



SECURITIES LENDING & BORROWING OPERATIONAL CHALLENGES



ICMA Executive Education is a joint partnership between the International Capital Market Association and the ICMA Centre, Henley Business School, University of Reading



INTERNATIONALLY RECOGNISED QUALIFICATIONS FOR THE **FINANCIAL MARKET**

COURSE OVERVIEW

Securities Lending & Borrowing has been an important activity within the securities marketplace for many years. Firms that choose to lend their equities and/or bonds do so in order to earn lending fees and to enhance their investment returns. Conversely, firms that choose to borrow securities typically do so primarily to meet delivery commitments and to receive sale proceeds in a timely fashion.

However, undertaking securities lending & borrowing transactions is not without risk. The mitigation of exposures is an essential daily task, involving the regular revaluation of both the lent/borrowed security and the associated collateral. Companies are also required to make margin calls on the counterparty and settlement of such margin calls.

Additionally, corporate actions may arise which can impact the lent security and/or securities collateral.

It is therefore of paramount importance that those responsible for processing such transactions possess a clear understanding of the risks involved, their potential exposures and critically, what mitigating measures are necessary.

By completing the course you will:

- Appreciate why firms engage in securities lending & borrowing
- Understand the primary content of securities lending legal agreements and how firms are impacted operationally
- Identify the operational level risks and best practice mitigation methods
- Comprehend the advantages/disadvantages of using different types of collateral
- Understand each step in the trade and collateral lifecycle
- Appreciate the impact that corporate actions have on the lent security and on securities collateral

COURSE CONTENT

The course content is divided into several topic areas, which are then broken down into multiple subtopics:

1. **Fundamental Securities Lending & Borrowing Concepts**
2. **Securities Lending & Borrowing Trade Lifecycle - An Overview**
3. **Securities Lending & Borrowing Marketplace Participants**
4. **The Lender's Perspective**
5. **The Borrower's Perspective**
6. **Legal Documentation**
7. **Characteristics of The Lent/Borrowed Security**
8. **Securities Lending & Borrowing and Associated Collateral**
9. **The Securities Lending & Borrowing Trade Lifecycle**
10. **The Securities Lending & Borrowing Trade Lifecycle Simulation**
11. **Updating Books & Records**
12. **Accessing the Securities Lending & Borrowing Marketplace**
13. **Securities Lending & Borrowing and Corporate Actions**
14. **Securities Lending & Borrowing and Regulation**
15. **Risks in Securities Lending & Borrowing**

COURSE FORMAT

The course is a two day classroom based programme, taking place in London at various times during the year. This is a non-examined course but delegates will receive a certificate of attendance, issued jointly by ICMA and Henley Business School, University of Reading.

TARGET AUDIENCE

The course is suitable for personnel working within many departments of financial institutions such as operations, middle office, risk, legal, accounting and IT. The course is applicable to buy and sellside firms, plus those working within central securities depositories and custodians.

The course is targeted towards those currently working within a securities lending department who would benefit from an all-round understanding of the topic. In addition, those who have had limited exposure to the topic but who require a greater understanding of the relationships between their work and securities lending & borrowing.

PROGRAMME RECOGNITION

Candidates who attend the Securities Lending & Borrowing - Operational Challenges course qualify for 13 credit hours under the guidelines of the CFA Institute's Continuing Education Programme.

ICMA EXECUTIVE EDUCATION

For many years ICMA Executive Education has been regarded as the benchmark in training for both the front office and operations areas of business. Our qualifications and training programmes are internationally recognised and are required training by many of our member firms. ICMA Executive Education is unique in that ICMA and the ICMA Centre, Henley Business School, University of Reading work together to deliver training courses, taught by current and former financial markets practitioners which blend practical and academic know-how, so that candidates have a thorough understanding of the topics being discussed.

Seven examined qualifications are offered:

- Financial Markets Foundation Qualification (FMFQ)
- Securities Operations Foundation Qualification (SOFQ)
- Introduction to Fixed Income Qualification (IFIQ)
- Introduction to Primary Markets Qualification (IPMQ)
- ICMA Fixed Income Certificate (FIC)
- Operations Certificate Programme (OCP)
- Primary Market Certificate (PMC)

All are recognised as certificates of competence in the capital markets and are successfully completed by large numbers of international participants each year. In addition to our examined qualifications we also offer a selection of non-examined training programmes throughout the year. These programmes look at a single topic from the syllabus of one of our intermediate qualifications, but are explored in much greater depth to a targeted audience. The training is extremely focused and provides an opportunity to network and discuss the issues affecting the financial markets with your industry peers.

ICMA Executive Education is able to provide any of its public qualifications and training programmes on an in-house basis.

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ICMA CENTRE

The ICMA Centre, University of Reading has an international reputation for providing quality teaching programmes tailored to the capital markets industry. Established in 1991 with funding provided by the International Capital Market Association (ICMA), the Centre is housed in a purpose-built modernist building with state-of-the-art facilities including two dealing rooms. In 2008, ICMA enabled an expansion to the building that now includes an additional 50 seat dealing room, 170 seat lecture theatre as well as new seminar rooms and a dedicated research area.

THE INTERNATIONAL CAPITAL MARKET ASSOCIATION

The International Capital Market Association (ICMA) represents financial institutions and other participants in the international capital market worldwide with over 500 members in over 60 countries. ICMA's market conventions and standards have been the pillars of the international debt market for close to 50 years, providing the framework for good market practice which facilitates the orderly functioning of the market. ICMA actively promotes the efficiency and cost effectiveness of the capital markets by bringing together market participants including regulatory authorities and governments.

FURTHER INFORMATION AND REGISTRATION

For further information and to register for any of our programmes, please visit:

www.icmagroup.org/education

or contact us at: education@icmagroup.org

