



COLLATERAL MANAGEMENT



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

The use of collateral, for many years associated mainly with repo and securities lending transactions, has seen a rapid growth within the financial marketplace. The need to reduce exposure in these transactions, as well as the rise of the OTC derivatives market, has led to a significant increase in the degree of complication faced by operations departments.

Successful processing of collateral within an organisation requires knowledgeable staff that understand the component parts that lead to safe and secure processing, as well as awareness of the pitfalls that can result in unacceptable exposures.

By completing the programme you will:

- Understand the main collateral operational flow
- Learn how to derive collateral values and what impacts such values
- Be able to look at the risks in processing collateral and the controls to mitigate
- Appreciate the numerous collateral-related transaction types

COURSE CONTENT

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

1. Fundamental Collateral Concepts

- Definition and purpose of collateral
- Why the increased focus on collateral?
- Overview of the collateral life-cycle

2. Types of Collateral

- Cash
- Bonds
- Equity
- Collateral impact on regulatory capital: overview

3. Transaction Types Necessitating Collateral

- Securities lending and borrowing
- Repo
- Secured cash borrowing and lending
- OTC derivatives
- Cash borrowing at CSDs and custodians
- FX
- Tri-party collateral services

4. Legal Protection

- Necessity of legal protection
- Master agreements
- Definitions
- Credit support annexes
- ECB valuation haircuts
- Confirmations

5. Static Data

- Concepts of static data
- Concepts of STP
- Static data and STP in collateral management

6. The Collateral Life-cycle

- Pre-trading
- Trading
- Throughout lifetime of trade
 - Trade reconciliation
 - Marking-to-market
 - Collateral call calculation
 - Making and receiving collateral calls
 - Collateral substitution
 - Income and corporate actions
- Trade termination

7. The Collateral Management Function

- Overview of responsibilities
- Centralised collateral function
- Cost centre vs. profit centre

8. Current Initiatives

- Clearing of OTC derivatives
 - The regulators' perspective
 - Regulatory changes: overview
 - Central clearing and collateral management

COURSE FORMAT

The Collateral Management course is a two day classroom-based programme, taking place in London throughout 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 collateral management personnel who would benefit from understanding the 'big-picture', those who have had limited exposure to collateral but who require a greater understanding of the relationships between their work and collateral and those who have recently been transferred to the collateral management department.

PROGRAMME RECOGNITION

As a result of the continuing high standard of content within our training, candidates who study ICMA Executive Education qualifications will receive a designated number of credit hours which can be used towards study with the CFA.

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 specialist 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 specialist programmes throughout the year. These programmes look at a single topic from the syllabus of one of our advanced 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 specialist programmes on an in-house basis.

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 530 members in 61 countries. ICMA's market conventions and standards have been the pillars of the international debt market for 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

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