

## ACI Dealer Certificate Course

February 16<sup>th</sup> – 20<sup>th</sup>, 2020



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<b>Objectives:</b>	<p>During this programme participants will:</p> <ul style="list-style-type: none"><li>▪ Cover basic interest rate calculations<ul style="list-style-type: none"><li>– See how to calculate rates at different parts of the yield curve and look at various indices</li></ul></li><li>▪ Explore cash money markets<ul style="list-style-type: none"><li>– The workings of short-term funding and investment instruments</li></ul></li><li>▪ See how the foreign exchange (FX) markets function and run through the uses and maths behind different hedging tools</li><li>▪ Look at the working of the precious metals markets</li><li>▪ Examine tools to manage interest rate risk, including swaps, futures, options and forward-forwards</li><li>▪ Analyse the uses and mechanics of option structures to manage market risk</li><li>▪ Run through the principles of asset and liability management (ALM), defining responsibilities, metrics and Basel III requirements.</li><li>▪ Understands principles of risk, covering Credit, Operational, Legal and Liquidity aspects</li></ul>
<b>Training Methodology:</b>	<p>The programme is highly interactive and it will encourage participation through exercises, videos and case studies, which the delegates will solve individually or in small work-groups.</p> <p>ACI sample questions will be regularly used to prepare the participants for the exam. Free downloadable booklets covering key topics are available from <a href="http://www.swapskills.com">www.swapskills.com</a> and free online learning for FX will also be made available.</p> <p>The agenda specifically follows the content set out in the latest 2017 Syllabus from the ACI.</p>
<b>Who Should Attend?</b>	<p>The programme is designed for:</p> <ul style="list-style-type: none"><li>▪ Treasury staff</li><li>▪ Middle Office</li><li>▪ Risk Managers</li></ul>
<b>Course Duration</b>	Five days

<b>Introduction</b>	The Programme Director will introduce the course and what it will achieve.
<b>Interest Rates &amp; Calculations</b>	<ul style="list-style-type: none"> <li>▪ Financial market conventions <ul style="list-style-type: none"> <li>– Day counts</li> <li>– Compounding / discounting</li> </ul> </li> <li>▪ Key benchmarks &amp; their future <ul style="list-style-type: none"> <li>– Libor / Euribor / Overnight rates</li> <li>– SOFR and Risk Free Rates (RFR)</li> </ul> </li> </ul>
<b>Cash Money Markets</b>	<ul style="list-style-type: none"> <li>▪ Investor habitats and funding alternatives <ul style="list-style-type: none"> <li>– Covenants and rating agencies</li> </ul> </li> <li>▪ Money market instruments <ul style="list-style-type: none"> <li>– Treasury Bills / Interbank deposits / Certificates of Deposit / Bankers Acceptances / Commercial Paper / Repos</li> </ul> </li> </ul>
<b>Foreign Exchange</b>	<ul style="list-style-type: none"> <li>▪ Spot FX conventions <ul style="list-style-type: none"> <li>– ISO conventions</li> <li>– (In)Direct Quotations</li> </ul> </li> <li>▪ Nostro / Vostro accounts</li> <li>▪ Cross rates</li> <li>▪ Settlement conventions <ul style="list-style-type: none"> <li>– (Pre) Settlement risk</li> <li>– Value dates</li> </ul> </li> <li>▪ Calculating profit &amp; loss</li> <li>▪ Brokers <ul style="list-style-type: none"> <li>– Dealing methods</li> <li>– Finding the best quotes</li> </ul> </li> </ul>
<b>Forward Foreign Exchange</b>	<ul style="list-style-type: none"> <li>▪ Foreign exchange risk in the working capital cycle <ul style="list-style-type: none"> <li>– Deriving the forward FX rate</li> <li>– Forward points</li> <li>– Non-Deliverable Forwards (NDFs)</li> </ul> </li> <li>▪ Covered interest arbitrage</li> <li>▪ FX Swaps <ul style="list-style-type: none"> <li>– Short date swaps</li> <li>– Ante spot</li> <li>– Quoting a forward swap</li> <li>– Historic rate rollovers</li> </ul> </li> </ul>

## Interest Rate Risk

- Forward Rate Agreements (FRAs)
  - Cash flows
  - Deriving a forward-forward rate
- Money market futures
- Overnight index Swaps (OIS)

## Options

- Option terminology
  - Quoting option premium
- Option types
  - European, American, Bermudan, Asian, Path dependent
  - Calls & puts
  - “Moneyness”
- Option pricing
  - Using payoff diagrams
  - Option strategies
  - The Greeks
    - Delta hedging, Vega, Theta

## Basel III / ALM

- Asset & Liability Management (ALM)
  - The role of ALM
  - Earnings at Risk (EAR)
    - Quantifying gap risk
    - Liquidity management
  - Economic capital / Unexpected losses
- Basel III
  - Helicopter overview of key concepts
  - Structure of a bank's balance sheet
  - Risk-weighted assets (RWA)
  - Liquidity Coverage Ratio (LCR) & High-Quality Liquid Assets (HQLA)
  - Net Stable Funding Ratio (NSFR)
    - Behavioural patterns
    - Loan / Deposits ratio
      - The implications of a high / low ratio

## Swap Documentation

## Operational Risk

- Funds Transfer Pricing (FTP)
  - How an FTP curve assists a business strategy
  - Explaining the liquidity premium
  - Generating a funding / deposit curve
- Credit Risk Transfer
  - Credit Default Swaps (CDS)
  - Asset Securitisation
- Value At Risk (VaR)
  - Conditional VaR / Stressed VaR
  - Calculation Methods
- Balance Sheet Risks
  - Central banks regulations
  - Who gets paid when in bankruptcy?
- Market Risk
  - Key controls
  - Role of the Middle Office
  - Interest Rate Risk in the Banking Book (IRRBB)
    - Interest rate shock scenarios
- Lessons learned from a liquidity crisis
  - Northern Rock
- Loss Given Default (LGD)
  - Counterparty Credit Risk
  - XVA Overview
- International Swaps & Derivatives Association (ISDA)
  - ISDA Schedule
  - Potential Future Exposure (PFE)
  - Central Counterparty Clearing (CCP)
- Operational Risk and Legal Risk

**Credit Risk Transfer**

- Credit Default Swaps
  - Cash flow mechanics
  - Factors to generate a premium
  - Determination committees
- Asset securitisation

**Value At Risk (VaR)**

- Quantifying market risk
  - Conditional VaR
  - Calculation methodology
  - Influences on VaR

**Balance Sheet Risk**

- Central bank regulations
  - Large exposures
- Order of payment in bankruptcy
- Market risk & the role of the Middle Office
- Interest Rate Risk in the Banking Book (IRRBB)
- Key Credit Issues
  - Loss given Default (LGD), Exposure at Default (EAD), Counterparty Credit Risk (CCR)
  - Risk mitigation methods

**Swap Documentation  
& Execution**

- International Swaps & derivatives Association (ISDA)
- Credit Support Annex (CSA)
- Central Counterparty Clearing (CCP) versus OTC

**Operational & Legal  
Risk**

- Management of risk
  - Periodic audits
  - Back-up plans
  - Separation of roles
- Legal risk
  - Ultra vires

**Course Review**

- Mock Exam

## **Trainer Biography: Simon Rogers**

Simon founded Swapskills, a financial markets training and consulting company, in 2002.



Simon joined ABN AMRO in January 1999 as the Head of Derivative Marketing & Structuring for Europe, Middle East & Africa.

In this role he was responsible for re-focusing the team's resources to a more value-added approach, as well as being responsible for the delivery of fixed income derivative product, including MTFX / LTFX and credit derivatives, into all of the European time zone (EMEA) to both asset and liability-side clients. One of his major roles encompassed delivering internal and external training courses on the practical applications of derivative products.

Prior to this Simon was an Executive Director for CIBC World Markets, where he was Head of Nordic coverage in the Financial Products group. The products sold by the Financial Products group included credit products (asset swaps / credit derivatives, asset-backed and high yield), equity-linked structures, commodity derivatives (from precious & base metals to energy products), interest rate products (with a focus to structures rather than vanilla liability business) and FX-linked products. Tax products were also put on the agenda with the appointment of a tax specialist.

Before CIBC Simon was appointed as an Assistant Director for HSBC Markets where he was Head of European Marketing, Derivative Sales with a team of 8 people. This was after a five-year spell at First Chicago, most of which was spent on the swaps desk. His career started in 1984 at Continental Illinois where he joined the graduate training scheme as an international Relationship Banker.

## **Financial Markets Training**



Simon is now involved with full-time training in financial products and derivatives where his clients include major investment and commercial banks. He also organizes and delivers public courses, using his stable of trainers who cover interest rate, credit and commodity derivatives as well as corporate finance.

His courses have been designed not only for markets and client-facing staff but also Credit functions, HR (Understanding Financial Markets) and Private Client / Banking divisions. The courses are oriented towards spotting opportunities and applying knowledge in a practical way as opposed to taking a mathematical and academic approach so that training can be more easily turned into revenue generation.

With complete access to Bloomberg, the courses use current market rates and conditions. Frequent participant interaction and the use of exercises and case studies reinforce the concepts under discussion.

Accreditation: Simon was assessed as an advanced facilitator by Standard Chartered Bank in October 2009.

## **Track Record**



Simon has trained corporate and financial institutions on every continent.



He has also successfully concluded consulting contracts for Emirates NBD, Commercial Bank of Dubai and Arab Banking Corporation.

His courses have included participants from many blue chip institutions including ABN AMRO Bank, ABN AMRO Private Bank, Lloyds TSB, Royal Bank of Scotland, Merrill Lynch investment Management, Arc Securities, Schroders Investment Management, Calyon, HSBC, Noble Asset Management, Adam and Company, Britannic Asset Management, Bank of Bahrain and Kuwait, Scottish Life, Clydesdale Bank, The Republic of Turkey Treasury team, South African Reserve Bank, BMW Finance, Nampak, Vodacom, JP Morgan Chase, Bank of Baroda, Bumiputra Commerce, Danske Markets, Dunfermline Building Society, Swedish Export Credit, Gordian Knot, Royal Asset Management, Central Bank of Nigeria, Central Bank of Zambia, Reserve Bank of Zimbabwe, United Kingdom Debt Management Office, ING Private Bank, Standard Chartered Bank, Saudi Hollandi, Emirates NBD, Commercial Bank of Dubai, National Bank of Abu Dhabi, Commercial Bank International, Mashreq Bank, First Gulf Bank, Arab Banking Corporation, BNP Paribas, Siam Commercial Bank, Noor Bank, Union National Bank, First Abu Dhabi Bank, Al Hilal Bank, Al Rajhi Bank, Gulf International Bank, National Bank of Fujairah, Stanbic, Bank of Tokyo-Mitsubishi UFJ, ANZ, Permatabank, CIMB Thai, Natixis.

Government bodies that have been trained by Swapskills include:

- The Monetary Authority of Singapore
- South Africa Reserve Bank
- Reserve Bank of Zimbabwe
- Central Bank of Zambia
- Swedish Export Credit (SEK)
- Central Bank of Nigeria
- The Republic of Turkey Treasury Team
- United Kingdom Debt Management Office

Simon has a BA from Bristol University, where he studied languages. He is the author of Euromoney's "Swaps in Practice: The products, pricing and applications" which was published in January 2005.

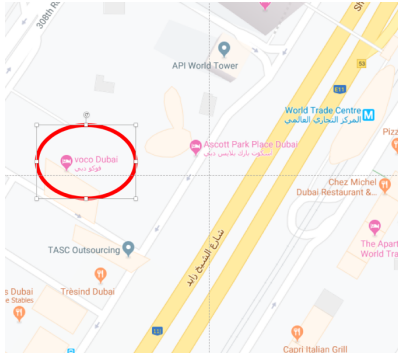
Simon is an accredited trainer for the ACI Dealing Certificate.



## Course Dates and Venue

February 16<sup>th</sup> – 20<sup>th</sup>, 2020  
0900 - 1700

Voco Hotel (Formerly Nassima Royal)  
SZR. Nearest Metro is the World Trade Centre



## Cost Structure

The 5-day course cost is AED 9,500 + 5% VAT per participant. Payment is due 7 days prior to the course.

Direct payment can be made using the following account details

Account Name	Swapskills FZ LLC
Bank	Emirates NBD
	Mall of the Emirates Branch Dubai (UAE)
SWIFT Code	EBILAEAD
IBAN	AE950260001015226202901

The TRN number for Swapskills FZ LLC is 100249437600003.

## **Additional Reading**

Various booklets can be downloaded for free at [www.swapskills.com](http://www.swapskills.com).

The booklets cover:

- FX 101 – FX Market Fundamentals
- FX 102 – FX Rates and Arbitrage
- Options 101 – Fundamental Options
- Options 102 – The Greeks and Pricing
- Rates 101 – Forward Rate Agreements
- Rates 102 – Yield Curves & Yield Spreads
- Rates 103 – Duration & Interest Rate Risk
- Swaps 101 – Interest Rate Swaps, Basis Swaps & Cross Currency Swaps
- TVM 101 – Time Value of Money & Financial Maths

## **Online Foreign Exchange Course**

Participants will be given a 100% discount coupon code for Swapskills' online FX learning at [Swapskills.teachable.com](http://Swapskills.teachable.com).

It contains over 20 short sub-titled videos and quizzes which will help consolidate classroom knowledge.