



Lywood David International Limited's

Treasury Health Check (FX, Money markets & Treasury Derivatives)

DESIGNED FOR TREASURY SUPPORT PERSONNEL... PROCESSING, FINANCIAL CONTROL, RISK MANAGEMENT AND IT SYSTEMS DEVELOPMENT FROM FINANCIAL INSTITUTIONS AND ASSOCIATED SOFTWARE DEVELOPMENT COMPANIES

Do you need your Treasury support, financial control and risk management personnel to:

- appreciate the various types of dealing operation available in the financial markets, and the means employed by a typical bank to control and monitor the same through organisational structures, accounting records and management information processes ?
- be aware of how and where concealed and/or fraudulent market transactions have caused problems in institutions in recent years and recognise danger signals at an early stage ?
- understand better the operational and market risks involved in day-to-day dealing operations ?
- be able to confirm to senior management the suitability and on-going conformity to industry best practices of their institution's Treasury control functions, accounting systems, P&L procedures and management information reportage ?

Presenter

Phil Parker, with over 40 years Treasury experience - initially in the Lloyds Bank Group Treasury operations and latterly in training - has a wealth of personal experience of the financial markets' dealing environment being first a dealer and later the global auditor of treasury operations for *Lloyds Bank International Limited*. He additionally has practical experience of IT systems development and management information requirements and is an accomplished trainer.

Treasury operations Health check workshop

This workshop seeks to identify the risks and highlight the necessary processing, accounting, management information and in-house P&L reporting procedures for institutions active in the Treasury marketplace.

Using recurring problems experienced by financial institutions as case studies, participants are encouraged to discuss market and operational risks arising from transactions and the means available for their monitoring and control.

The workshop is intended to give participants the ability to assess the suitability of their own institution's current structure and control procedures, providing guidance on the organisational and procedural functions recommended in the **ACI Model Code** and local regulators' codes as best practice.

The overall aim is to ensure that all necessary control techniques are clearly understood by participants who will thus be more comfortable when managing the various operational and control functions "beyond the dealing room" with the intention of ensuring avoidance of any similar loss situations occurring in the future.

Participant profile

This **Treasury operations Health check** workshop is intended for section heads, junior and middle management in Treasury support roles, responsible for Foreign exchange, Money market and Derivatives back office, financial control and other support functions.

Three day workshop programme

Some of the discussion topics...

Setting the scene - the Financial markets / a typical bank's Treasury structure

markets, location, participants, products, Bank of England/BIS survey volumes, financial institution structures including ALCO - rules and regulations – The ACI Model Code

Spot and forward Foreign exchange

FX dealing roles and risks, open exchange positions, trading limits, trading using **WINDEAL for Spot FX** in presentation mode - position keeping, settlement and generic accounting processes, structure of accounts contingent and Position accounts – foreign currency and local currency subdivided by “product” or profit centre - interest accruals and option delta hedging internal deals – profit centre switching

forward trading - FX premium/discount - accounting entries deal date to value date - settlement controls - Nostro accounts - reconciliations - Risks and controls - industry preferred processes - Risks and controls - case studies and practical exercises - solution and debrief

Foreign exchange P&L procedures

mark to market exchange rates and forward prices – P & L processes - Spot and forward FX Position account revaluation - forward “Buy back” problem areas - FX management information requirements - cashflow, trading, credit limit and other reportage - monitoring outstandings - Risks and other controls - case studies and practical exercises - solution and debrief

Foreign exchange derivatives

margin trading - Currency Futures - non-deliverable forwards (ndf) - Currency Options, exchange traded and OTC, pricing and quotation, hedging and trading - FX derivative accounting procedures - Mark to market exchange rates and derivative prices – P & L processes - monitoring outstandings - Risks and controls– case studies and practical exercises - solution and debrief

Money market operations

money market - Cash market transactions - local currency and Euro-currencies corporate / interbank deposit and loan transactions - **WINDEAL for Money market** in presentation mode - commercial loans - funding and liquidity - financial instruments - Gilts and Repos, Bills, CDs, CP accounting processes - contingent accounts - Nostro entries - monitoring outstandings - Risks and controls - case studies and practical exercises - solution and debrief

Money market risks, interest arbitrage and P&L procedures

interest bases, days and dates, cross currency interest arbitrage - the link between the FX and money markets, interest rate risk - yield curves, matching and mismatching, credit risk - accounting processes, P&L procedures - interest accruals - management information requirements cashflow, trading and credit limit reports - mismatch reportage - balance sheet production - monitoring outstandings - case studies and practical exercises - solution and debrief

Interest rate Treasury derivatives - short term

Financial Futures STIR contracts and Forward Rate Agreements (FRAs) dealing usage - hedging / arbitrage / trading using **WINDEAL for Money market** in presentation mode - trading and credit limits - accounting processes - Mark to market interest rates and derivatives prices - segregated P & L procedures for hedging and trading - management information reportage - Risks and controls– case studies and practical exercises - solution and debrief

Discipline and control

Trading limits – FX Open exchange position limits – Forward FX – time positions mismatch (Gap) limits – FX derivatives - Money market - cash and financial instruments - mismatch (Gap) - liquidity guidelines – short term interest rate derivatives - credit risks – management/dealer relationship - dealing management information – processing controls - “first line of defence” - financial control FSA / Central Bank returns and in-house reportage - other risks to consider – creating an overall environment of discipline and control

All course information above is correct at the time of going to press but the company reserves the right to alter the structure and content without notice.

Workshop rationale

In the light of recurring announcements of fraudulent trading and long term concealed losses in various institutions (e.g. Allfirst, the AIB US based subsidiary in 2002 and NAB Melbourne in 2004), this 3 day **Treasury operations Health check** workshop is designed as a forum for participants to discuss the concepts and practicalities involved in the critical path of dealing, processing and reporting of treasury transactions, risks and P & L in their institutions.

The workshop seeks to address the overall environment of discipline and control vital to the management of trading activities and highlights the industry preferred means to identify and control risk as outlined in many financial centres' codes of best practice and the internationally recognised **ACI Model Code**. The three days cover as wide a range of Treasury (FX, Money market and associated derivatives) activities as possible.

The company

LYWOOD DAVID INTERNATIONAL LIMITED is a company dedicated to the promotion of a greater understanding of the international financial markets amongst all participants. The company's aim is to provide high quality and affordable training and education on Treasury and Capital markets issues to as wide a range of people as possible - this being achieved through offering open training courses plus in-house consultancy services to individual client institutions globally. The company has worked extensively in the EU and the developing financial markets of central and eastern Europe, the Caribbean, Africa, India, the Middle and the Far East.

Now in its fifteenth year, **Lywood David International Limited** continues to offer a wide range of such training courses specifically targeted at financial markets professionals. These are presented by experienced practitioners and trainers putting great emphasis on the practical reinforcement of issues covered using the latest technology. Further details are available on the company's website: www.lywood-david.co.uk

The **Treasury operations Health check** workshop has grown out of a desire by financial institutions to avoid the dealing losses incurred by a number of banks over the years. Using some of these loss situations as case studies this workshop seeks to highlight how and where things can go wrong and give participants the opportunity to discuss the necessary processing, accounting, management information and in-house P&L reporting processes considered vital to ensure an environment of discipline and control in all such activities.

Bespoke training

LYWOOD DAVID INTERNATIONAL LIMITED's training events can be tailored to suit a financial institution's training needs and presented exclusively in-house. This becomes cost effective in London at around 6 - 7 participants, more quickly when long distance travel and accommodation costs need to be taken into consideration. Don't miss this opportunity to let your personnel benefit from participation on this unique workshop approach.

LYWOOD DAVID INTERNATIONAL LIMITED
PO Box 228, Crowborough, TN6 9AX United Kingdom

Tel: +44 1892 652806
e-mail: training@lywood-david.co.uk