



Collateral Management

OVERVIEW:

The overarching lemma of this workshop is "Collateral is the new capital." Like capital, collateral aims to minimize losses from potential defaults, only that it is not held by the surviving counterparty but posted by the defaulting counterparty. Several regulatory initiatives (central counterparty clearing, margining of OTC-derivatives, capital saving for secured interbank lending) have made collateral as important as capital. The seminar stresses that collateral – like capital - is a scarce resource which must be managed, forecasted and priced. Participants learn which strategies, processes, and systems must be in place to effectively allocate this scarce resource within the organisation.

AGENDA OUTLINE:

Day 1:

Day 1: The collateralized bank

Day 2: Advanced aspects for collateral management

WHO SHOULD ATTEND:

We believe that this seminar is most useful for participants from:

- Treasury
- Risk management
- Capital Markets
- Internal audit
- Risk controlling

SEMINAR FORMAT:

- This seminar will be conducted in English
- This session will be conducted via Microsoft Teams. On completion of your registration you will receive a link to the meeting

COURSE MATERIAL:

- Sessions are recorded and could be obtained on request at the end of the seminar
- Trainers presentation slide decks could be obtained on request at the end of the seminar
- Certificates will be awarded at the completion of the seminar

CERTIFICATE:

- Certificates will be emailed to the participants on completion of the seminar

*Have a question? Send us a mail to:
aaa.aspectadvisory.eu*

DAY 1

Day 1 : The Collateralized Bank

09:00

1. Increased collateral demand

- 1.1 Secured interbank lending and borrowing
- 1.2 Margining of all interbank derivatives
- 1.3 LCR - Liquidity reserve as part of the collateral pool

10:30

2. Increase collateral supply

- 2.1 Issuer-based collateral
- 2.2 Collateral mobilisation (Re-hypothecation, collateral swaps)
- 2.3 Collateral haircuts
- 2.4 Collateral shortage

Morning coffee break

10:45

3. Operating model for collateral management

- 3.1 Collateral strategy
- 3.2 Collateral processes
- 3.3 Liquidity management as a sub-unit of collateral management
- 3.4 Collateral governance
- 3.5 Collateral systems

12:15

DAY 1

Lunch Break

13:30

4. Collateral vs. capital

- 4.1 The mechanics of collateral- and capital requirements
- 4.2 Required capital for bilateral exposures
 - Methodology
 - EaD: Standardised approach for derivative exposures
- 4.3 Required capital for CCP-exposures
- 4.4 Example: all collateral- and capital requirements for an interest rate swap

15:00

Afternoon Coffee Break

15:15

5. Interaction of collateral management and capital requirements

- 5.1 Impact of collateral on the six Basel III – ratios
- 5.2 NSFR – compliant funding of collateral pool
- 5.3 NSFR and encumbrance
- 5.4 Treatment of (repo-, derivative) collateral in leverage ratio

17:00

Close of Day 1 Sessions

DAY 2

Day 2 : Advanced aspects for collateral management

09:00

1. Collateral optimization

- 1.1 What to be optimized?
- 1.2 Different objectives when optimizing collateral management
- 1.3 Method for collateral cost optimization

10:30

- 1.4 Collateral optimisation: possibilities, challenges, return drivers, do's and don'ts

2. Internal transfer prices for collateral

- 2.1 Return of collateral: strategies to earn an extra yield
- 2.2 Cost of collateral: internal transfer prices
 - Repos/ reverse repos
 - Collateral swaps
 - Margining

Morning coffee break

10:45

3. Internal exposure models

- 3.1 Why to set-up an internal model if one could use SA-CCR?
- 3.2 Relation between PFE, EE, PE, CVA, DVA, FVA ... and collateral
- 3.3 Computing the potential exposures using Monte-Carlo simulations
- 3.4 Choices, challenges and solutions

12:15

DAY 2

Lunch Break

13:30

4. Collateral management systems

- 4.1 Trends and main challenges for collateral systems
- 4.2 Interdependencies with existing infrastructure
- 4.3 Challenges when opting for a new collateral management system

15:00

- 4.4 Collateral management vs. XVA: modelling approaches for margin period of risk (MPOR)

5. Synergies between standardized CVA, SA-CCR and FRTB

Afternoon Coffee Break

15:15

6. SA – CCR : more than a regulatory burden?

- 6.1 Can SA – CCR be used for internal limit management
- 6.2 Necessary extensions when using SA-CCR for internal management

17:00

7. Review of CVA – framework

- 7.1 Mechanics
- 7.2 Pros and Cons of CVA desks

Close of Day 2 Sessions