Learn techniques that will have a direct impact on your company’s success

FOR MAJOR DISCOUNTS REGISTER AND PAY BY 7 SEPTEMBER 2018
OVERVIEW

Explore the latest financial risk management techniques to most effectively contribute to your company’s enterprise-wide risk management framework and directly benefit the bottom line.

This course is also relevant for financial service providers who want to better understand the needs of their clients in order to deliver more relevant solutions.

LEARNING OBJECTIVES

// Develop objective risk management policies consistent with your company’s enterprise-wide risk management framework
// Improve financial risk management to support the business strategy – both actively and cost-effectively
// Recommend better investment decisions
// Help the business to take advantage of new opportunities, while safeguarding against new threats
// Have better conversations with the Board, operating units, auditors, bankers / clients and analysts
// Improve treasury’s effectiveness in adding value to the business and benefiting the bottom line

WHO SHOULD ATTEND?

// Treasury professionals who want to improve their department’s effectiveness in managing financial risks
// CFOs and controllers who want to improve their financial risk management skills
// Corporate bankers, solutions specialists and consultants who want to better understand the challenges their corporate clients face
// Auditors seeking a better understanding of how treasury can contribute to assurance
// Risk specialists who want to better integrate financial risk management within the overall framework

Please note: Those with at least 3-5 years’ experience in risk management will gain most from the course. Attendees need to be familiar with day to day treasury operations, policies and procedures; FX and interest rate hedging instruments; corporate finance theory; the principles of bank and bond lending and documentation; fundamental accounting and credit concepts.

TUTOR

James Lockyer

James has some 25 years’ experience in multinational treasury. He developed risk management strategies for FX, liquidity, funding and credit risks at Unipart, before moving to the Association of Corporate Treasurers (ACT), leading the education function and developing the world’s first articulation of financial risk management for non-financial organisations, consistent with ISO 31000. James also has extensive operational and commercial risk management experience, and has contributed regularly to thought leadership on the topic. His current activities include sourcing appropriately risk-weighted finance solutions for emerging businesses, tuition and training, and examining for the ACT.
INTRODUCTION
- Introduce trainer, delegates, confirm aims / aspirations from the course
- A challenge for the Treasurer – there is no single ‘correct’ approach
- The risk management landscape
- Definition of risk – opportunities and threats to objectives
- RM Frameworks – ISO31000, COSO
- Society’s attitudes to risk especially post GFC – regulation and compliance; ‘safety’ vs entrepreneurship
- Behavioural issues “risk is riskier”
- ERM concepts
- Integration of RM with business decision making

TREASURY’S ROLE IN RISK MANAGEMENT
- ERM and a risk classification (business / financial / operational split)
- Business objectives correlated to RM objectives
- Organisational structures for decision making and RM, committees and delegation
- Treasury’s role in decision making
- Types of risk (systematic and diversifiable, continuous / event led, transferable / not, committed / uncommitted, time horizon)
- Risk management responses (accept / manage / avoid)
- Core treasury risk management tasks

CASE STUDY: RM FRAMEWORK 1 – IDENTIFICATION AND ASSESSMENT
- Analysing a business and business objectives
- Commercial (eg products, market share, key customers, territories)
- Financial – profitability, cashflow, EPS
- Credit – ratings, covenants
- Sources of risk and identifying key risks to objectives
- Initial risk assessment and risk map

RM FRAMEWORK 2 – EVALUATION
- Practical evaluation tools:
  - Sensitivity analysis
  - Scenario analysis
  - VAR and importance of correlations
  - Stress / reverse stress tests
  - Total loss overlay

RM FRAMEWORK 3 – RESPONSES TO RISK AND RM POLICY DEVELOPMENT
- Expand / discuss available responses and types of risk
- Exercise – apply to own business and compare group responses
- Hedging and speculation
- Treasury’s role in developing / deploying responses
- Policy development exercise
DAY 2 // TUESDAY 23 OCTOBER
ADVANCED/DEVELOPING CONCEPTS IN FINANCIAL RISK MANAGEMENT

09:00 PROJECTS AND CONTRACTS – OPPORTUNITIES TO ELIMINATE RISK?
• Eliminating or reducing FX and commodity risk from contracts
• Life of risk in a contract and managing price lists
• Managing multiple contracts / business / remittance streams across groups
• Hidden FX risk in contracts

10:00 CASE STUDY: RISK AND RETURN – CORPORATE FINANCE AND CREDIT INTERACTIONS
• Importance of key credit ratios
• Managing risks and return criteria in business investments
• Funding subsidiaries / projects abroad – FX translation risk and credit implications

11:00 REFRESHMENT BREAK

11:15 CASE STUDY: MANAGING FX RISK – ADVANCED DEPLOYMENT OF OUTRIGHTS AND OPTIONS
• Options
• Hedging or speculation?
• Cost-effective option strategies: appraising collars, AVROs, knock-in/ knock-outs
• When you need the ability to walk away
Outrights:
• Synthesise an average rate
• Use of stop loss / profit orders

12:15 LUNCH

13:15 CASE STUDY: MANAGING INTEREST RATE (AND LONG TERM CURRENCY) RISK – UNDERSTANDING THE INTERACTION OF INTEREST RATES AND THE BUSINESS
• Debate – whose risk is interest rate risk? Hence, whose job is it to manage it, and how?
• Hedging and speculation in interest rate RM
• Yield curve and swap prices – confirm technical understanding
• Appraising the value of currency swaps
• Liquidity implications – margin calls

14:00 MANAGING LIQUIDITY RISK
• Approaches to fitting to an RM framework
• Interaction of business and gearing – selection of gearing level / credit rating
• Mitigation techniques eg diversification, layering, pooling, maturities
• Impact of fashion – sectors, covenants, funding sources
• Estimating headroom
• Evaluating the drag from cash / cost of the real option
• Case studies from different sectors

15:00 REFRESHMENT BREAK

15:15 MANAGING NEW RISKS 1 – MACRO THREATS
• Behavioural aspects:
• Effect of wealth on investment decisions
• Over-optimism and overconfidence
• Mis-selling or mis-purchasing?
• Political risk – growing equivalence of fines and taxes
• Compliance – regulatory and extraterritorial legislation (eg EMIR, KYC , FTCA, FTT)
• Sanctions and AML
• BEPS
• Accounting changes and impact on own credit
• Cyber risk

16:15 MANAGING NEW RISKS 2 – PROVIDER CAPABILITIES
• Effect of Basel III on banking economics and services – implications for banking groups and funding and risk management strategies
• Evaluating required bank returns and interaction with corporate credit strength
• Bank credit strength
• Bank splits – Vickers, Liikanen, Dodd Frank
• End of notional pooling
• FinTechs, PSD2, APIs and new banks
• AI, distributed ledger
• Treasury systems development

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## Advanced Risk Management
22-23 October 2018 // London, UK

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- [ ] Under US $25m
- [ ] US $26m-$100m
- [ ] US $101m-$500m
- [ ] US $501m-$999m
- [ ] US $1bn-$9.9bn
- [ ] Over US $10bn

#### What is the annual turnover of your company?

- [ ] Under US $25m
- [ ] US $26m-$100m
- [ ] US $101m-$500m
- [ ] US $501m-$999m
- [ ] US $1bn-$9.9bn
- [ ] Over US $10bn

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