"A strong liquidity risk management framework needs to be at the core of sound bank risk management practices, not considered merely a temporary market anomaly."

Liquidity Risk Management: LCR, NSFR, and Intraday Liquidity

training

Creating a state-of-the-art liquidity risk management framework balancing the needs of Basel III compliance, stress testing, and optimization of funding sources in a dynamic market context

17th – 18th November 2014
New York

Your Expert Trainer

Jonathan Greenman
Managing Director
Risk Advisors Inc

Key Benefits Include

- Limited spaces on a first come, first accepted basis
- Pre-course questionnaire to establish your individual and business concerns
- Sessions are supported with several case studies to ensure delegates gain a practical understanding
- Comprehensive take-away course documentation

Clients who have benefited from **marcus evans** financial training courses include:
Bank of America, Citi, JP Morgan, SunTrust, PNC, BOK Financial, Bank of Oklahoma, Federal Home Loan Bank of New York, Morgan Stanley, Bank of the Cascades, Fifth Third Bank, Capital One, State Street, RBS Citizens Bank, Wells Fargo, Union Bank, Bank of the West, Royal Bank of Canada, TD Bank, Scotiabank, KeyBank and Sovereign Bank

Programme

Day One

Introduction: Key trends, themes, and course goals

Liquidity risk: What is it?
- General overview
- Definitions,
- Examples of recent crisis events

Liquidity Coverage Ratio (LCR)
- Applicability of the LCR vs "LCR light" to different financial institutions
- Foreign bank IHC applicability
- LCR ratio definition and HQLA (High Quality Liquid Assets)
- Criteria for HQLA eligibility
- Standardized supervisory liquidity stress scenario and implications
- Contrast of Basel and US regulatory proposals
- Parent and subsidiary considerations for HQLA inclusion
- Definitions of different HQLA asset clases, Level 1, 2A, 2B, non- HQLAs
- LCR denominator: net cash outflows and definitions
- Maturity determinations
- Prescribed cash outflow and inflow rates
- Linkages to Dodd-Frank qualitative framework
- Public disclosure requirements

Net Stable Funding Ratio (NSFR)
- Definition of NSFR ratio and funding source objectives in contrast with the LCR
- Funding tenor, instrument types and counterparties
- Available Stable Funding (ASF), definition, characteristics, and liability categories
- Treatment of off-balance sheet exposures
- Required Stable Funding (RSF) definition and asset categories
- Unencumbered vs encumbered assets
- Secured finance transactions
- State of regulatory implementation and timelines

Day Two

Corporate governance of liquidity risk
- Board responsibilities
- Risk management and reporting systems
- Liquid buffers (e.g. cash, unencumbered marketable securities, market instruments)
- Contingency funding plans (CFPs)
- Adequate internal control infrastructure
- ALCO and Committee oversight of liquidity risk

Strategies, policies, procedures, and risk tolerances
- Strategies: Sources for funding and meeting cash outflows, seasonal and cyclical fluctuations
- Scenario analysis of adverse conditions
- Policies: Cashflow projections, target reserve levels, unstable liabilities and liquid asset coverage ratios, asset concentrations, funding strategies

Liquidity risk measurement, management, and reporting
- Stress testing
- Collateral position management
- Management reporting
- Currency, legal entity, and business line considerations

Intraday liquidity position management
- Monitoring and measuring inflows and outflows
- Collateral for intraday credit
- Prioritizing obligations

Funding source diversification
- Attributes of funding sources
- Ability to withstand shock conditions

Liquid asset reserves

Contingency Funding Plans
- Funding asset growth
- Maturing liabilities
- Economic conditions and perceptions
- Payments and settlements disruptions
- Internal controls

The course

An institution's liquidity risk is the risk that an institution will not be able to, or perceived unable to, meet its obligations. This course will examine the process for identifying, measuring, managing, and monitoring funding and liquidity risk. Specific emphasis will be placed on reviewing the Basel and US regulatory requirements for computing and determining the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). An overview of different techniques and contributions to liquidity risk measurement will be addressed including cash flow projections and mismatches, unencumbered liquid asset reserves, asset concentrations, funding source diversification, contingent liabilities including unfunded commitments, and impact of sophisticated instruments such as securitizations and derivatives on mitigation strategies.

The course will have a key goal of familiarizing participants with all facets of regulatory compliance associated with the advancements in liquidity risk management regulation. The course will be conducted in an interactive workshop format, and there will be dedicated dialogue on the incorporation of liquidity considerations into the strategy, planning, pricing, capital management, and performance measurement functions of the institution.

What our clients are saying about our events

"The seminar was very good. Very informative discussion and questions from attendees"
Texas Capital Bank

"Very good event bringing a very impressive group of experts"
Scotiabank

"A great event for practitioners"
Citigroup

"Comprehensive and well structured programme with an open and engaging style of presentation."
Investec

"The course has been a positive experience which will definitely help my group in their day-to-day activities."
Edison Trading

How will you benefit?

- Understanding of the sound principles for liquidity risk measurement as specified via interagency regulatory guidance focused on the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR)
- Practical techniques to optimize a financial institution's strategies, policies, procedures, and risk tolerances for liquidity risk management
- Ability to link liquidity risk into the general dashboard for risk and financial management including stress testing, capital management, and leverage ratios
- Develop ideas for tangible solutions to engage the front office, Treasury and business line in optimizing firm liquidity, and alignment with performance measurement
- Networking with industry practitioners to gain understanding of current best practices in addition to insight into the end-state regulatory vision for compliance

Who should attend?

From Investment Banks, Financial Service Providers, Asset Managers, Brokerage Firms, Hedge Funds, Consultancies and Solution Providers:

Heads, Managers, Advisors and Market Practitioners in:

Treasury
Risk Management
Controllers
Strategic Planning
Basel III program office
Regulatory
Compliance
Technology
Operations
Liquidity Risk Management Programs

about...

About your expert trainer

Jonathan Greenman is an experienced professional in risk management for financial services. He has worked in a number of roles in both the industry and consulting. Jonathan began his career at Oliver Wyman, specializing in consulting to top tier bank CFOs, Chief Risk Officers, and Treasurers in North America and Europe. Following that, Jonathan worked in several industry roles at Citi, AIG, and Morgan Stanley focused on topics including Basel III, strategic planning, stress testing, economic capital, client profitability, risk rating models, loan loss reserves, and return on risk. He has a depth of experience implementing future state architecture and infrastructure solutions for risk technology, and advising senior professionals on risk governance. Jonathan graduated from Harvard University with a magna cum laude in Astrophysics and Astronomy and Physics

marcus evans financial markets training

marcus evans financial markets training division has been developed to offer courses of the highest calibre to industry practitioners. Our clients' increasing demands for high quality hands-on training, drives our focused output. Thorough research ensures their applicability to your current business concerns.
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