

INVESTMENT FUNDS AND POST-TRADING

Paul Bodart

Paul Bodart is an independent Board member of Dexia and a member of the European Central Bank's Target 2 Securities Board. He was CEO Bank of New York Mellon sa/nv and Executive Vice President a member of the Executive Team of the BoNYMellon group. Previously, he held senior positions at JP Morgan and at Banque Européenne pour l'Amérique Latine (a subsidiary of Generale Bank and ABN AMRO).

Course Outline

This 24-hour course describes the functioning of the “plumbing” that is required after a transaction is done. This critical part of the financial markets is often misunderstood and its complexity underestimated.

Investment funds will also be covered in detail.

The following topics will be covered during the course:

- The architecture of the post-trade activities : holistic view of the post trade plumbing with a focus on the parts that are not performed by the infrastructures
- Actors and steps after a trade is done
- How assets are being safe kept and serviced: the intermediary chain from clients through asset managers, global custodians until it gets to infrastructure companies.
- Key services being offered at each level, for instance securities lending, collateral management services, clearing services, and triparty services.
- The functioning of investment funds, pension funds, ETFs, money-market funds
- The functioning of asset-backed securities, SPVs, CDOs, ...
- The challenges in the collateral and liquidity management domain

For each of these topics the course will explain the roles and responsibilities of each actor in the chain. It will also cover the prevailing regulation, the regulatory evolution and the differences in regulation across countries. The trends, challenges, risks and evolution of the activity, and the drivers of success, will furthermore be articulated.

At the end of the course, Participants will have developed a thorough understanding of:

- the players along the financial markets post trade value chain
- the processes supporting the post trade world
- the risk and challenges facing that part of the industry
- recent and future market evolution

Course Structure

- I. General Introduction**
 - a. Overview of the financial markets value chain
 - b. Description of the role of players
- II. The Custodian and Asset Servicer**
 - a. Overview of asset servicing,
 - b. Components, actors and challenges
- III. Portfolio Services**
 - a. Corporate actions processing
 - b. Tax processing
 - c. Proxy processing
- IV. Funds**
 - a. Core components
 - b. Different types of funds
 - c. Fund processing – industry actors
- V. Repos**
 - a. How repos work
 - b. Risks, haircuts, collateral
 - c. Tax, accounting and legal perspectives
- VI. Collateral management**
 - a. Core components
 - b. Collateral management services
 - c. Recent and future evolution
 - d. Main challenges
- VII. Issuer Services**
 - a. General overview
 - b. Securitisation: role of players
 - c. Asset-Back securities: factor calculation
 - d. Supporting issuers of loans
 - e. Supporting issuers of depository receipts
- VIII. Risk management in Post-Trade**
 - a. Main risks impacting post trade providers
 - b. Examples of serious problems
 - c. Recent developments: compliance and cybersecurity