



IFF

SECURITIES TRADE PROCESSING

Gain a thorough understanding of the entire securities trade lifecycle, helping you and your company minimise risk

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CPD
CERTIFIED
The CPD Certification
Service

Do you understand all the detail underlying the processing of equity and bond trades? Additionally, this course will enable your firm's management to enjoy the benefits of a risk-aware and controls-conscious operations environment.

Although today's innovative software systems provide great advantages to the organisation in terms of efficiency, the overriding objectives of such processing are not always clear to the operations (and other) personnel that are involved.

An excellent understanding of the entire process, and not just your own tasks, will help you identify risks at the earliest opportunity in the processing lifecycle. Such risks include direct monetary loss (resulting from delayed settlement) and potential loss of clients owing to a failure to provide a top-quality service (e.g. accurate trade confirmations). This course will show which actions enable successful trade processing.

FOLLOWING THIS COURSE, YOU WILL BE ABLE TO:

- ★ Explain aspects of the securities marketplace which affect the successful processing and management of securities trades
- ★ Describe equity and bond securities including their similarities and differences – including risk mitigation, calculating interest, the role and importance of securities and counterparty static data
- ★ Express how trades impact positions and how positions are managed
- ★ Illustrate how Straight Through Processing is achieved
- ★ Define the impact of Settlement Discipline and Mandatory Buy-Ins (re CSD regulation)
- ★ Explain in detail the sequential steps in the securities trade lifecycle eg. the matching of settlement instructions, trade settlement and the resultant reconciliation process

COURSE LEADER

MIKE SIMMONS

Mike Simmons is an operations specialist. He has been involved with capital markets and operations throughout his career, focusing originally on securities operations and more recently on securities financing (repos and securities lending), collateral management, corporate actions and OTC derivatives (including mandatory central clearing under EMIR).

During his career working for stockbroking firms and a major international investment bank (S.G. Warburg and Warburg Securities), Mike gained hands-on experience and management responsibility for many operational areas (including debt, money markets and equity), and for various operations functions across both domestic and international markets. He has also spent a number of years as a senior business analyst for investment banks and retail banks in the UK, US and mainland Europe.

Mike has developed and delivered over 1,400 training programs globally for investment banks, fund managers, asset managers, central banks, sovereign wealth funds, supranational organisations, management consultants, central securities depositories, custodians, central counterparties, software companies and data vendors. A particular feature of Mike's courses is the emphasis placed on risks within operations, and the associated controls.

Mike is the author of three books:

- Securities Operations; a Guide to Trade and Position Management
- Corporate Actions; a Guide to Securities Event Management
- Collateral Management; a Guide to Mitigating Counterparty Risk

ABOUT IFF

IFF has been the chosen training provider of the world's best finance and energy professionals since 1991. We are part of Informa PLC and the learning partner of the FundForum and RiskMinds series of events.

- We continually develop and improve our training to make it more effective for you
- You'll learn from practising, highly-experienced financial experts
- You'll experience interactive and practical training - implement what you learn straight away
- We limit class sizes so the trainer can adapt the content to suit you

DATES & PRICE

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IN-COMPANY TRAINING

IFF's bespoke training solutions will help you address your specific key business challenges. The programme is designed for you, with content focusing on the issues you and your teams are facing. The course can then be delivered at your choice of location face-to-face, digitally or a combination of the two.

- ★ Tailored content - 100% targeted to cover your needs
- ★ No travel or time out of the office – we will come to you
- ★ Value for money – train teams of staff at the same time
- ★ Risk free – we've been doing this for over 30 years

We will meet you anywhere in the world.

Please contact

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COURSE AGENDA

You will be encouraged to actively engage in numerous exercises and case studies throughout this course to help reinforce your learning.



DAY 1

Equity Fundamentals

- Common/ordinary
- Preferred
- Convertible
- Status of investors' capital & income

Debt Fundamentals

- Fixed rate bonds
- Floating rate notes
- Zero coupon bonds
- Convertible bonds
- Status of investors' capital & income

Trade & Position Concepts

- What is a trade?
- What is a trading position?
- What is a settled position?
- Impact of trades on positions

Date Concepts on Trades

- Meaning of trade date
- Meaning of value date
- Meaning of settlement date

Where Securities are Held

- Central Securities Depositories
- National CSDs
- International CSDs
- Local custodians
- Global custodians
- Similarities & differences

Services Provided by CSDs & Custodians

- Securities safekeeping
- Electronic book-entry
- Cash management
- Asset servicing

Security Forms

- Registered form
- Bearer form
- Registrars
- Coupon paying agents
- Certificated vs. dematerialised/immobilised

Settlement Cycles

- Account settlement
- Rolling settlement
- Reasons for reduction (G30)

Settlement Methods

- Settlement risks
- Delivery vs. payment
- Free of payment (with/without risk)

DAY 2

Trading Capacity

- Proprietary trading
- Market making
- Agency broking
- Risks & implications

Trading Methods

- Exchange-traded
- OTC
- Settlement & operations implications

Trading Books

- Purpose
- Structure
- Operations implications

Transaction Types

- Principal
- Agency
- Book transfer
- Repo
- Securities lending & borrowing
- Depot transfer
- Cash borrowing & lending (secured/unsecured)
- Foreign exchange (re X-ccy settlement)

Static Data and Straight Through Processing

- Purpose
- Importance
- Methods of updating
- Maintenance and security
- Risks and controls

Securities Static Data

- Types (equity and debt)
- Content
- Uses (e.g. market charges, accrued interest)
- Sources (incl. data vendors)

Counterparty Static Data

- Standing settlement instructions
- Trade confirmation preferences
- Sources (manual and electronic)

Trade Cash Value Calculation

- Calculation method
- Market charges (e.g. sales tax, stamp duty)
- Accrued interest principles
- Accrued interest (incl. straight, FRN)

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)

DAY 3

The Securities Trade Lifecycle (continued)

- Trade capture (front office)
 - capture methods
 - components
 - speed vs. accuracy
- Trade capture (operations)
 - implications of successful capture
 - facilitating successful capture
 - identifying failed capture
 - implications of failure to capture
 - reasons for failed capture
- Trade enrichment
 - purpose
 - what's added to basic trade details
 - achieving automated enrichment
 - role of static data
- Trade agreement
 - purpose and methods
 - trade confirmation (manual, electronic),
 - trade affirmation (oasys global),
 - implications of failing to agree
- Settlement instructions
 - purpose
 - methods
 - deadlines and time-zone differences
 - implications of failing to instruct
- Settlement instruction statuses
 - purpose
 - status types & meaning
 - required action
 - implications of unmatched instructions
- Failed trades
 - definition & causes
 - implications
 - prevention & minimising impact
 - enforcing settlement
 - CSDR: settlement discipline
 - CSDR: mandatory buy-ins
- Trade settlement
 - definition
 - causes of successful settlement
 - partial settlement
 - securities only & cash only settlement
- Updating Internal Records
 - definition
 - purpose
 - implications of Successful Update
 - implications of Unsuccessful Update

Reconciliation

- Definition
- Purpose
- Types
 - Trading Position Reconciliation
 - Depot Reconciliation
 - Open Trades Reconciliation
 - Nostro Reconciliation
- Methods
- Risks

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IFF is recognised by the CPD Certification Service and have been approved to award CPD points towards professional development certifications.

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