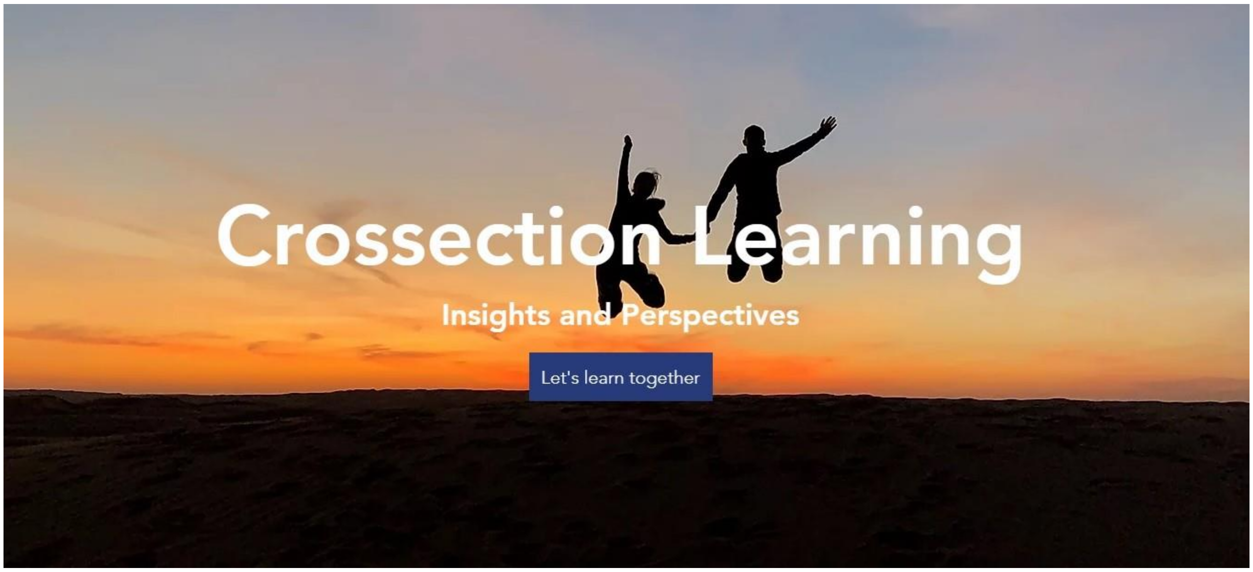

About us

What do we offer

We provide learning solutions from program design and content creation to class delivery in the classroom or virtually, focusing on financial markets, products, and risks.

Why are we special

We combine strong technical expertise and extensive practical experience to inject insights and perspectives not readily available otherwise into our subject matters.

What is in this brochure

This brochure contains our most popular and successful classes. We also work with our clients on bespoke programs, contents, and delivery formats.

How to get in touch with us

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Table of Contents

Introductory

These classes provide just-enough but comprehensive knowledge about financial markets and products, allowing the participants to build a solid foundation to function effectively in all aspects of the financial industry.

Intermediate

These classes assume the participants are familiar with the basics about financial markets, and take on a detailed look at specific markets, products, risks, and techniques, allowing the participants to acquire a high level of proficiency in those areas.

Advanced

These classes focus on sophisticated topics about trading, investing, and hedging strategies, products, and structures. They assume the participants have a solid understanding of the fundamentals of financial markets underlying the topics.

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Insights and Perspectives

Introduction to Financial Markets

INTRODUCTORY

Why attend this class?

- What is the function of a financial market? Who are the participants in the markets? What are their objectives? What are the businesses of the “middlemen”: the banks, brokers, and market makers? What is a stock, a bond, a loan, and a currency? How are these instruments quoted and traded? How to think about their value and risk? What are derivatives? This class provides answers to these basic but important questions about the financial markets from an overview perspective
- Learn in this class the financing activities of corporations, different types of funds and their investment propositions, and the roles of financial intermediaries with respect to liquidity in the financial markets
- Learn in this class the typical products in the equity, fixed income, and FX markets, how these markets trade and how investments are positioned with respect to risk and return
- Get a brief overview in this class what derivatives are and how they are related to the cash instruments or physical underlying

How is this class special?

- This class provides a holistic overview of financial markets, allowing the participants to gain an informative high-level view of the various components of the markets and understand their similarities and differences and how they are connected and intertwined
- This class utilizes simple examples and intuitive descriptions to provide the participants a solid foundation before they move on to the technical details of specific topics in more advanced classes about the financial markets
- This class is presented by a former market practitioner who is also an experienced teacher; it includes real life examples and interactive class exercises

Who should attend this class?

- People who are looking for a first level introduction to how the financial markets operate, the products used in them and the value objectives of the various participants
- New joiners to the financial industry and graduate trainees
- Professionals who have been working in a specific area in the financial industry and want a comprehensive refresher or to expand their view about financial markets
- Professionals in support functions such as operations, technology, risk, and financial controls of financial institutions who do not have background in finance
- Participants do not need to have any pre-knowledge in the subject

Crossection Learning LLC
Insights and Perspectives

What are the topics?

- The participants and their value propositions
  - Corporations: issuances, merger and acquisition, hedging
  - Institutions and investors: investment funds, hedge funds, and their value propositions (alpha and beta)
  - Intermediaries: banks, brokers, market makers
- The equity markets
  - Stocks and other instruments
  - Measuring value: price-earnings ratio
  - Where and how do stocks trade? What is algorithmic trading?
  - Securities financing
- The fixed income markets
  - Various types of bonds
  - Repo: financing bond positions
  - Interest rates, yield curves, duration
  - Credit exposures and credit spreads
  - Segments of the markets: short term vs. long term; investment grade vs. high yield
- Indices and ETFs
  - Price weighted vs. capitalization weighted indices
  - Exchange traded funds: index tracking
  - Smart indices and robo-advisors
- The foreign exchange markets
  - FX quotes
  - What drives FX
- Brief expositions about derivatives
- A few words about risks: for companies, investors, and banks

Duration

1 day, or an equivalent delivery with multiple sessions, such as three 2-hour webinars (a 2-day version with expanded discussions, especially on derivatives and risk, is also offered)

When is this class not for you?

- If you are looking for detailed or technical expositions of a specific market and its products, including stock valuation, bond math etc.
- If you are looking for operational details about trade settlements, margining processes, and accounting treatments
- If you are looking for specific recommendations of what trades to do in the current market

Crossection Learning LLC
Insights and Perspectives

Derivatives Primer

INTRODUCTORY

Why attend this class?

- Have you ever heard about forwards, futures, swaps, and options and wondered what they are, why they exist and how they are used? Then this class is for you
- Learn in this class the mechanics of forwards and futures, the mark to market and the final settlement processes and how market participants use these products in the equity, fixed income, FX, and commodity markets
- Learn in this class the cash flow, risk, and reward, and uses of swaps in the equity, interest rate, credit, and FX markets
- Learn in this class the essential terminologies associated with options such as strike price, expiration and volatility, the key value drivers of options and the corresponding risk measures (option greeks) and the value propositions of option trades

How is this class special?

- This class explains the reason for derivatives based on the natural needs in the practical world
- This class presents multiple types of derivatives to demonstrate their commonalities and differences
- This class enables the participants to know what they are hearing or talking about when they encounter derivative products even though it is not designed to be a technical exposition into derivatives and does not cover pricing, valuations models and risk calculations
- This class is presented by a former market practitioner who is also an experienced teacher; it includes real life examples and interactive class exercises

Who should attend this class?

- People who are looking for a first level introduction to futures, swaps, and options, to get to know the terms and numbers associated with these instruments
- People who have come across derivatives but like to see a refresher or relearn the subject systematically
- Portfolio managers, corporate treasurers, salespeople, and traders for financial firms who have been operating in the cash markets and wish to get involved with derivatives
- New joiners to the financial industry
- Professionals in support functions such as operations, technology, risk, and financial controls of financial institutions
- Participants do not need to have any pre-knowledge in the subject, though having prior exposure to news and conversations about derivatives may be helpful

What are the topics?

- What are derivatives?
  - The grand design: the risk reward without the physical underlying
- Forwards and futures
  - Physical vs. cash settlement
  - The mechanics of daily mark to market
  - Example contracts: crude oil futures, currency futures, index futures, interest rate futures
  - Class quiz: why are they traded? how are they used?
- Swaps
  - How does a swap compare to a forward?
  - Example contracts: equity swaps, interest rate swaps, credit default swaps, FX swaps
  - Class quiz: why are they traded? how are they used?
- Options
  - Essential terminologies: calls and puts, strike price, option premium, “moneyness”, breakeven
  - Class quiz: value drivers; what make options cheap and expensive?
  - Understanding volatility: actual and implied volatility, VIX index
  - Option greeks as P/L drivers

Duration

½ day, or an equivalent delivery with multiple sessions, such as two 1.5-hour webinars

When is this class not for you?

- If you are looking for a detailed technical class about derivative pricing, valuation models and risk calculations
- If you are looking for operational details about derivatives such as contract specifications, legal documentations, settlement and margining procedures, and accounting treatments
- If you are looking for specific recommendations of what trades to do in the current market

Crossection Learning LLC
Insights and Perspectives

XYZ is an example based on a financial intermediary.
This class will be customized to your firm.

How XYZ Makes Money

INTRODUCTORY

Why attend this class?

- XYZ is a large and complex financial institution; different parts of the business and various roles within the company are interconnected. Therefore, the efficiency of the operation of the organization, and eventually, its ability to create value, depend on every member of the organization having an overall understanding of what the business is about. This class introduces the business of XYZ, discusses its value drivers, and examines the challenges it faces.
- Learn in this class the various business areas of XYZ, the asset classes it handles, the trading venues it serves, the factors which drive its revenues and costs, and how it is positioned to adapt to the changing landscape of the financial industry.
- Learn in this class how to read the financial statements of XYZ and understand from them about the state of the business.
- Learn in this class the risks XYZ faces and the relationship between risk and capital. Have you heard of important regulatory risk and capital measures such as risk weighted assets and capital ratios? This class provides easy-to-understand explanations of these measures.

How is this class special?

- This class provides an objective exposition of the business of XYZ, allowing the participants to see both the successes and the challenges.
- This class demonstrates how every function in the firm is an integral component of the business, allowing the participants to understand how they can contribute to the success of the firm within their roles.
- This class presents a complex business in a way which is easy to understand and at the same time provides a comprehensive view of the entire organization.
- This class is presented by a former market practitioner who is also an experienced teacher; it includes real life perspectives and interactive class discussions.

Who should attend this class?

- This class is beneficial to everyone in the firm, allowing them to understand XYZ beyond their individual roles.
- The class is especially beneficial to new joiners.

What are the topics?

- The financial markets and XYZ
  - The participants in financial markets and their objectives
  - The business of the intermediaries
  - The business of XYZ
- Our businesses
  - The sources of revenue and their proportions
  - The value drivers of the business
  - Historical performance and comparisons
  - Current performance according to the latest annual report
- Our financial statements
  - XYZ income statement
  - XYZ balance sheet
- Risk and capital
  - Risk vs. leverage
  - Risk types and risk weighted assets
  - Capital and liquidity management

Duration

½ day, or an equivalent delivery with multiple sessions, such as two 1.5-hour webinars

When is this class not for you?

- If you are looking for a class about the financial markets in general; this is a class about XYZ specifically
- If you are looking for a detailed account of a specific business operation
- If you are looking for technical details of the accounting, risk control, or regulatory treatments of the business of XYZ

Equity Markets Fundamentals

INTERMEDIATE

Why attend this class?

- You likely have heard of stocks and stock markets; but do you know where stocks trade? What drives stock markets and what are the value propositions of various market participants? Are stocks the only instrument used in the equity market? Have you heard people claim to be able to predict the stock market using information from the futures or option markets? How is that possible? Also, in today's world, you must get to know what an exchange traded fund (ETF) is. This class provides answers to these fundamental questions about the equity markets from an overview perspective
- Learn in this class about how trade orders are filled, the various trading venues such as public exchanges and private markets, what best execution means and the fundamental idea of algorithmic trading
- Learn in this class the basics of equity derivatives such as index futures, stock options, VIX index and ETFs and get an idea how the derivative markets are related to the cash market
- Learn in this class the common value drivers of stocks market participants look at, the metrics they often use to measure price and value, such as price-earnings ratio, and the value propositions of investors and traders, including smart betas

How is this class special?

- This class provides a holistic view of the equity market by including various aspects of the market such as cash and derivative products, investing and trading etc., enabling the participants to see the relations, similarities, and differences of the various areas
- This class develops from basic to sophisticated material, such as derivatives, and is designed to be useful for participants with varying degree of familiarity with the equity market
- This class focuses on an informative and broad overview of a diverse and extensive subject, allowing the participants to build a solid foundation before they move on to the technical details of specific topics related to equity markets in other courses
- This class is presented by a former market practitioner who is also an experienced teacher; it includes real life examples and interactive class exercises

Who should attend this class?

- People who are looking for a comprehensive and systematic exposition of the equity market and get to know the various components and terminologies associated with it
- People who have some familiarity with equity markets but like to see a refresher, especially in topics on derivatives
- Financial market professionals such as portfolio managers, salespeople, and traders who have been operating in other markets and wish to extend their career into the equity markets
- New joiners to the financial industry
- Professionals in support functions such as operations, technology, risk, and financial controls of financial institutions
- Participants do not need to have any pre-knowledge in the subject

What are the topics?

- Companies and stocks
- Microstructure of the stock market
  - Price quotes and order types
  - Trading venues: physical and electronic exchanges, ECNs, dark pools
  - Trade executions: program trading, portfolio trading, best execution, electronic and high frequency trading
- Equity indices and index futures
  - Examples: they do not all have the same calculations
  - Index futures: how do they trade relative to the corresponding cash indices?
  - Equity swaps: another delta one instrument
- Equity options
  - Option specifications: call and put, strike, maturity, exercise style, premium
  - Value drivers: what make an option cheap or expensive
  - Volatility as a price: implied volatility
  - How options trade informs you about the stock, skew and term structure
  - VIX and VIX futures
- Value and value propositions
  - Trading on superior information (alpha) or earning a risk premium (beta)
  - Smart beta and robo-advisors
  - Understanding companies: operating margin, asset turnover, growth, return on equity
  - Valuing stocks: multiples such as price-earnings ratio, price to book ratio
- Exchange traded funds and notes
  - How do they compare to traditional funds?
  - Creation and redemption events; authorized participants
  - Index tracking: traditional and bespoke indices
  - Leverage ETFs: constant ratio trap

Duration

1 day, or an equivalent delivery with multiple sessions, such as three 2-hour webinars

When is this class not for you?

- If you are looking for details about exchange fee schedules, derivative contract specifications and market regulations
- If you are looking for operational details about trade settlement, accounting treatment and taxation
- If you are looking for a class on stock valuation, ETF analysis or derivative pricing
- If you are looking for specific recommendations of what trades to do in the current market

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Insights and Perspectives

Fixed Income Fundamentals

INTERMEDIATE

Why attend this class?

- While stock investment is termed a capital gain strategy, bond investment is termed an income strategy. How are they different? What drive fixed income returns and what are the risks? There are multitudes of fixed income instruments; how can we linked them to the value objectives of fixed income investment? What about fixed income derivatives? How are they used in relation to various fixed income value propositions? This class provides answers to these fundamental questions about fixed income from a broad overview perspective
- Go through in this class a revision of the essential interest rate and bond mechanics using a practical and intuitive approach
- Learn in this class various fixed income instruments and how they are used in different investment funds to achieve the desired value objectives
- Learn in this class the basics of fixed income derivatives, such as forward rate agreement, interest rate futures, interest rate swap, basis swaps, credit default swaps and bond futures; and how they are used

How is this class special?

- This class provides a holistic view of the fixed income market by examining various products, strategies, and segments of the market through the theme of understanding the value objectives of principal preservation and yield pick-up
- This class develops from basic to sophisticated material, such as derivatives, and is designed to be useful for participants with varying degree of familiarity with the fixed income market
- This class focuses on an informative and broad overview of a diverse and extensive subject, allowing the participants to build a solid foundation before they move on to the technical details of specific topics related to fixed income in other courses
- This class is presented by a former market practitioner who is also an experienced teacher; it includes real life examples and interactive class exercises

Who should attend this class?

- People who are looking for a comprehensive and systematic exposition of the fixed income market and get to know the various components and terminologies associated with it
- People who have some familiarity with fixed income markets but like to see a refresher, especially in topics on fixed income derivatives
- Financial market professionals such as portfolio managers, salespeople and traders who have been operating in other markets and wish to extend their career into the fixed income markets
- New joiners to the financial industry
- Professionals in support functions such as operations, technology, risk, and financial controls of financial institutions
- Participants do not need to have any pre-knowledge in the subject

What are the topics?

- Interest rates and yield curves
  - Spot, forward and par-coupon rates
  - Yield and duration
- Revision on interest rate and bond mathematics
  - Interest rate math: day count and compounding, discount factor
  - Bond math: clean and dirty price, yield and return, duration, and risk
- Value propositions in fixed income markets
  - Principal preservation vs. yield pickup
  - Term risk and credit risk
  - Drivers of interest rates
  - Segments of the fixed income market
- The short-term market
  - T-bill and commercial paper
  - Repo
  - Money market funds: safety
- Fixed income derivatives
  - Interest rate forwards and futures
  - Interest rate and basis swaps
  - Value, risk, and usages
- The long-term market
  - Treasury and corporates bonds
  - Asset swaps
  - Credit spreads
  - Mortgage back securities, collateral debt obligations
  - Bond funds
- Other products
  - Inflation linked bonds
  - Credit default swaps
  - Bond futures

Duration

1 day, or an equivalent delivery with multiple sessions, such as three 2-hour webinars

When is this class not for you?

- If you are looking for details about legal documentations for fixed income transactions such as GMRA and ISDA
- If you are looking for operational details about trade settlement and margining, accounting treatment and taxation
- If you are looking for a class on quantitative subjects such as yield curve modeling or derivative pricing
- If you are looking for specific recommendations of what trades to do in the current market

Foreign Exchange Fundamentals

INTERMEDIATE

Why attend this class?

- What is a currency? What is it for? What makes it cheap or expensive? What is the benefit holding it? Is it an asset class? Is bitcoin a currency? Besides these macro questions about FX, people are also often confused with the language used in the FX market: "bid for one yard of Dollar-Yen"; "Euro-Dollar front end risk reversals have been the main movers today"; what do they mean? This class provides answers to these fundamental questions about FX from a broad overview perspective
- Learn in this class the drivers of FX, such as trade flows, capital flows, interest rates, central bank actions and trading activities in the FX market; and how to interpret their effects
- Learn in this class how FX spots, forwards and swaps are quoted and traded, how these instruments are related, especially with respect to their pricing, and how they are used in hedging and implementing views
- Learn in this class the basics of FX options, how they are quoted and used, their value drivers and how the FX volatility market trades, including the meaning of volatility skew and term structure

How is this class special?

- This class provides a holistic and systematic view of FX, approaching the subject by considering a currency as a product and examine its carry and its price just as how we look at other financial products
- This class develops from basic to sophisticated material, such as derivatives, and is designed to be useful for participants with varying degree of familiarity with FX
- This class focuses on an informative and broad overview of a diverse and extensive subject, allowing the participants to build a solid foundation before they move on to the technical details of specific topics related to FX in other courses
- This class is presented by a former market practitioner who is also an experienced teacher; it includes real life examples and interactive class exercises

Who should attend this class?

- People who are looking for a comprehensive and systematic exposition of the FX market and get to know the various components and terminologies associated with it
- People who have some familiarity with FX but like to see a refresher, especially in topics on FX derivatives
- Financial market professionals such as portfolio managers, salespeople, and traders who have been operating in other markets and wish to extend their career into the FX market
- New joiners to the financial industry
- Professionals in support functions such as operations, technology, risk, and financial controls of financial institutions
- Participants do not need to have any pre-knowledge in the subject

What are the topics?

- Foreign exchange
  - Currency as a product: carry and price
  - Currency as a monetary tool: central bank mandates, strong vs. weak, fixed vs. floating, bitcoin vs. fiat currencies
  - FX market: how does it trade?
- Drivers of FX market
  - Is FX an asset class?
  - Fair value argument: purchasing power parity
  - Trade and current account balance
  - Reserve currency
  - Monetary policy and inflation: FX and interest rates
  - Trade and capital flows
  - Central bank actions
  - Economic data and market volatility
- FX spot
  - Quotation
  - Crosses: triangular arbitrage
- FX forwards and FX swaps
  - Why forwards? How are they used in trading and hedging?
  - Forward pricing: interest rate parity
  - Quotation: forward points
  - FX swaps: rolling an FX forward is an FX swap
- FX Options
  - How to say it?
  - Value drivers
  - Volatility as a price: implied volatility
  - Option premium quotations
  - How are they used?
  - The FX volatility market: volatility smile and term structure

Duration

1 day, or an equivalent delivery with multiple sessions, such as three 2-hour webinars

When is this class not for you?

- If you are looking for a class on macroeconomics, central bank policies and trade policies
- If you are looking for operational details about trade settlement and margining, accounting treatment and taxation
- If you are looking for a class on technical subjects such as derivative pricing, fair value models and technical analysis
- If you are looking for specific recommendations of what trades to do in the current market

Financial Statement Analysis

INTERMEDIATE

Why attend this class?

- While this class works with the financial statements of companies, it is not an accounting class. Instead, it is a class about how to understand the business performance of companies. What are the value drivers of a company? How do we organized the many numbers in the statements to extract information about the performance of the company relative to these drivers? What are the common adjustments to the numbers analysts make so that their results are more comparable across different companies or different time periods for the same company? This class provides answers to these interesting questions by looking at the fundamental principles and the techniques for company analysis
- Learn in the class how to identify the value drivers of companies using some interesting examples
- Learn in this class the various ratios calculated from the financial statements for the measurement of the efficiency of the investing, operating, and financing activities of a company

How is this class special?

- This class does not simply prescribe a recipe containing a list of calculations but helps participants understand the fundamental principles, concepts, and techniques in order to be able to make judgements about how best to perform an analysis
- This class provides a holistic overview of company analysis by incorporating hands-on class exercises based on a single real-life company, giving the participants the experience of how they can get to know the company better by calculating the ratios and arriving at conclusions by analyzing the results
- This class is presented by a former market practitioner who is also an experienced teacher

Who should attend this class?

- People who are looking for a systematic and comprehensive overview of the principles and techniques of company analysis without having to go into unnecessarily detailed calculations
- Professionals in sales and trading who frequently work with news and conversations about company performance and are looking for a systematic refresher or a solid foundation for the subject
- New joiners to the financial industry and graduate trainees
- Professionals in functions which support the process or system for company or counterparty analysis, such as technology, risk, and financial controls of financial institutions
- Participants are not expected to have deep knowledge about accounting but some prior exposure to the basics of accounting will be helpful

What are the topics?

- Understanding the company
    - Components of a value cycle: investing, operating, and financing activities
    - Income statement: cost structure for profit generation
    - Balance sheet: the resource for revenue generation
    - Cash flow statement: cash flows resulting from the activities
    - Value drivers: sale, capital expenditure, operating margin, volume
- Profit generation
    - Various profit measures: EBIT, EBITDA
    - Profit margins
- Revenue generation
    - Working capital requirement
    - Managerial balance sheet
    - Cash-to-cash cycle and its components
    - Capital turns
- Cash flow
    - Corporate activities and their cash flows
    - Operating free cash flow
    - Measures of liquidity and leverage
- Fine prints
    - Adjustments to accounts
- Integration of value drivers
    - Returns on capital
    - Cost of capital

Duration

1 day, or an equivalent delivery with multiple sessions, such as three 2-hour webinars

When is this class not for you?

- If you are looking for a detailed list of variations of the fundamental ratios or differences in practice by different analysts or research firms
- If you are looking for a class on accounting or accounting standards such as IFRS

Derivatives Fundamentals

INTERMEDIATE

Why attend this class?

- Do you know how a forward or futures contract is priced? Is the pricing dependent on the view about what the underlying price will be in the future? A probability distribution of the returns of the underlying is usually used in the pricing of an option; doesn't that mean that the pricing is dependent on a view about the probable outcomes of the underlying price at expiration of the option? Traders often say "if you know how to hedge, you know how to price"; what does that mean? You will learn in this class it is possible to answer these fundamental technical questions about derivatives without the need of "rocket science"
- Also learn in this class the construction and pricing of various option strategies, how to draw their breakeven payoff graphs, and how traders and investors use these strategies
- Learn in this class the all-important option risk measures, the so-called option greeks; and understand them as P/L drivers of option positions

How is this class special?

- This class is a first level class on forwards, futures and options but is designed to be both technical and practical and includes discussions on some of the most sophisticated aspects about derivatives in simple terms
- This class utilizes simple arithmetic to provide a transparent illustration of the principles of derivative pricing, allowing the participants to understand the key concepts and focus on value drivers of derivatives before moving on to the technical details of complex derivative pricing models in future classes
- This class is presented by a former market practitioner who is also an experienced teacher; it includes real life examples and interactive class exercises

Who should attend this class?

- People who are looking for an introduction to what forwards, futures and options are and how they are used; but who are also interested in understanding the concept of how these derivatives are priced and the factors which drive their values
- People who have come across derivatives but like to see a refresher or relearn the subject systematically, especially the technical concepts
- Portfolio managers, corporate treasurers, salespeople, and traders for financial firms who have been operating in the cash markets and wish to get involved with derivatives but do not need the technical details derivative quants usually work with
- New joiners to the financial industry
- Professionals in support functions such as operations, technology, risk, and financial controls of financial institutions
- Participants do not need to have any pre-knowledge in the subject, though a general knowledge of how the financial markets function will be helpful

What are the topics?

- What are derivatives?
  - The grand design: the risk reward without the physical underlying
- Forwards and futures
  - Physical vs. cash settlement
  - The mechanics of daily mark to market
  - How are they use?
  - Forward pricing based on carry: equity example
  - Arbitrage, hedging and basis
  - Application: bond forwards and FX forwards (interest rate parity)
- Short selling
  - Hedging a long forward position using the underlying
  - Securities borrowing and borrow cost
- Swaps: a brief introduction
  - Swaps vs. forwards: similarities and differences
  - Examples: equity swap, interest rate swap, variance swap
- Options
  - What are options: key parameters to specify an option, such as strike, maturity, call or put option and option premium
  - Understanding option payoffs
  - Put-call parity
- Option valuation
  - Key value drivers
  - What is volatility: actual and implied volatility; VIX index
  - Probability distribution: what do we need from it?
  - Theoretical value: "5-stick" model
- Option strategies and their payoff graphs
  - Breakeven
  - Typical strategies and their usages: vanilla call and put, call and put spread, straddle, strangle and butterfly
- Option risk measures
  - Underlying risk: delta
  - "Optionality": gamma, decay and vega
  - Option greeks as P/L drivers

Duration

1 day, or an equivalent delivery with multiple sessions, such as three 2-hour webinars

When is this class not for you?

- If you are looking for a detailed class for quants on stochastic processes and complex option valuation models
- If you are looking for operational details about derivatives such as contract specifications, legal documentations, settlement and margining procedures, and accounting treatments
- If you are looking for specific recommendations of what trades to do in the current market

Fundamentals of Risk Control in Banks

INTERMEDIATE

Why attend this class?

- How are the risks faced by a bank different from the risks faced by other types of companies? More intriguingly, both a bank and an investor face market risk and credit risk; so, is a bank like an investor? Is the business of a bank taking large bets about the markets? These questions highlight the need to understand the business of a bank in order to understand the nature of the risks it faces. Risk control starts with the construction of a control framework which is aligned to the risk concerned; so how do the frameworks for the various risks look like? What are their commonalities and differences? What are the regulatory capital treatments for these risks? By answering these questions, this class provides a holistic view of risk control in a bank and at the same time overviews of the various risk disciplines
- This class aims to foster an understanding of the risks a bank faces and the importance of protecting the capital of the bank by applying the appropriate risk control frameworks to align the bank's risk-taking activity with its capacity to take risk
- Learn in this class the control frameworks for credit, market, operational, funding and liquidity risks, especially the measurement of these risks
- Learn in this class how these risks contribute to risk weighted assets in regulatory capital treatment

How is this class special?

- While this class is an introductory class about the various types of risk a complex bank faces in carrying out its diverse range of businesses, its holistic approach provides a systematic and insightful comparison of the risk control frameworks and the capital impact of these risks
- This class includes discussions and class exercises on risk identification, an important component of a risk control framework, allowing the participants to connect the nature and treatment of the risks with the business and activities from which they arise
- This class is presented by a former market practitioner who is also an experienced teacher

Who should attend this class?

- This class is essential for risk control professionals to gain a holistic view of the risk control function and the overview of the individual risk disciplines
- This class is useful for financial market professionals in a bank such as people in lending or financing, salespeople, and traders to gain an understanding of the considerations in relation to risks in structuring their businesses
- Professionals in other support functions such as operations, technology, and financial controls of banks as their work is often intertwined with the risk control function, especially in relation to operational risk
- New joiners to the banking industry
- Participants do not need to have any pre-knowledge in the subject, though some understanding how financial markets operate will be helpful

What are the topics?

- Risk types and how risks arise from businesses
  - Risk categories: business risk, consequential risk, and primary risk of a bank
  - The business of a bank
  - A quick look into the financial statements of a bank
  - Preliminary comparison of credit and market risk: banking book vs. trading book
- Risk Appetite Framework: the bank-wide approach
  - Risk control vs, risk management: lines of defense
  - The components of a risk control framework
  - Risk measures: statistical vs. stress scenario measures; portfolio vs. concentration measures
  - Risk capacity vs. risk exposure
- Credit Risk
  - Risk identification: what businesses and which business divisions
  - Key characteristics: take and hold, notional risk
  - Risk mitigation: diversification, collateralization
  - Measurement: expected loss, default probability, rating, loss given default, exposure at default
- Market Risk
  - Risk identification: what businesses and which business divisions
  - Key characteristics: liquidity, P/L risk
  - Risk mitigation: trading and hedging
  - Measurement: Value at Risk, stress testing, risk sensitivities, issuer risk
- Operational Risk
  - Risk identification: trade life cycle
  - Key characteristics: it can be anywhere
  - Risk mitigation: cost vs. benefits
  - Measurement: taxonomy
- Funding and Liquidity Risk
  - Risk identification: a carry business
  - Key characteristics: access under stress
  - Risk mitigation: contingent funding plan and liquidity reserves
  - Measurement: coverage ratios
- Capital management
  - Risk weighted assets: how do various types of risk and businesses contribute to RWA
  - Capital ratio, leverage ratio and capital requirements

Duration

1 day, or an equivalent delivery with multiple sessions, such as three 2-hour webinars

When is this class not for you?

- If you are looking for a class on investment risk management or quantitative risk modeling
- If you are looking for a class on the details on Basel III, regulatory capital classification and RWA calculations

Option Strategies for Trading and Investing

ADVANCED

Why attend this class?

- You may have heard of interesting names related to option trades: cover write, protective put, vertical spread, calendar spread, straddle, strangle, butterfly and condor; what are they? Are they just gimmicks? Otherwise, how are they useful? Is a trade for a buyer or seller? Even for a single plain vanilla option, there is the question of what strike and maturity to use; that is a question about strategy. This class helps you understand what these strategies are and how they are used, not as a bag of tricks but as a systematic way to implement value propositions
- Learn in this class risk and payoff profiles of various option strategies
- Learn in this class how to understand these strategies by relating them to value objectives such as leverage, protection or harvesting risk premium
- Learn in this class the important metrics, such as breakeven, option greeks and the breakeven among the greeks, for measuring the effectiveness of a strategy
- Learn in this class how volatility smile and volatility term structure affect the construction of option strategies

How is this class special?

- This class recognizes that a holistic and systematic way to understand a wide variety of option strategies is to connect them to value propositions: to trade on superior information (alpha) or to invest and earn a risk premium (beta)
- This class uses real life examples and historical graphs to illustrate the usages of these strategies
- This class focuses on an informative and conceptual overview of a sophisticated subject and avoids going into unnecessary technical details in order to provide an enlightening experience for the participants
- This class is presented by a former market practitioner who is also an experienced teacher

Who should attend this class?

- People who are looking for a comprehensive and insightful exposition of option strategies
- People who have seen option strategies before but like to find a systematic way to understanding them
- Financial market professionals such as portfolio managers, salespeople, and traders who have been working with cash instruments and wish to include option strategies into their activities
- Professionals in support functions such as operations, technology, risk, and financial controls of financial institutions who work with option trades of their firms or clients
- Participants are expected to understand the basics of options, including options greeks

What are the topics?

- Option purchase
  - Protection vs. leverage: protective put and call buying
  - Volatility vs. trend: the contrast of how options are priced and used
  - Breakeven vs. probability of success: choosing the strike
  - Call and put spreads for managing breakeven?
  - How volatility smile and term structure affect the construction of strategies: ratio spreads, risk reversals
- Option writing
  - Implied vs. actual volatility
  - Earning a risk premium: buy write and put writing
  - Straddles and strangles: for buyers or sellers?
- Strategies in trading
  - Option greeks
  - Breakeven of option greeks: delta vs. vega, delta vs. decay; identifying the value driver of the strategy
  - Beware of gamma
- Volatility as an investment
  - Would you rather be a buyer or seller of volatility?
  - Towards an income strategy: butterfly and condor
  - Deep OTM put: exposure to the underlying or exposure to skew?
  - Pure volatility strategy: VIX and VIX linked instruments

Duration

½ day, or an equivalent delivery with multiple sessions, such as two 1.5-hour webinars

When is this class not for you?

- If you are looking for a class on quantitative subjects such as option pricing models
- If you are looking for a class on exotic options such as barrier and binary options
- If you are looking for operational details related to option trades, such as trade settlement and margining, accounting treatment and taxation
- If you are looking for specific recommendations of what trades to do in the current market

Linear Interest Rate Strategies

ADVANCED

Why attend this class?

- As the name suggests, a fixed income investment aims to collect an income from its investments such as bonds. Is holding to maturity the best strategy? If not, what is the price effect to return rolling the positions? If interest rates are expected to rise, should investors shorten the duration of their investments? Is trading based on a view that the yield curve will steepen about income? A linear strategy is based on underlying prices, rates or spreads going higher or lower; one such strategy involves treasury bond futures basis; what is it and how is it related to the yield curve? Attend this class to find out the answers to these important questions related to fixed income
- Learn in this class how interest rate risk premium is harvested using the "roll down the curve" strategy and how to decompose investment return into income, price effect due to roll down and rate move
- Learn in this class interest rate hedging using swaps and zero duration ETFs
- Learn in this class trading strategies for implementing views about the shape of the yield curve
- Learn in this class the structure of bond futures and what bond basis trading does

How is this class special?

- This class recognizes that a holistic and systematic way to understand various interest rate strategies is to connect them to value propositions: to trade on superior information (alpha) or to invest and earn a risk premium (beta)
- This class includes a proprietary example explaining which part of the yield curve, based on the steepness, is most effective for harvesting interest rate risk premium
- This class includes an effective exposition of the complex subject of bond futures basis trading
- This class focuses on an informative and conceptual overview of a sophisticated subject and avoids going into unnecessary technical details in order to provide an enlightening experience for the participants
- This class is presented by a former market practitioner who is also an experienced teacher; it includes real life examples and interactive class exercises

Who should attend this class?

- People who are looking for a comprehensive and insightful exposition of interest rate strategies
- Financial market professionals such as portfolio managers, salespeople, and traders who are looking for a systematic refresher about what they have been doing all along
- Professionals in support functions such as operations, technology, risk, and financial controls of financial institutions who work with trades related to the implementation of these strategies
- Participants are expected to be familiar with interest rate and bond calculations, especially the concepts of yield, duration and PVBP (or DV01)

What are the topics?

- Value propositions
  - Alpha: trading on superior information
  - Beta: warehouse risks to earn a risk premium
- Rolling down the curve
  - Why is a yield curve usually upward sloping?
  - Return attribution: carry, price effect due to roll down and rate move
  - Which part of the yield curve do you like?
- Managing risk of a bond portfolio
  - Hedging interest rate risk
  - Duration and credit positioning of the portfolio
  - Zero duration ETFs
  - To hedge or not to hedge?
- Curve plays
  - Steepeners and flatteners
  - Butterfly trades
  - An example: it's all about the price, not income
- Bond futures
  - Structure of the contract: eligible bonds, conversion factors, delivery price, basis, cheapest to deliver
  - Bond basis trading: it is about the level and steepness of the yield curve
  - Bond basis trading is like option trading

Duration

½ day, or an equivalent delivery with multiple sessions, such as two 1.5-hour webinars

When is this class not for you?

- If you are looking for a class on yield curve modelling or fixed income portfolio construction
- If you are looking for a class specifically on credit strategy
- If you are looking for trades driven by volatility of rates (non-linear)
- If you are looking for operational details such as trade settlement and margining, accounting treatment and taxation
- If you are looking for specific recommendations of what trades to do in the current market

FX Hedging and Derivative Strategies

ADVANCED

Why attend this class?

- Foreign investments are exposed to FX risk. How can we hedge the FX exposure? If we hedge, does it mean we are able to preserve the return of the assets? In other words, how will the value of the combined positions react to changes in the value of the underlying assets and liabilities, foreign exchange rates and interest rates? Is it better to hedge or not to hedge? What is the difference between hedging using forwards and hedging using options? How are exotic options useful, for example, in corporate hedging? What about embedding FX derivative strategies in structured products? Attend this class to find out the answers to these important questions
- Learn in this class an intuitive way to understand the P/L of an FX hedged investment by thinking about the pricing of an FX forward based on carries, the so-called interest rate parity
- Learn in this class the importance of managing the cash flow in corporate hedging and the use of exotic options
- Learn in this class the basic FX structured products and their exotic variations catering to varying value objectives

How is this class special?

- This class goes beyond the discussion of the forward trades needed to hedge foreign investments and investigates the ongoing marked-to market P/L of all the positions, leading to an important conclusion about the effect of hedging
- This class introduces exotic options by showcasing how they are used in hedging and structured products
- This class focuses on an informative and conceptual overview of a sophisticated subject and avoids going into unnecessary technical details in order to provide an enlightening experience for the participants
- This class is presented by a former market practitioner who is also an experienced teacher; it includes real life examples and interactive class exercises

Who should attend this class?

- People who are looking for a comprehensive and insightful exposition of how FX hedging and structuring can be implemented using various FX derivatives, including exotic options
- Financial market professionals such as portfolio managers, salespeople and traders who are looking for a systematic refresher about how FX derivatives are used for hedging and structuring
- Professionals in support functions such as operations, technology, risk, and financial controls of financial institutions who work with trades related to the implementation of these strategies
- Participants are expected to be familiar with the basics of FX, FX forwards and FX options

What are the topics?

- FX forwards and FX swaps
  - Think about pricing in terms of carry
  - The P/L of a hedged position
- Hedging a cross boarder investment portfolio
  - What does FX hedging preserve for an equity portfolio?
  - What does FX hedging preserve for a bond portfolio?
  - To hedge or not to hedge: what to consider?
  - Other hedging objectives: reduce volatility?
- Using options
  - Brief review of option strategies
  - Typical uses of option strategies in hedging and taking views
  - Exotic options: barrier options, binary options
- Corporate hedging
  - Balance sheet hedging and P/L hedging
  - Can a hedge book blow up: managing cash flow
  - How are exotic options useful in hedging: reducing premium outlay, cater to more specific objectives
- FX Structured products
  - The fundamental structures: dual currency deposits/notes and principal protected deposits/notes
  - Variation using exotic options to meet specific investor objectives: more exposure or participation; more protection…

Duration

½ day, or an equivalent delivery with multiple sessions, such as two 1.5-hour webinars

When is this class not for you?

- If you are looking for a class on the details of institution and corporate hedging programs beyond the conceptual approach of this class
- If you are looking for a technical class on vanilla and exotic option pricing models
- If you are looking for operational details such as trade settlement and margining, accounting treatment and taxation
- If you are looking for specific recommendations of what trades to do in the current market

Crossection Learning LLC
Insights and Perspectives

Collateral Markets Fundamentals

ADVANCED

Why attend this class?

- Secured loans have long existed as an effective financing solution for corporations, financial institutions, and individuals. Have you ever heard about other variations such as collateral swaps and total return swaps and wondered what the motivations for these other structures are? Then this class is for you
- A key component in the financing market is a bank. Learn in this class how banks capture the risk mitigation effect of collateralization depending on whether the exposure is a banking book or trading book exposure and whether the collateral is liquid or illiquid
- Learn in this class the key collateralized financing structures, who use them and their impact on the balance sheets of banks acting as intermediaries in these trades
- Learn in this class the essential considerations in the assessment of the liquidity of the collateral and the determination of the haircut on the collateral in the pricing of such structures

How is this class special?

- On the one hand, this class looks at the collateral market from the perspective of risk control of banks and examines the impact of these trades to risk weighted assets and leverage ratio denominators of the banks
- On the other hand, this class looks at the collateral market from the perspective of the business and examines how the nature and quality of the collateral determines the pricing of a trade
- This class includes a real-life trade as a case study
- This class is presented by a former market practitioner who is also an experienced teacher

Who should attend this class?

- People who are looking to understand the key collateralized financing structures and compare their impact to the balance sheets of banks providing the liquidity in the market
- Bank treasurers, debt capital market and structured finance professionals
- Risk and financial control professionals in banks acting as intermediaries in the trades
- Portfolio managers and support people of hedge funds looking to finance exposure to exotic debt assets
- While not necessary, basic knowledge about banking, finance, risk control and regulatory capital treatments will be helpful

What are the topics?

- The business of borrowing and lending
  - Balance sheet impact and Leverage Ratio Denominator
  - Risk Weighted Assets and Capital Ratio
  - Impact of collateral
  - Banking book and trading book
- Structures of collateral trades, hedges, and capital treatment
  - Industry background
  - Secured loans
  - Repo
  - Securities lending
  - Total return swaps
- An exercise
  - Deal rationale
  - Deal structure: deployment and sourcing, haircuts
  - What are your conditions to approve the trade?
- Conditions on the collateral
  - Haircut: the factors to consider
  - Collateral management

Duration

½ day, or an equivalent delivery with multiple sessions, such as two 1.5-hour webinars

When is this class not for you?

- If you are looking for a class on securitization, asset backed, and mortgage-backed securities
- If you are looking for operational details about collateral margining and collateral call processes