

UNDERSTANDING THE DEBT MARKETS

Overview

The primary markets have always been the main focus of attention by competing banks and by the media when looking at the international capital markets. And yet to date there exists no comprehensive guide as to how the debt primary markets work. This course is designed to give those who need to understand the markets a solid grounding in how they work and helps to unravel the jargon of the new issues business. The course covers the rationale for debt financing, the types of borrowers and the types of instruments available. It considers the investor's requirement for returns and security against the balance sheet implications for the issuer. The course reviews the various syndication customs, and practices and looks at the legal and regulatory requirements involved in bringing issues to the international markets.

Target Participants:

- Those newly involved in syndication and/or origination and corporate
- Those responsible for managing these activities or needing to supply middle / back office support
- Heads of New Issues
- Heads of Origination
- Heads of Debt Capital Markets
- Heads of Corporate Finance
- Heads of Funding
- Heads of Syndication

Course Objectives

This course is about bond markets and will explain the following:

- How bonds work and the terms used in bond markets
- The process of asset liability management
- The issuance process & all in costs
- How swaps are used with bonds from both an asset and liability perspective
- The risks that bonds contain
- Structured bonds, what they are and how they work
- How credit derivatives and collateralized debt obligations work
- How & why CDOs have altered issuers & investors use of bond markets

The training will be in a workshop format. This will include a mixture of presentation and case study material. Below is a summary of the course contents that have been placed in a logical sequence and address the main products, motivations and risks from a practical perspective. Prior knowledge of debt markets is not required.

COURSE CONTENTS

Bond Terminology & Structures

- Interest calculations and day count conventions
- The cash-flow structure of bonds
- Fixed coupon securities
- Floating rate notes
- Zero coupons bonds
- Flexibility of medium term notes
- Where to find static data
- The importance of ratings

Why Issuers use bond markets

- The different issuers of bonds
- Liability management
- The difference between long & short term financing needs
- Relative cost of funding
- Diversification of funding sources
- Regulatory requirements

Why investors buy bonds

- Different types of investor
- Asset management
- Different risk/reward needs

- Credit, interest rate, foreign exchange risks
- How investors identify value
- Relative value/spreads
- Liquidity

The Issuance Process

- Market conditions
- Selecting the appropriate bond structure
- Issue size
- Role of the manager
- Fees
- The all in cost of funds

Interest rate swaps & currency swaps

- How IRS & CCY swaps work
- How swaps are priced and traded

Using swaps with bonds

- How interest swaps are used with new issues
- Calculating all in costs
- How currency swaps are used with new issues
- Calculating the all-in cost
- Influence of the basis swap on pricing

Bonds and market risk

- Introduction to why bond prices change:
- Credit risk
- Interest rate risk
- Simple measures for interest rate risk

Asset swaps

- How fixed coupon bond are swapped
- The Libor based return
- Up-front premium payments

Structured bonds

- Why investors buy them
- The advantages to the issuer
- What the dealer gets
- Documentation
- Selected classic structured bonds how they work

Credit default swaps, (CDS)

- How a CDS trade works
- What the premium is
- The main terms used
- Risk transfer for structured transactions

Collateralized debt obligations & structured debt

- Market background
- Why these deals are being originated from both an asset and liability perspective
- How these transactions work
- The key terms used including:
 - Collateral,
 - Ramping,
 - Issuing Vehicle, (SPV),
 - Ranches, (Senior, Mezzanine, Equity),
 - Ratings,
 - Attachment Points and Subordination,
 - Waterfalls,
 - Diversification,
 - Role of the Manager and Rating Agency

Transaction examples including:

- Cash CDO
- Synthetic CDO
- CDO squared

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.			