Management Training
On

Liquidity & Market Risk Management

3-4 October 2005 • SHERATON IMPERIAL, KUALA LUMPUR, MALAYSIA

A practical and participative conceptual workshop specially designed for professionals in any industry

- *Personally conducted by a Member of the Board of Regents, ACFE (Texas, USA) World Headquarters*
- *In-depth discussion on Trading Book issues - Past & Present*
- *Discussions on framework to strengthen risk management best practices*

Workshop Leader

Tommy Seah

Member of the Board of Regents, ACFE (Texas, USA) World Headquarters

Chartered Banker, Accountant, Auditor, Investigator, Examiner

Complete and fax back the registration form at the back of this brochure or call us at +65 6344 5351. Early bird and corporate group discounts available.

Organised by:

CFE-In-Practice

This program enables you to understand the Forex and Money Market mechanics, trading, risk management strategies and control techniques, and develop a framework to strengthen soundness and stability of risk management practices in any industry.

BACKGROUND

The previous market risk is defined as the potential loss in on-and-off balance sheet positions. In an institution's books, resulting from movements in market risk factors such as interest rates, equity prices, foreign exchange rates and commodity prices. Often, market risk is propagated by other forms of financial risk, in particular, credit and market-liquidity risks. For example, a downgrading of the credit standing of an issuer could lead to a drop in the value of securities issued by that particular issuer. Likewise, a major sale of a relatively illiquid security by another holder of the same security could force down the price of the security. Sound management of market risk is essential to ensure the Market risk faced by institutions does not reach level detrimental to their financial condition.

The following definition of the trading book replaces the present definition in the Market Risk Amendment. A trading book consists of positions in financial instruments and commodities held either with trading intent or in order to hedge other elements of the trading book. To be eligible for trading book capital treatment, financial instruments must either be free of any restrictive covenants on their tradability or able to be hedged completely. In addition, positions should be frequently and accurately valued, and the portfolio should be actively managed.

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments include both primary financial instruments (or cash instruments) and derivative financial instruments. A financial asset is any asset that is cash, the right to receive cash or another financial asset; or the contractual right to exchange financial assets on potentially favourable terms, or an equity instrument. A financial liability is the contractual obligation to deliver cash or another financial asset or to exchange financial liabilities under conditions that are potentially unfavourable.

Positions held with trading intent are those held intentionally for short-term resale and/or with the intent of benefiting from actual or expected short-term price movements or to lock in arbitrage profits, and may include for example proprietary positions, positions arising from client servicing (e.g. matched principal broking) and market making.

THE CONCEPT

The key to understand anything is to understand the principles. So, by way of illustration, the key to understanding FX derivatives is the notion of a premium. Some derivatives are compared to insurance. Just as you pay an insurance company a premium in order to obtain some protection against a specific event, there are derivative products that have a payoff contingent upon the occurrence of some event for which you must pay a premium in advance.

Options for FX falls within this category of products. This program offers a comprehensive overview of the foreign exchange market, including FX market mechanics, trading, risk management strategies and control techniques. Floating rates, central bank intervention, hedging and speculating interests and 24-hour trading will be discussed. For internal auditors, compliance officers, corporate treasurers, foreign exchange staff in any large organization and commercial banks, securities firms, insurance companies and corporations, as well as for MNCs with treasury desk and investors.

OBJECTIVE

The fundamental objective of this event is to assist the management in any organization but especially those working in risk management, treasury function, and auditors to develop a framework that would further strengthen the soundness and stability of the internal control system while maintaining sufficient consistency in earning potential.

CFE-In-Practice notes that even at a very basic level, too many organizations is struggling with Operational Risk and at best effort is developing something that can pass off as Credit Risk Management. The more ominous sign is that almost all organizations in the Asia Pacific region have not even began to talk about Trading Book issues in Risk Management.

This state of affairs is best summarized in a comment made by a Member of the Board of Regents of The American Association of Certified Fraud Examiners, Tommy Seah. He said, “One possible reason is the frightening truth that banks are simply too busy with Operational Risk and Credit Risk that Trading Book issues has not reach it’s turn in the queue. But the reality is that, even if an organization have the best Operational Risk and Credit Risk in place to reduce it’s costs of capital, trading book issues can and will wipe out the bank’s entire capital.”

He further commented that “It is typical that in most banks, people working in the bank are more interested in preserving their job than preserving the bank. But it is in preserving the bank that they can preserve their job. Baring Bank would still be around if only they have learned how to manage their Trading Book issues.”

There is of course another possibility. Most people do not like to talk about things that they are not entirely comfortable with. But that need not be the case. All it takes is a little willingness to learn from the right authority on the subject and proficiency can come almost immediately. It is for this very reason that CFE-In-Practice takes upon itself to launch this learning event for the benefit of the business community at large.

AT THIS WORKSHOP, YOU WILL:

- Hear from the industry-leading expert and veteran on Liquidity and Market Risk
- Learn how to strengthen your corporate risk management strategies and practices
- Network and exchange views and experiences with out trainer on best practice risk management

WHO SHOULD ATTEND?

- Head of Risk Management
- Operations Managers
- Company Directors
- Financial Controllers
- Bank Managers
- Corporate Treasurers
- Auditors
- Dealers
- Traders
- Accountants
- Risk Management Practitioners

PROGRAMME SPECIFICS

3rd October 2005, Monday
9.30 am - 4.00 pm

- Introductory Lectures
- What is a financial instrument?
- What is the distinction between the Cash Market and the Futures Market?
- The material distinction between the events in the Money Market and the Foreign Exchange Market
- What are Positions held with trading intent
- What position eligible to receive trading book capital treatment
- What are clearly documented trading strategy for the position/instrument or portfolios, approved by Senior Management (which would include expected holding horizon
- What are clearly defined policies and procedures for the active management of the position
- How are positions actively monitored with reference to market information sources
- What are clearly defined policy and procedures to monitor the positions against the bank's trading strategy including the monitoring of turnover and stale positions in the bank's trading book
- What is a hedge position that can materially or entirely offsets the component risk elements of another trading book position or portfolio continues the next day

4th October 2005 Tuesday
9.30 am - 4.00 pm

- What is a hedge position that can materially or entirely offsets the component risk elements of another trading book position or portfolio
- trading book position or portfolio
- What is Prudent Valuation Guidance
- What can be considered as, adequate systems and controls sufficient to give management and supervisors the confidence that their valuation estimates are prudent and reliable
- What are the Valuation Methodologies
- What is Marking to Market
- What is Marking to Model
- When do you Mark to Model
- What are the elements Senior Management should be aware of in the trading book which are subject to mark to model
- What are the materiality of uncertainty this creates in the reporting of the risk/performance of the business that Senior Management should understand.
- When do you use independent price verification that distinct from daily mark-to-market. Who should be doing the price verification

Daily Administrative Details

- 10.15 - 10.30am Coffee Break
- 12.00 - 2.00pm Lunch
- 3.00 - 3.15pm Tea Break

WORKSHOP LEADER

Tommy is a Certified Fraud Examiner and a member of The Board of Regents of the Association of Certified Fraud Examiners Board based in Texas, USA. CFE is a very well recognized post graduate professional qualification by The World Bank, The Asian Development Bank, the USA Central Intelligence Agency in it's recruitment of auditors for combating fraud and the Federal Bureau of Investigation for combating Financial Crimes.

His services in providing technical training and consultancy in AML and Basel II systems implementation is much sought after by numerous banks in the region, including Singapore, Malaysia, China, Indonesia, Brunei, Thailand, Philippines and Taiwan. Tommy's previous experience includes systems-based auditing in an American International Bank, where he was the Senior Regional Auditor responsible for the Bank's audit in the Asia Pacific region. He has also held the top executive position of Chief of Internal Audit in a prime offshore bank where his audit duties cover the Singapore and Hong Kong operations of the bank. His brief covers all areas of the bank's audit of operations and IT systems. Prior to this, he was Head of Operations of a foreign bank.

Tommy Seah is the author of seven banking books including the F.I.G. Program. The F.I.G. is the authoritative and definitive text on Financial Instruments designed to be used in the world wide banking industry. This publication has received excellent review and first class commendation from some of the most authoritative professional certification bodies and top-rated banks in the world. The other six authoritative texts are The Audit Foreign Exchange in Banks, The Control of Money Market Activities in Banks, Understanding and Auditing Operational Risk Management, Financial Management for Banks, MCA for Banks and SWAPS in Investment Banking. His latest publication is BASEL II Trading Book Issues in Risk Management.

In addition to being a Fellow Member of two internationally recognized prestigious leading UK Accountancy body and an Associate of The Australian National Institute of Accountants, Tommy holds professional graduate diplomas from two Banking Institutes including the prestigious Chartered Institute of Bankers (UK). His Accountancy qualification is in one of five statutorily-recognised qualifying bodies (RQBs) in the United Kingdom for company auditors under the Companies Act 1989. Statutory regulation of the UK accountancy profession is limited to three areas; statutory audit, investment business, and insolvency. Only statutory audit is restricted exclusively to the accountancy profession. The Companies Act 1989 made new provision to secure that only persons who are properly supervised and appropriately qualified are appointed as company auditor. There are five statutorily recognized accountancy qualifying bodies (RQBs) for company auditors under the Companies Act 1989; the Association of International Accountants, the Institute of Chartered Accountants in England & Wales (ICAEW), the Institute of Chartered Accountants of Scotland (ICAS), the Institute of Chartered Accountants in Ireland (ICAI) and the Association of Chartered Certified Accountants (ACCA). He is the only Singaporean that scores a "Double First" in the English accountancy examination and was consequently awarded the F.W. Perks prize in Financial Management. Besides being a qualified fellow member of two U.K. professional accounting bodies, he is also a member of the Institute of Internal Auditors (USA) and Information Systems Audit and Control Association (ISACA). In this region, Tommy Seah is the only Singaporean who holds the membership grade of Senior Associate of Malaysian Institute of Bankers.

For the past twenty eight years, Tommy has trained numerous bank auditors and consulted by numerous lawyers in the region. Financial Instruments, Foreign Exchange, Money Market Options, Derivatives and Swaps are his special interests. He devotes a substantial portion of his time in research work and is presently available on retainer to selected established banks for loss prevention consultancy. Today, he is still very much a hands-on accountant, auditor, investigator and SOX 404 Compliance examiner.

Registration Form

Liquidity and Market Risk Management

3-4 October 2005
SHERATON IMPERIAL, KUALA LUMPUR, MALAYSIA

4 easy ways to register

Phone: (65) 6286 4135
Email : cfe@cfe-in-practice.com
Fax: (65) 6286 4135
Post: CFE-In-Practice
111 Tampines Rd Unit No. 07-01
Singapore 535133
Biz Reg No: 52967480K

Register before 1 August 2005 and save USD 225

Delegate Fees

Package	**Early Bird Fee** (Registration received on or before 1 Aug 2005)	**Regular Fee** (Registration received after 1 Aug. 2005)
❑ 2 day program (3 & 4 Oct. 2005)	USD 2,275.00 Save USD 225.00	USD 2,500.00

*The registration fee does not include hotel accommodation. Delegates may be refused admission if payment is not received prior to the program.**

Attendees Details

	Mr/Mrs/Ms	Full Name	Job Title	Telephone	Email
1					
2					
3					

Corporate group discounts: Second participant pays 75%; subsequent participant pays 50% only. Subsequent participants must be from the same organization. **Corporate group discounts cannot be used in conjunction with any other promotional prices.

Company Details

Organisation Name: ______________________

Contact Person/Dept: ______________________

Address: ______________________

____

Postal Code: ____________ Country: ____________

Tel: ____________ Fax: ____________

Venue and Hotel Accommodation

Date :
3-4 October 2005
Venue
SHERATON IMPERIAL,
KUALA LUMPUR, MALAYSIA

Method of Payment

Registration is ONLY confirmed on receipt of payment. Please quote your company's name and delegate(s) name(s).

❑ **Crossed cheque payable to CFE-In-Practice**

❑ **T/T Payment**
DBS Bank, Shenton Way Branch, Singapore
Current A/C No.: 022-900202-8
Account Name: CFE-In-Practice
Swift Address: DBSSSGSG
Chips UID Number: 034675
Or Telex Number: RS 24455

Cancellation and Transfer

Should you be unable to attend, a substitute delegate is welcome at no extra charge. Alternatively, you may choose to credit the full value of your registration towards a future CFE event. A full refund, less 10% administrative charge, will be made for cancellations received in writing at least three weeks prior to the workshop. A 50% refund and the workshop documentation will be provided for cancellations received in writing two weeks in advance. The company regrets that no refunds will be made for cancellations received less than two weeks prior to the workshop. A complete set of documentation will, however, be sent to you. CFE reserves the right to cancel or alter the content and timing of the programme for reasons beyond its control.

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Received: ❑ Date: ____________ Code: ____________ By: ____________