Program Name: Bank Treasury Operations

Duration – 16 hours

Learning Objectives

- Understand the overview of financial markets
- Understand the functions of bank's treasury operations
- Understand the money market, debt market, equity market and derivative market instruments
- To know the major participants in foreign exchange market
- Understanding type of Foreign Exchange transactions
- To understand the major risks in foreign exchange operations and money market
- Understand the various hedging techniques employed by corporations

Course contents

- **Integrated treasury functions**
  - Asset and Liability Management
  - Control of dealing activities and risk exposure management
  - CRR/SLR maintenance
  - Centralized cash management and fund transfer pricing
- **Treasury Organization and their roles/functions**
  - Front office
  - Mid office
  - Back office
- **Financial market**
  - Money markets
  - Bond markets
  - FX markets
  - Derivatives market
  - Equity markets
- **Treasury basics**
  - Time value of money

- o Day count conventions and interest computations
- o Master agreements
- o BR, SGL Forms
- o Rate scans
- o Voice recordings
- **Entities in the market and their roles**
  - o Issuers
  - o Customers
    - Corporate customers
    - Bank customers
  - o Central counter-party
  - o Brokers
  - o Markets
  - o Regulator
  - o Banks
  - o Depository/custodian
  - o Associations like FEDAI/FIMMDA
  - o Information providers: Reuters, Bloomberg

- **Overview of treasury processes**
  - o **Types of trades**
    - Proprietary trades
    - Customer trades
  - o **Securities and funds settlement process**
    - Depository settlements
    - Funds settlements
    - Failed settlements
    - Interest and other claims
  - o **Documents used and their importance**
    - Deal ticket
    - Blotter
    - Position pad
    - Confirmation/affirmation
    - Banker's receipt
    - SGL Form

- **Markets**
  - Primary markets
  - Secondary market
  - Third/fourth market
  - OTC markets
  - Security borrowing and lending
- **Risk management in treasury**
  - **Understanding and measuring credit risk**
    - Transaction credit risk
    - Portfolio credit risk
  - **Understanding and measuring market risk**
    - Interest rate risk
    - FX risk
    - Price/equity risk
    - Commodity risk
  - **Understanding and measuring liquidity risk**

- **Introduction to treasury asset products and treasury liability products**
  - **Asset Products / Instruments**
    - Call /Notice Money Lending
    - Term Money Lending/Inter-bank Deposits
    - Investment in CDs
    - Commercial Paper
    - Inter-bank Participation Certificates
    - Derivative Usance Promissory Notes/ Bankers' or Corporate Acceptances
    - Reverse Repos/ CBLO
    - SLR Bonds
    - Non-SLR Bonds (Guaranteed/Non-Guaranteed)
    - Asset-backed Securities
  - Preference Shares
  - Equity
  - Mutual Funds (Equity/Debt/Balanced)

- o **Liability Products/Instruments**
    - Call /Notice Money Borrowing
    - Term Money Borrowing
    - CD Issues
    - Inter-bank Participation Certificates
    - Repos / CBLO
    - Refinance
    - Tier II Bonds
    - Swaps (INR borrowing, forex asset)
- **Domestic treasury operations**
    - o Investment policy
    - o Classification and valuation of investments
        - Held till maturity (HTM)
        - Available for sale (AFS)
        - Held for trading (HFT)
    - o Shifting in categories
    - o Investment fluctuation/adjustment reserve

- **Domestic treasury (Money Bond, Equity and Mutual Fund Markets)**
- Domestic treasury products including SLR and Non SLR securities
- **Money market products**
    - o Call money, notice money, term money
    - o T Bills and T Notes
    - o Repo and reverse repo
    - o Liquidity adjustment facility (LAF)
    - o Collateralized borrowing and lending (CBLO)
    - o Commercial papers
    - o Certificates of deposit
    - o Derivative usance promissory note (DUPN)
    - o Banker's acceptance/corporate acceptance
- **Bond market products**
    - o Bond mathematics
        - Current yield
        - Yield to maturity
        - Yield curve

- Duration
- Value at Risk (VaR)
- o Risks in bond markets
- o Bond ratings – Internal and external
- o Risk management through limits
  - Duration based limits
  - Maturity based limits
  - Ratings based limits
  - Issuer based limits
  - Debt market products
- o **Types of bonds**
  - How bond markets work
  - Bond valuation and bond yields
- o **Trading in bond markets**
  - Issuers in the primary markets
  - Credit rating and credit rating agencies
  - Players in the secondary markets

- **Foreign Exchange**
  - o **Entities in the market and their roles**
  - o **Exchange rate determinants**
  - o **Exchange rate arithmetic**
  - o **Interbank offered rates**
  - o **Types of FX deals**
    - Merchant deals
    - Interbank deals
    - Cross currency deals
    - Cover operations
    - Proprietary trading
  - o **Major risks in FX**
    - Herstatt risk/settlement risk
    - Exposure risk
    - Transaction risk
    - Translation risk
    - Economic risk

- - Trading risk
    - Counterparty risk
  - **Foreign exchange risk management**
    - Risk management through limits
    - CLS bank operations
  - **FX operations: buy/sell, lend/borrow, swaps**
  - Remittance facilities
  - Nostro/vostro management and reconciliations

- **Derivatives Market**
  - What are derivatives
  - Forward and futures
- **Forward and futures contracts**
  - Trading on margin
  - Relationship between cash and future prices
  - Hedging strategies
  - Trading strategies
  - Off-setting contracts
- **Options and swaps**
  - Options contracts
  - Pricing an option
  - The Greeks
  - Trading strategies for options
- **Swaps transactions**
  - Interest rate swaps/Forward Rate Agreements (FRAs)
  - FX swaps and currency swaps
  - Equity swaps
- **Managing risk and trading**
- **Integration of treasuries**
  - Opportunities in integration of treasuries
  - Structuring integrated treasury deals

- **SWIFT operations**
  - What is SWIFT
  - How SWIFT operates

- o Important SWIFT message types

- **Regulatory reporting**
    - o Reporting to the market regulator/s
- **Bourse game** – Simulation of money market, bond market and FX market operations

To register for the course or to know more, please send an email to info@mvlco.com or call +91-9764835350.

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