

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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Securitisation – Understanding the Mechanics

ICMA Executive Education

ICMA CENTRE THE BUSINESS SCHOOL
FOR FINANCIAL MARKETS



Objectives

There are EUR 1.7 trillion of Asset-Backed Securities (ABS) outstanding in Europe. This course is designed to broaden attendees' knowledge and understanding of this important market, and the opportunities it offers to issuers and investors.

Target Audience

The course is suitable for those with knowledge of some aspects of ABS who wish to expand their knowledge, as well as those with limited prior knowledge of ABS. People who have exposure to ABS assets or portfolios as part of their management responsibilities should benefit from this course.

Length and Structure of the Course

The course consists of either one or two days of lectures, case studies and group exercises. Each day 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

Richard Senior – Richard has over 20 years' experience in securitisation. He is Head of Robin Hood Finance Ltd., a securitisation advisory and training company he established in 2003. Prior to that he had been Head of Origination, Securitisation, at Bankgesellschaft Berlin from 1995, following 9 years at Chemical Investment Bank Ltd (now JP Morgan Chase). He is a qualified Accountant (ACMA), and a fluent French and German speaker. His diverse training activities include being a tutor on the "Postgraduate Diploma in Securitisation" course at the Dublin Institute of Technology.

Course Outline

Securitisation and Market Overview

- The securitisation market
- Risk and tranching
- What motivates issuers and investors?
- What is being securitised?

Case study: Economic rationale for securitisation

This section is an overview of the basics of securitisation and the general size of the market.

Structuring ABS

- Typical structure
- Special Purpose Vehicles
- Structuring out risks

Case study: Dealing with short life assets

Case study: Overview of rating agency presale of an actual transaction

This section will serve as an overview of ABS fundamentals and how the various risks are managed.

Executing the Transaction

- Parties to an ABS transaction and their roles
- Planning and objectives
- Stages of a transaction

Case study: You are the consultant on an actual trade receivables securitisation transaction

This section goes through the lifecycle of an ABS and the key decision making points.

The Market Now

- The sub-prime crisis and its effects
- Central bank repos
- Financing SMEs
- The shadow banking system: CP Conduits and SIVs

Case study: Northern Rock

This section explores market developments since 2007, and examines market problems and opportunities

Rating (2-day course only)

- Ratings
- Rating agencies
- Overview of the rating process
- Analysis and modelling
- What went wrong?

Case study: presentation to rating agency from actual transaction

This section examines the role of ratings and rating agencies, and the approach to ratings in ABS, plus a discussion of the current situation regarding ratings.

Collateralised Debt Obligations (CDOs) (2-day course only)

- What are CDOs?
- What drives the market?
- Types of CDO: Cash, synthetic, single tranche
- Dynamic and static portfolios

Case study: Modelling CDOs

This section is an overview of the CDO market, and how CDOs are constructed.

Case Study (2-day course only)

Delegates work in groups to analyse the structure, strengths and weaknesses of an actual transaction

Residential Mortgage-Backed Securities (RMBS)

- RMBS as an asset class
- What drives the market?
- RMBS vs covered bonds
- Structuring & rating RMBS
- Quantitative & qualitative due diligence
- Rating: inputs to the model/how the model works

RMBS is the largest asset class, with over €1 trillion outstanding at end 2008, and one which will feature in most investors' portfolios. The US sub-prime sector has caused severe problems since mid-2007, but other areas of RMBS are far more stable.