

ASSET AND COLLATERAL OPTIMISATION

12-hour course

Paul Bodart

Paul Bodart is an independent Board member of Belfius . He was CEO of Bank of New York Mellon sa/nv and Executive Vice President and member of the Executive Team of the Bank of New York Mellon 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). He has also served as a member of the European Central Bank's Target 2 Securities Board and as Board member of Dexia.

Course Outline

This course examines how assets are being serviced by the chain of financial intermediaries after trades have been done. It focuses on the services provided not only to asset holders but also to issuers, giving a complete view of the chain of intermediation between holders and issuers. The course develops in depth the key repo and collateral management segments, which are a critical component of the current financial markets.

The following topics will therefore be covered during the course:

- 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 challenges in the collateral and liquidity management domain
- The functioning of investment funds, pension funds, ETFs, money-market funds
- The services offered to issuers of securities (mostly debt securities and depository receipts)
- The functioning of asset-backed securities, SPVs, CDOs, ...

For each of these topics the course will explain the roles and responsibilities of each actor in the chain. The trends, challenges, risks and evolution of the activity, and the drivers of success, will furthermore be articulated.

The course includes two practical assignments in order to get a better understanding of the calculation of funds net-asset-value and of how to optimize collateral usage.

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

- the players along the financial markets post trade value chain and the processes supporting the post trade world
- 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
- recent and future market evolution

Course Structure

- I. Portfolio Services**
 - a. Corporate actions processing
 - b. Tax processing
 - c. Proxy processing
 - d. Shareholder transparency
- II. Funds**
 - a. Core components
 - b. Different types of funds
 - c. Fund processing – industry actors
- III. 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
- IV. Repos**
 - a. How repos work
 - b. Risks, haircuts, collateral
 - c. Tax, accounting and legal perspectives
- V. Collateral management**
 - a. Core components
 - b. Collateral management services
 - c. Supply and demand
 - d. Recent and future evolution
 - e. Main challenges