

Management and Control of Operations Risks in Derivatives

2-Days

INTRODUCTION

The operations risk environment surrounding Derivatives is in a constant state of change. Not only thanks to the number of increasingly sophisticated products hitting the market, but also due to firms constantly looking to restructure for reduced costs.

As a result, it becomes more important for all derivatives staff to identify, manage and control their ever changing operations risk environment.

Operations risk is a subset of the overall Operational Risk assessment, and focuses on factors like technology risk, people risk, and settlement risk.

At the end of this 2-day course, participants will be able to:

- Recognise and evaluate operations risk
- Understand the impact of the risks and devise solutions
- Immediately apply techniques in their operations environment

WHO SHOULD ATTEND

Suitable for all audiences, but in particular:

- Middle and Back Office staff and executives
- Front office dealers and brokers
- IT Staff
- Compliance, Legal and Audit staff

PRE-REQUISITE(S)

Delegates are required to have a basic knowledge of financial products and the trade lifecycle.

COURSE OUTLINE

Day 1

The Operational Risk Environment

- Review: Types of risk
- Participants
- Real stories: major risk events in Derivatives

Operations Risk

- People
- Management

- Analyzing workflows

Regulation

- Directives and agreements
- Derivatives Regulators
- Derivatives and the Law

Exercise 1: Identifying and evaluating risk

Sources of Operations risk

- People
- Processes
- Technology

Exercise 2: Case study - Outsourcing

The Derivatives Operations Environment

- Brokers and Traders
- Middle and back office
- Financial Control

Day 2

The Derivatives Operations Environment (continued)

- Legal & Compliance
- Processes and Technology
- The Customer

The Risk Event

- Lifecycle of a risk event
- Assessment
- Mitigation

Exercise 3: The pursuit of competitive advantage through Technology

Managing Risk

- Self assessment tools
- Constructing risk management strategies
- Alternative methodologies

Exercise 4: Risk management exercise

Trends

- Insourcing
- Outsourcing
- Complex trading strategies

Review of Key Points

Course Summary and Breakdown