

ICMA Executive Education

For many years ICMA has made investment in executive education for the financial markets a priority. ICMA courses are administered and overseen by the ICMA Centre at Henley Business School, University of Reading.

ICMA Certification Programmes

- Financial Markets Foundation Certificate (FMFC)
- Operations Certificate Programme (OCP)
- International Fixed Income and Derivatives Certificate (IFID)
- 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.

ICMA offer a number of specialist courses including:

- Collateral Management
- Commodities – An Introduction
- Commodities – Investment Solutions
- Corporate Actions
- Derivative Operations
- Global Custody
- Inflation-linked Bonds and Structures
- Investment Funds Administration
- Securities Lending and Borrowing
- Securitisation – Understanding the Mechanics
- Technical Analysis – An Introduction

Contact Us

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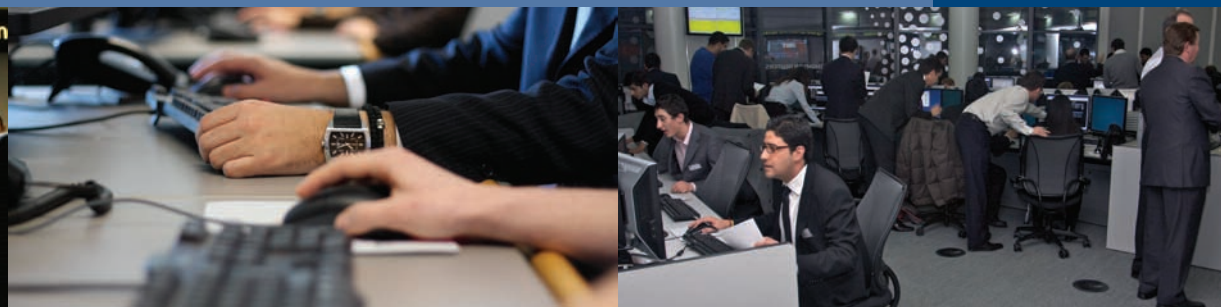
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Collateral Management ICMA Executive Education

ICMA CENTRE THE BUSINESS SCHOOL
FOR FINANCIAL MARKETS



Objectives

The course is aimed at developing a foundation in the secure and controlled processing of collateral in a financial institution, with particular focus on the operations aspects. This course is equally relevant to the buy-side and sell-side of the business.

This training course explores the essential purpose of collateral, its application in a number of transaction types, and the lifecycle of collateral (including valuation, margin calls, substitution, etc.). Throughout the course, both primary risks and mitigating measures are highlighted.

Target Audience

This course is suitable for staff that are new to the subject of collateral, and for those that are currently working within a collateral function and who require a broad understanding of the transactions (e.g. repo) that necessitate collateral and the typical lifecycle of collateral. This course is an extension of the ICMA Operations Certificate Programme (OCP) but there are no formal pre-requisites to taking this course.

Length and Structure of the Course

The course consists of two days of lectures, case studies and group exercises. Each day typically consists of four 90 minute sessions with coffee breaks in the morning and afternoon and lunch break in the middle. There is no exam for this course but candidates will receive a certificate of attendance.

Course Tutor

Mike Simmons – Mike is an independent training consultant and has been involved with the capital markets and operations throughout his career, focusing originally upon securities operations and in recent years on derivative operations and transactions involving collateral (including securities lending & borrowing). Mike is the author of two books on Operations “Corporate Actions: A Guide to Securities Event Management” and “Securities Operations: A Guide to Trade & Position Management” both published by Wiley Finance. Mike is also a regular instructor on the ICMA Operations Certificate Programme.

Course Outline

Session 1

Introductory Session

- Definition
- Purpose of collateral
- Why collateral became popular

Session 2

Transaction Types Necessitating Collateral #1

- Secured cash borrowing and lending
- Cash borrowing at CSDs & custodians
- Foreign exchange

Session 3

Transaction Types Necessitating Collateral #2

- Securities lending & borrowing
- Repo
- OTC derivatives

Session 4

Types of Collateral

- Cash
- Bonds
- Equity

Session 5

Legal Protection

- Necessity of legal protection
- Master agreements and credit support annexes
- Specific clauses
- Implications for Operations

Session 6

The Collateral Lifecycle #1

- Collateral eligibility
- Collateral selection & optimisation
- Calculating market value & collateral value
- Haircuts

Session 7

The Collateral Lifecycle #2

- Revaluation, margin calls
- Thresholds, minimum transfer amounts
- Agreeing collateral, settlement methods
- Settlement instructions, successful & failed settlement

Session 8

The Collateral Lifecycle #3

- Updating internal books & records
- Re-use of collateral
- Collateral substitution
- Impact of corporate actions