In-Plant | 8 (Guaranteed Minimum) | For quote, please click http://demvros.com/contact/ |
| Discount is available for class size above the minimum. Please visit www.demvros.com or call 08056154199 or e-mail for enquiries. | | | |