

BACK OFFICE : SECURITIES SETTLEMENT, CLEARING AND GLOBAL CUSTODY

ORGANISATION SHEET

Objective	<ul style="list-style-type: none"> ➤ Analyse the whole settlement process in details ➤ Understand the role of each actor in the settlement process ➤ Know what action to be taken to resolve a settlement problem ➤ Identify & define the risks of settlement ➤ Manage the securities portfolio with depositories ➤ Know the international regulation for the settlement ➤ Understand corporate actions and income processing ➤ Know the impact of corporate action on the settlement process <p>This course should bring a better understanding of the most important aspects of settlement.</p>
Methodology	<p>Interactive seminar with a mix of theoretical presentations and practical exercises.</p> <p>At the end of the daily course, 1 hour of workshop is organised with a professional to focus on practical questions and to improve the understanding of the topics covered.</p>
Assessment	Multiple choice exam (2 hours) on the last day of the course
Target group	This course is an intermediate level training to improve the understanding of securities settlement and global custody industry for middle and back office staff of banks and other financial institutions. A banking experience between 2 and 6 years is requested.
Experts	IFBL experts
Language	English
Participants	<p>15 participants</p> <p><u>Invited countries</u> : Azerbaijan, Bosnia & Herzegovina, Bulgaria, China, Croatia, Cyprus, Czech Republic, Egypt, El Salvador, Estonia, Georgia, Hungary, Kazakhstan, Kosovo, Latvia, Lebanon, Lithuania, Macedonia, Malta, Moldova, Mongolia, Montenegro, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Tunisia, Turkey and Ukraine</p>
Dates	<p>From: Monday 22 February 2010</p> <p>To: Friday 26 February 2010</p> <p>Arrival: Saturday 20 February 2010 / Departure: Saturday 27 February 2010</p>

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PROGRAMME

Monday 22 February

Introduction about settlement activity

The settlement activity: Definition

Securities on markets

Shares

Issuance & quotation

Bonds

Issuance, quotations & Accrued Interest

Funds & ETF (Exchange Trade Fund)

Definition & quotation

Principal actors in the settlement process

Roles of each actor:

- Investors
- Brokers & market makers
- Custodian, CSD & ICSD
- Cash correspondents

Understand the trade & settlement process

Analysis of the settlement process: from the trade order to the trade settlement

The role and position of the securities back office in the settlement process

Definition of the back office activity

The responsibilities of the back office

The description of the security settlement process through the back office activity

The settlement process (I): trade execution & trade capture

Description of the workflow (step I)

- Reception orders and transaction analysis
 - Trade components from front office
 - Matching trade components with counterparty Brokers
 - Cash settlement calculation for equities and bonds
 - Rules of trade regulators & settlement recommendations

Workshop

Tuesday 23 February

The Settlement process (II): Settlement instruction with the custodian

Description of the workflow (step II)

- Trade capture in a back Office
 - Additional information for settlement
 - Trade booking (client side / broker side)
 - Settlement cash management
- Main settlement instruction types
 - Definition of DVP and FoP

- Description of each process
- Settlement instruction
 - Communication set: Overview of each SWIFT settlement message
 - Deadline for settlement instruction
- Pre-matching confirmation & Statuses
- Unmatched instructions & actions to be taken
- Settlement Confirmation
- Settlement statuses

Settlement analysis process or how to secure the settlement process

- Failed trade report
- Reason of a failed trade
- Actions to be taken
- Cost & claims
- Risk of settlement

Workshop

Wednesday 24 February

Positions and status reconciliation

Methods of reconciliation

Frequency of reconciliation

Manual versus automated reconciliation

Securities lending and borrowing

Principles of securities lending and borrowing

Methods of lending and borrowing securities

Updating internal Books and records

Workshop

Thursday 25 February

Corporate actions

The main corporate action process in the market

Income processing for bonds and equities

Impact on the portfolio management

Conclusion

A complex workflow to be understood

STP: A great future

Workshop

Friday 26 February

Morning: revision

Afternoon: Exam