



Global Markets Academy

The Operations Academy

Operations in Financial Services

The Roles of IT, Middle and Back Office in Today's Global Environment

Available Online Video Training via CapitalWave's
Digital Learning Environment (DLE)



CapitalWave Inc.
TECHNOLOGY ENABLED LEARNING

Technology Enabled Learning™

The Operations Academy

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The Roles of IT, Middle and Back Office Roles in Today's Global Environment

Introduction

Our online program for IT, middle and back office operations personnel is delivered by dedicated operations professionals, with the primary focus on operations **as a business in its own right**.

This intense program is designed to produce operations personnel who will be fully prepared for their desk role training within 2 ½ weeks of starting the program.

In recent years it has become increasingly important to develop operations personnel to acquire not only a detailed understanding of the tasks for which they are responsible, but also to develop a 'big-picture' understanding of the entire process of which they form a part. Many people that are cocooned within their own tasks do not possess the wherewithal to spot potential problems that could arise in other areas, unless they have been educated in the overall process flow.

Development of a strong all-round operations team increases the probability of detecting risks at the earliest stage, understanding when the danger signals reach a point where escalation is necessary, and as a result minimising errors leading to monetary loss and potential loss of clients.

Our program is led by operations professionals that have managed large operations departments and who possess a multitude of day-to-day operations experiences, both positive and negative. Many of these experiences are illustrated during the program; as such 'war stories' really hold the attention of the delegates and have a long-lasting impact. We believe that our instructors possess a unique combination of skills that combines their real-life experiences with highly structured learning methods.

This program is available either as part of the ["Global Markets Academy"](#) or as a stand-alone version in: ["The Operations Academy"](#).

Principal Objectives

The principal objectives of these 4 seminars, viewed from an operations perspective, are to:

- Facilitate a detailed understanding of the securities and derivatives trade lifecycle.
- Explain the fundamental similarities and differences between Securities, such as bonds and shares, and derivatives including Exchange Traded (ETD) and Over the Counter (OTC) products.
- Understand how securities are settled and if “failed trades” are not dealt with, the costs that can be incurred.
- Learn how Global Custody works and its role in International Securities Settlement
- Appreciate the importance of Corporate Actions and how they should be dealt with accurately and in a cost efficient manner.
- Examine the world of OTC derivative trades and the basic operational concepts used to manage the process.
- Explain the basic product pricing. How and what they are used for on a day to day basis
- Examine the role of each function within the organization and how they work together to provide an effective process.
- Provide in-depth knowledge of the settlement process and a thorough understanding of the risks.
- Explain the importance of automating the workflow process to optimize the banks processing costs against profits, without increasing risk or reducing control.
- Describe basic book keeping (accounting entries) and the implications of creating automatic and manual accounting entries against the P/L
- Be aware of the operational controls in each step in the settlement process and the importance they play in reducing risk for the department and bank
- Identifying Non receipts of cash from c/parties and the effect this has on our Bank account – “It’s not Monopoly Money”
- Facilitate the understanding of problem analysis using realistic scenarios

Delivery Method

We suggest that a blended learning approach combining dynamic **instructor-led video sessions, case-studies, simulations and workshops** providing the most effective way to delivery training at all levels within the organization.

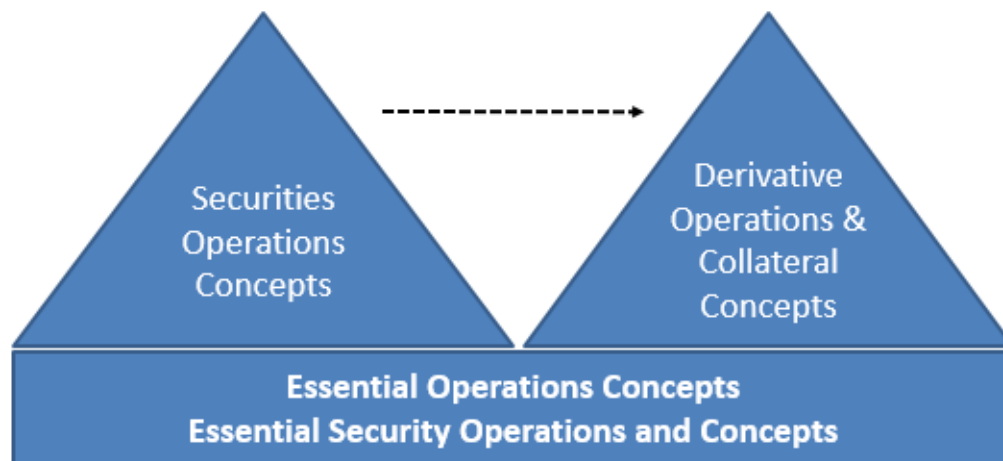
Firm foundations can be laid with highly interactive video based training. Hands-on workshops and simulation will then be used throughout the programme to allow delegates to put theory into immediate and realistic practice, illustrating clearly how the concepts work in practice.

Passive learning will be kept to a minimum, and the emphasis will be on delegates achieving a true understanding of the key concepts, and how they are applied.

Our program is delivered in 4 programs, which is equivalent to a 11-day course:

The modules that form the program are summarized below:

The Operations Academy Program Structure		
Program	Content Description	Length
Essentials	Essential Operations Concepts Essential Security Operations and Concepts	Equivalent to 3-day Live Instructor Course
Securities	Securities Operation Concepts	Equivalent to 3-day Live Instructor Course
Derivatives	Derivative Operations & Collateral Concepts	Equivalent to 3-day Live Instructor Course
Corporate Actions	Essential Corporate Action Concepts	Equivalent to 2-day Live Instructor Course



The Target Audience

There are three types of people that this program is designed for:

- Contingent staff, who need to get up-to-speed quickly with minimal attention from senior staff leaders
- Raw graduates that are due to join, or have already joined, a financial institution and who are required to start their career with a solid all-round view of operations
- Existing employees of financial institutions who have a limited ***'field of vision'*** currently and...
 - who wish to expand their horizons for themselves, or
 - whose management wish the individual's horizons to be expanded
 - Managers seeking greater knowledge about the entire process.

Type of Organisation

Firms that should be interested in having their staff attend this program include:

- banks (primarily investment banks)
- buy-side firms (including asset managers, pension funds, insurance companies, hedge funds, corporates)
- central securities depositories
- custodians
- consulting firms (e.g. IBM, PwC, Accenture)
- regulators
- Software companies supporting the financial sector

Exercises, Simulations & Examinations

In the normal delivery of the program, delegates can expect numerous exercises, including one or more simulations, throughout each module of the program. As with all of our program deliveries we include numerous recap sessions.

Our course design is predicated on the value of benchmarking. We take our exams seriously. Beginning each program with an exam which is then re-conducted with each module of this program, without interim exams. We run this exam formally and set aside around 60-90 minutes for each exam, with strict rules about use of calculators and delegate communication with one another. Online exam results are immediately communicated to each delegate.

Program Schedule

As designed, the program structure is comprised of:

- The program will comprise of 4 consecutive courses, each section lasting 18-21 hours
 - A program duration equal to 11 days of training
- Designed for staggered delivery, sections will be run 2 months apart (e.g. February, April, and June), with a 2nd program also running 2 months apart but starting a month later (e.g. March, May and July)
- Allowing for new hires and contract hires to receive training on an ongoing staggered training basis.

The Operations Academy:

Essential Operations Concepts & Essential Securities Operations Concepts

Level = Essential (beginner)

Description:

- firstly, this section will cover the most fundamental aspects of operations, which are **generic** and applicable across all operations disciplines (i.e. equity, bonds, FX, derivatives)
- secondly, the most fundamental of **securities** operations concepts will be introduced
- thirdly, the **Securities Trade Lifecycle** will be covered in detail

Essential Generic Operations Concepts		
Module 1		
Segment	Heading	Sub-Heading
1	The Investment Banking Environment	Financial Products Overview
		Financial Markets Overview
		Major Participants
		Structure of an Investment Bank
		Role of Operations in an Investment Bank
2	Fundamental Banking Operations Concepts	Bank Accounts
		Interest on Bank Accounts
		Cash Borrowing & Lending - Unsecured
		Cash Borrowing & Lending - Secured
		Concepts of Collateral
		Interest Claims
		ISO Currency Codes
		Cash Correspondents
		Paying & Receiving Cash Overseas
		Reconciliation of Cash Held Overseas

Essential Securities Operations Concepts		
Module 2		
Segment	Heading	Sub-Heading
1	Equity Fundamentals	Common/Ordinary
		Preferred
		Convertible
		Status of Investor's Capital & Income
2	Debt Fundamentals	Fixed Rate Bonds
		Floating Rate Notes
		Zero Coupon Bonds
		Convertible Bonds
		Status of Investor's Capital & Income
3	Equity and Debt Issuance	The Issuer
		The Lead Manager
		The Syndicate
		Important Dates
4	Trade & Position Concepts	Definition of a Trade
		Trading Positions
		Settled Positions
		Impact of Trades on Positions
5	Date Concepts on Trades	Definition of Trade Date
		Definition of Value Date
		Definition of Settlement Date
6	Settlement Cycles	Account Settlement
		Rolling Settlement
		Reasons for Reduction (G30)
7	Settlement Methods	Settlement Risks
		Delivery versus Payment
		Free of Payment (with/without risk)
8	Settling & Holding Securities	Central Securities Depositories
		National CSDs
		International CSDs
		Local Custodians
		Global Custodians
		Similarities & Differences

Essential Securities Operations Concepts		
Module 3		
Segment	Heading	Sub-Heading
9	CSD & Custodian Services	Securities Safekeeping
		Electronic Book-Entry
		Cash Management
		Asset Servicing
10	Trading Capacity	Proprietary Trading
		Market Making
		Agency Broking
		Risks & Implications
11	Trading Methods	Exchange-traded
		OTC
		Settlement & Operations Implications
12	Trading Books	Purpose
		Structure
		Operations Implications
13	Transaction Types: Overview	Principal
		Agency
		Book Transfer
		Repo
		Securities Lending & Borrowing
		Depot Transfer
		Cash Borrowing & Lending (secured/unsecured)
		Foreign Exchange (re X-ccy settlement)
14	Static Data and STP	Purpose
		Importance
		Methods of Updating
		Maintenance & Security
		Risks & Controls
15	Securities Static Data	Types (Equity & Debt)
		Content
		Uses (e.g. market charges, accrued interest)
		Sources (incl. Data Vendors)

Essential Securities Operations Concepts		
Module 4		
Segment	Heading	Sub-Heading
16	Counterparty Static Data	Standing Settlement Instructions
		Trade Confirmation Preferences
		Sources (manual & electronic)
17	Trade Cash Calculation	Calculation Method
		Market Charges (e.g. sales tax, stamp duty)
		Accrued Interest Principles
		Accrued Interest (incl. straight, FRN)
18	The Securities Trade Lifecycle	Orders
		Purpose
		Who Issues Orders?
		Who Receives Orders?
		Order Types
		Trade Execution
		Order-Driven Markets
		Quote Driven Markets
		Exchange-Traded vs OTC
		Electronic Trading (incl. ECNs)
		Trade Capture (Front Office)
		Capture Methods
		Components
		Speed
		Accuracy
		Trade Capture (Operations)
		Implications of Successful Capture
		Facilitating Successful Capture
		Identifying Failed Capture
		Implications of Failure to Capture
		Reasons for failed Capture

Essential Securities Operations Concepts		
Module 5		
Segment	Heading	Sub-Heading
18 (cont'd)	The Securities Trade Lifecycle (cont'd)	Trade Enrichment
		Purpose
		What's added to basic trade details
		Achieving automated enrichment
		Importance of Static Data
		Trade Agreement
		Purpose
		Methods
		Trade Confirmation (manual, electronic),
		Trade Affirmation (Oasys Global),
		Implications of Failing to Agree
		Settlement Instructions
		Purpose
		Methods
		Deadlines
		Time-Zone Differences
		Implications of Failing to Instruct
		Settlement Instruction Statuses
		Purpose
		Status Types & Meaning
		Required Action
		Implications of Unmatched Instructions

Essential Securities Operations Concepts		
Module 6		
Segment	Heading	Sub-Heading
18 (cont'd)	The Securities Trade Lifecycle (cont'd)	Failed Trades
		Definition
		Causes
		Implications
		Prevention
		Minimising Impact
		Enforcing Settlement
		Trade Settlement
		Definition
		Causes of Successful Settlement
		Partial Settlement
		Securities Only Settlement
		Cash Only Settlement
		Updating Books & Records
		Definition
		Purpose
		Implications of Successful Update
		Implications of Unsuccessful Update
		Reconciliation
		Definition
		Purpose
		Types
		Methods
		Risks

The Operations Academy: Securities Operations Concepts

Level = Intermediate/Challenging for Newcomers

Description:

This section utilises all the concepts covered in Section 1, and:

- describes extremely important tasks that either 1) result from securities trade processing, and/or 2) relate to the management of existing securities positions
 - some such tasks form an essential part of a firm's cost reduction and operational efficiency methods
 - in some cases such tasks are offered to clients as an optional service, or may be mandatory events following which trades and positions will be adjusted
- in all cases, accurate and timely processing and the application of relevant controls are imperative if monetary loss is to be avoided.

Intermediate Securities Operations Concepts		
Module 1		
Segment	Heading	Sub-Heading
19	Securities Bookkeeping	Definition & Purpose
		Importance of Accurate Books & Records
		Link with Reconciliation
		Double-Entry Bookkeeping
		When Entries Must be Passed: Trades
		Trade Date
		Value Date
		Settlement Date
		When Entries Must be Passed: Positions
		Marking-to-Market
		Realised/Unrealised P&L
		Application in Different Transaction Types
20	Safe Custody	Definition & Purpose
		Service Components
		Holding Securities
		Holding Cash/Currencies
		Securities & Cash Movement Types
		Income & Corporate Actions
		Valuation
		Statements
		Legal Agreements
		Structure of Safe Custody Accounts
		Authenticating Instructions Received
		Other Risks & Controls

		Service Charges
		Updating Books & Records

Intermediate Securities Operations Concepts		
Module 2		
Segment	Heading	Sub-Heading
21	Securities Lending & Borrowing	Definition & Use
		Benefits of Securities Lending
		Circumstances Giving Rise to Borrowing
		Transaction Characteristics
		Introduction
		Security Ownership
		Transaction Type
		Term vs Open
		Counterparty Types
		Lending Income & Borrowing Costs
		Transaction Duration
		Recall & Closure
		Risks and Controls
		Participants
		Introduction
		Securities Lenders
		Securities Borrowers
		Intermediaries
		Methods of SL&B
		Direct Lender to Borrower Contact
		Lending & Borrowing via ICSDs
		Lending & Borrowing via Global Custodians
		Collateral in SL&B: Overview
		The Lender's Risk
		Definition & Purpose of Collateral
		Legal Protection
		Eligible Collateral
		Collateral Value
		Settlement Method
		Revaluation
		Margin Calls
		Collateral Substitution
		The SL&B Trade Lifecycle Overview
		Opening Leg Settlement
		Settlement of Lent Security & Collateral
		Throughout Life of Transaction
		Introduction
		Marking-to-Market
		Margin Calls

		Collateral Substitution
		Income Payments
		Corporate Actions
		Closing Leg Settlement
		Fixed-Term Loans
		'Open' Loans
		Updating Books & Records
		Fees
		Securities Lending
		Securities Borrowing

Intermediate Securities Operations Concepts		
Module 3		
Segment	Heading	Sub-Heading
22	Funding	Introduction
		Definition & Purpose
		Cash Correspondents
		Communication Methods
		Risks & Controls
		Cash Borrowing Methods
		Secured Borrowing
		Repo Overview
		Unsecured Borrowing
		Cash Borrowing from ICSDs/Custodians
		Paying & Receiving Cash
		Bank & Custodian Deadlines
		Impact of Time Zones
		Wire Transfers
		Preadvising
		Late Payments/Receipts
		Repo
		Definition & Purposes
		Legal Agreements
		Cash-Based Repo
		Stock-Based Repo
		Term vs Open Repo
		General Collateral vs Specials
		Impact of Changing Values
		The Repo Trade Lifecycle Overview
		Transaction Types Similar to Repo
		Updating Books & Records

Intermediate Securities Operations Concepts		
Module 4		
Segment	Heading	Sub-Heading
23	Corporate Actions	Introduction
		Overview of corporate actions, including:
		Definition
		Purpose
		Reliance on Trade & Position Management
		Fundamental Concepts
		Event Classification
		Issuer's Objectives
		Event Initiation
		Ultimate Impact of Event
		Responsibilities of a Corporate Actions Dep't
		Major Processing Steps
		Major Risks
		Corporate Actions Lifecycles Overview
		Processing Lifecycle Characteristics of:
		Mandatory Events
		Mandatory with Options Events
		Voluntary Events
		Multi-Stage Events
		Issuer Notices
		Corporate Action Event Types
		Focus on Numerous Event Types, including:
		Cash Dividends
		Optional Dividends
		Dividend Reinvestment Plans
		Fixed-Rate & Floating-Rate Coupon Payments
		Bonus Issues
		Stock Splits, Reverse Splits/Consolidations
		Odd-Lot Offers
		Bond Conversions
		Early/Partial/Voluntary Redemptions
		Final Maturity
		Rights Issues
		Takeovers
		The Generic (Mandatory Event) Lifecycle: Overview
		Overview of Each Major Step in the Mandatory Event Lifecycle, namely;
		Declaration of Event Terms
		Capturing Event Terms
		Ascertaining Entitlement

Intermediate Securities Operations Concepts		
Module 5		
Segment	Heading	Sub-Heading
23 (cont'd)	Corporate Actions (cont'd)	The Generic (Mandatory Event) Lifecycle: Overview (cont'd)
		Informing Relevant Parties
		Calculating Resultant Entitlement
		Updating Books & Records #1
		Receiving & Crediting Resultant Entitlement
		Updating Books & Records #2
		Tax on Income Events: Overview
		Withholding Tax
		Domestic Tax
		Internal/External Securities Position Management
		Over-Taxation
		Tax Returns to Tax Authorities
		Mandatory with Options Event and Voluntary Event Lifecycles; Overview
		Characteristics of Optional & Voluntary Events
		Differences vs the Mandatory Event Lifecycle
		Associated Management Implications
		Event Terms
		Requesting Election Decisions
		Monitoring Outstanding Election Decisions
		Managing Incoming Election Decisions
		Issuing Outgoing Election Instructions
		Calculating Resultant Entitlement

Intermediate Securities Operations Concepts		
Module 6		
Segment	Heading	Sub-Heading
24	Risks & Controls in Securities Operations	Introduction
		Generic Risks and the Need for Controls
		The Value of Trades in Financial Services
		Monetary Loss
		Reputation Loss
		Primary Risks in the Trade Lifecycle
		Including focus on:
		inaccurate counterparty SSIs
		trades not received in BO system
		trade detail unconfirmed with counterparty
		failure to transmit by custodian's deadline
		failure to investigate an alleged instruction
		Failure to update internal books & records
		Primary Risks in Associated Tasks

		Securities Bookkeeping
		Safe Custody
		Securities Lending & Borrowing
		Funding
		Corporate Actions
		Primary Controls
		Verification
		Four Eyes Checking
		Reconciliation
		Segregation of Duties
		Supervision
		Culture
		Detailed Risk Analysis & Proposed Controls
		Focus on numerous pre-defined operational risk scenarios, in each case identifying the specific risks, probable causes & ideal controls, for example:
		Coupon rate in static data overwritten to incorrect rate
		Securities sold for settlement in location A are in fact held in location B
		Three hours remain to the custodian's deadline to subscribe to a rights issue
		Securities positions at a custodian remaining unreconciled for 5 days
		An FX trade has been executed, selling AUD and buying CAD for payment/receipt on the same date

The Operations Academy:

Derivative Operations and Collateral Management Concepts

Level = Intermediate/Challenging

Description:

This section utilises some of the concepts covered in Sections 1 and 2, and:

- describes fundamental aspects of a number of **derivative** products as they relate to operational processing, inclusive of their **processing lifecycle** in each case
- describes 1) why some derivative products necessitate the giving or taking of **collateral**, 2) what constitutes the **OTC derivative collateral lifecycle**, and 3) the regulatory changes that will result in mandatory **central clearing** of OTC derivative trades
- Throughout the program, the focus will remain on accurate and timely processing and the application of relevant controls in order to avoid monetary loss.

Intensive Derivative Operations and Collateral Management Concepts		
Module 1		
Segment	Heading	Sub-Heading
25	Derivative Fundamentals	Introduction
		The Derivatives Marketplace
		Exchange Traded versus OTC Derivatives
		Derivative Exchanges
		Basic Derivative Types
		Futures
		Options
		Swaps
26	Exchange Traded Derivatives; An Introduction	Structural Aspects of ETD
		Exchange Membership
		Clearing Members
		Non-Clearing Members
		Trade Execution
		Clearing House & Central Counterparty
		Margin & Margin Types
		Introduction
		Initial Margin
		Maintenance Margin
		Variation Margin
		Exchange Traded Derivative Products
		Financial Futures
		Options

27	OTC Derivatives; An Introduction	Structural Aspects of OTC Derivatives
		Generic Product Definition
		The Nature of the Trade
		Parties to a Trade
		Trade Tenor
		Exchange of Notional Value
		Trade Settlement
		Exiting a Trade
		Legal Documentation
		ISDA Master Agreement
		The Schedule
		Credit Support Annex
		Trade Confirmation

Intensive Derivative Operations and Collateral Management Concepts		
Module 2 & 3		
Segment	Heading	Sub-Heading
28	OTC Derivative Products & Their Processing Characteristics	Introduction
		For each product listed below, the following aspects will be covered:
		1) Product Definition & Purpose
		2) The Investors' Need
		3) Structure & Characteristics
		4) The Trade Lifecycle
		5) Benefits & Risks
		6) Operations Activity Overview
		7) Product Variations Overview
		Example OTC Derivative Products
		Credit Default Swaps
		Contracts for Difference
		Currency Swaps
		Foreign Exchange Swaps
		Fixed Foreign Exchange Forwards
		Non-Deliverable Forwards
		Interest Rate Swaps
		Forward Rate Agreements

Intensive Derivative Operations and Collateral Management Concepts		
Module 3		
Segment	Heading	Sub-Heading
29	Trade Termination	Introduction
		Definition & Purpose
		Impact on Collateral
		Early Termination
		Closeout Netting on Counter party default
		Tear Ups
		Assignments
		Valuation and Cash Payments
		Termination on Scheduled Maturity Date

Intensive Derivative Operations and Collateral Management Concepts		
Module 4		
Segment	Heading	Sub-Heading
30	Collateral Management for OTC Derivatives	Fundamental Collateral Concepts
		Definition & Purpose of Collateral
		Why the Increased Focus on Collateral?
		Overview of Collateral Lifecycle
		Types of Collateral
		Cash
		Bonds
		Equity
		Collateral Impact on Regulatory Capital: Overview
		Why OTC Derivatives Require Collateral
		How Exposures Arise
		Legal Protection
		Necessity of Legal Protection
		Master Agreements
		Definitions
		Credit Support Annexes
		Haircut Calculation
		Confirmations
		Static Data
		Concepts of Static Data
		Concepts of Straight Through Processing
		Static Data & STP in Collateral Management
31	The OTC Derivative Collateral Lifecycle	Pre-Trading
		Legal Documentation
		Static Data
		Trading
		Trade Execution
		Trade Confirmation

Intensive Derivative Operations and Collateral Management Concepts		
Module 5		
Segment	Heading	Sub-Heading
31 (cont'd)	The OTC Derivative Collateral Lifecycle (cont'd)	Throughout Lifetime of Trade
		Trade Reconciliation
		Definition & Purpose
		Benefits
		Method
		Causes of Discrepancies
		Discrepancy Resolution
		Marking-to-Market
		Definition & Purpose
		Method
		Collateral Call Calculation
		Definition & Purpose
		Frequency
		Uniqueness of Counterparty Arrangements
		Determining Factors
		Making & Receiving Collateral Calls
		Issuing/Receiving Collateral Demands
		Deadlines & Time-Zone Differences
		Agreeing / Disputing Collateral Demands
		Settling Collateral Demands
		Holding Bond Collateral
		Reuse/Re-hypothecation of Collateral
		Security Interest vs Title Transfer
		Collateral Substitution
		Definition & Purpose
		Circumstances Causing Substitution
		Settling Collateral Substitutions
		Risks When Substituting
		Income & Corporate Actions
		Impact on Collateral Giver & Taker

Intensive Derivative Operations and Collateral Management Concepts Module 6		
Segment	Heading	Sub-Heading
32	Regulatory Change for OTC Derivatives	Introduction
		Trading on Exchanges or Electronic Trading Platforms: Overview
		Central Clearing: Overview
		Capital Requirements: Overview
		Trade Repositories: Overview
33	Central Clearing & its Impact on Collateral	Central Clearing Concepts
		Central Counterparty Membership Structure
		Central Clearing for Clearing Members
		Central Clearing for Non-Members
		Multiple Central Counterparty Implications
		Margin Requirements in Central Clearing
		Eligible Collateral in Central Clearing
		Impact of Collateral in Central Clearing
		Operational Implications of Central Clearing
		Risk Management within Central Counterparties
		Collateral for Buy-Side Firms in Central Clearing
		Communicating New Trades to the Central Counterparty
		Cleared versus Uncleared Trades
		Backloading of Legacy Trades to a Central Counterparty
		Legal Documentation for Central Clearing
		Central Counterparty Regulation & Supervision
		Clearing Member Insolvency
		Central Counterparty Insolvency
34	Collateral Transformation	Collateral Requirements in a Central Clearing Environment
		Impact of IM & VM Collateral on Existing Asset Portfolios
		Collateral Transformation
		Repo
		Securities Lending
		Collateral Transformation Methods
		Collateral Transformation Legal Documentation
		Operational Implications of Collateral Transformation
		Collateral Transformation and Clearing Member Insolvency
		Collateral Transformation: Cost & Time Implications
		Membership Preferences in a Central Clearing Environment

Intensive Derivative Operations and Collateral Management Concepts

Module 7

Segment	Heading	Sub-Heading
35	Counterparty Risk How is Counterparty Risk created on OTC Derivative Trades?	How is counterparty risk created on OTC Derivative Trades?
		Examples of Profitable OTC Derivative Trades
		MTM Gain
		Modelling Counterparty Risk
		Basic Calculation of Counterparty Credit Risk
		Loss Given Default
		Probability of Default
		Exposure at Default
		Credit Value Adjustment (CVA)
		Effect of CVA on Derivative Pricing
		Debt Value Adjustments (DVA)
		Fund Value Adjustments (FVA)

The Operations Academy:

Essential Corporate Action Concepts

Level = Essential (intermediate)

Description:

- This section will cover the most fundamental aspects of corporate actions

Essential Corporate Action Concepts		
Module 1		
Segment	Heading	Sub-Heading
1	Overview of securities settlement	CSDs / ICSDs
		Custodians
		Settlement Cycle
2	Introduction to Corporate Actions	Benefits
		Re-organisations
		Issuer Notices
		Mandatory Issuer Notices
		Mandatory with options events
		Voluntary events
		Multi-stage events
3	Payments	Coupons
		Dividends
		Cash dividend
		Stock dividend
		Scrip dividend
		Optional dividend
		Dividend re-investment plan (DRP or DRiP)
		Domestic and WHT
		Impact of Double Taxation Agreements
		Tax implications in major markets e.g. 302 forms
4	Equity Restructuring	Consolidation or Reverse Split
		Capital Repayment
		Buy – Back
5	Debt Restructuring	
6	Debt Redemption	
7	Raising of Capital	Rights Issue
8	Mergers and Take-overs	
9	Issuer Notices	

Essential Corporate Action Concepts Module 2		
Segment	Heading	Sub-Heading
10	Securities Lending and Borrowing	Shorting shares
		Stock loan examples
		Margining and haircuts
11	Dividend Life Cycle	Manufactured dividends
		Manufactured Overseas Dividends and WHT implications
		Basic dividend calculations
		Record date
		Ex date
		Pay date
		Market claims
		The stock record
12	Impacts to the Stock Record	Special Cum or Special Ex trades
		Late trades
		Cancelling and/or correcting trades
		Conversions

Essential Corporate Action Concepts Module 3		
Segment	Heading	Sub-Heading
13	ADRs	ADR definition
		ADR creation
		The rights and benefits of an ADR
14	Investment accounting / fund accounting	Impact of corporate actions
		Impact on book cost
		Impact of corporate actions on Collective Investment Schemes
15	Valuation Methods	Warrants
		Spin offs
		Basis Allocations
		Issuer Statements



Global Markets Academy



CapitalWave Inc. is a firm made up of industry professionals having a reputation for providing first-rate training and consultancy to institutions in the capital and wealth markets. CapitalWave offers instructors and programs who have extensive knowledge, experience and expertise in the areas of banking and finance.

Blended learning is the philosophy on which the company was founded. Our training methodology, integrating theory with practice using our own very powerful training tools, creates a uniquely exciting and effective learning environment. The result pays immediate dividends in the retention of newly-learned concepts and their practical application in the financial marketplace.

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