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CORPORATE ACTIONS

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SECURITIES LENDING & BORROWING

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SECURITIES LENDING & BORROWING

Background

The number of Securities Lending & Borrowing transactions have been growing steadily for years. They now represent a substantial part of the daily settlement value in most European markets and play an important role in facilitating market liquidity.

Securities L & B markets are driven by a diverse set of considerations such as raising portfolio returns, taking positions, creating leverage, raising finance, increasing delivery efficiency, and others. Both the lender and borrower side are also driven by a heterogeneous group of players.

This course gives an overview of Securities Lending and Borrowing for those with no prior knowledge in the field. It outlines the different L & B markets with their specific processes, opportunities, and risks; it explores the motivations of different players in the market; and it describes the different circumstances in which institutions lend or borrow securities.

Delegates

- Fund Managers
- Brokers & Market Making Staff
- Settlement and Back Office staff
- Custodians
- Institutional Salesmen
- Trustees
- Compliance and Middle Office Executives
- Accountants & Lawyers (CPD Credit)
- IT Executives operating or designing systems in this area
- Pension Fund Trustees interested in Lending

Anyone contemplating using Securities Lending or Securities Borrowing or who is entering an existing Securities Lending or Securities Borrowing operation and has no or only a partial knowledge.

Content

Overview

What is Securities Lending ?
 Brief history
 Market size in geographical regions asset classes
 GC vs. specials

Lending Options and Features of Programmes

Why lend securities?
 Who lends?
 Lender considerations: Revenue vs. risk
 Counterparty selection
 Lending arrangements

- Custodian programmes
- Third party programmes
- Exclusive arrangements
- Self managed programmes

Borrowing Securities Outline

Why borrow securities?
 Understanding demand drivers

- Fail coverage
- Yield enhancement strategies (“tax arbitrage”)
- Inventory finance
- Shorting
- Financial strategies

Who are the borrowers?
 The relationship between prime brokers and hedge funds

The loan cycle examined

Initiating a loan
 Locating stocks

- Fee negotiation: fee v rebate
- Loan confirmation
- Delivery of securities & collateral; daylight exposure

Management of collateral

- Mark-to-market
- Margin calls
- Substitutions

Processing of income and of events

- Manufactured dividends
- Voting rights
- Corporate events and corporate actions

Terminating a loan: Recalls vs. returns
 Fee and rebate accruals

Risks and mitigants

Counterparty risk
 Mark risk (collateral)
 Liquidity risk
 Operational risk
 Legal and regulatory risk
 Legal and regulatory Environment
 Agreements and documentation

CORPORATE ACTIONS

Objective

To provide a detailed understanding of Corporate Actions, what they are, where they originate and why they occur. Critical factors and the alternative choices for the investor as well as relevant calculations and the time scales involved are included. The course covers a wide variety of Corporate Actions with relevant examples and differences in practice taken from many different markets around the world.

Delegates

Investment, Broking, Banking, Settlement, Custodian and Accounting Managers and staff. Front, Mid and Back Office staff will all benefit. No specific prior knowledge is assumed but delegates should have at least 3 months experience in the area. Delegates are assumed to have a basic awareness of equity and bond markets in general.

Delegates should bring an ordinary pocket calculator with them to assist in the many exercises included.

Content

- Background to Corporate Actions. Types, Actions and Critical Factors
- Life Cycle of a Corporate Action
- SWIFT Corporate Actions Messages, ISO 15022 and 20022 Meaning
- Use of a Default
- Debt v Equity, Implications
- Outline of specialist instruments eg Preference shares, ADRs and international variations, ETFs, ETCs
- Dematerialisation and consequences, STP Pressures and standardisations
- Bonus or Scrip issues, Splits
- Reverse Splits and Consolidations
- Demergers and Spin Offs
- Capital raising or Rights issues, Open Offer Pricing, Calculations of alternatives
- Takeovers and Mergers. Why they occur, Process, alternatives and selecting among them.
- Bond Corporate Actions: Early Maturity, Partial call, Bond puts, Rating change, FRN interest fixing. Exchange Offer
- Dividend dates: Cum, Ex, Record, Payment
- Stock dividends, DRIPs and Dividend Scrip alternatives, Timing and dates, Calculations
- Capital Reduction methods: Buy Back, Tender Offers, Return of Capital, Special Dividend, reorganisation.
- Convertibles & Warrants
- Pricing calculations for conversion or exercise
- Exchangeable Bonds, Reverse convertibles
- Annual General Meeting, Voting rights and Proxies.
- Class Actions (USA)
- Section 793 (was section 212) UK Mandatory disclosure.

DETAILS

SECURITIES LENDING & BORROWING

Duration: 1 day **Time:** 9.30 am - 5.00 pm
London: **Tuesday 19 February 2009**
Radisson Edwardian Berkshire Hotel, 350 Oxford Street, London WIN 0BY
Tel: 0207 629 7474 (Underground: Bond Street)
Tuesday 19 May, Thursday 10 September, Tuesday 15 December 2009
Venue on application
Fee: £ 550 + VAT.

CORPORATE ACTIONS

Duration: 2 days **Time:** 9.30 am - 5.00 pm approximately, depending upon venue
London: **Wednesday 25 - Thursday 26 March 2009**
Radisson Edwardian Berkshire Hotel, 350 Oxford Street, London WIN 0BY
Tel: 0207 629 7474 (Underground: Bond Street)
Tuesday 2 - Wednesday 3 June, Wednesday 16 - Thursday 17 September 2009,
Wednesday 9 - Thursday 10 December 2009
Venue on application
Fee: £ 920 + VAT
Dublin: **Tuesday 17 - Wednesday 18 February, Wednesday 18 - Thursday 19 November 2009**
Mont Clare Hotel, Merrion Square, Dublin 2. Tel: (I) 607 3800
Fee: Euro 980
Luxembourg: **Monday 9 - Tuesday 10 February 2009, Wednesday 9 - Thursday 10 September 2009**
Venue on application
Fee: Euro 980
Jersey: **Wednesday 25 - Thursday 26 February 2009** **Fee:** £ 980
Venue on application
Guernsey: **Wednesday 11 - Thursday 12 November 2009** **Fee:** £ 980
Venue on application

Discount: 10% for 3 or more delegates from the same organisation attending the same course.
Prices are inclusive of documentation, lunch and refreshments.
Accommodation is not included but details will be provided upon request.
Course content, pricing and scheduling are subject to change without notice.

APPLICATION FORM (please photocopy if necessary)

Please enrol (Names)

Course.....on (date)

A cheque for £made out to Investment Education plc is enclosed.

Please invoice

Course details should be sent to Mr / Mrs / Ms

Company

Address

PostcodeTel Email

Email Bookings: Bookings may be made via a booking form on our website at : www.InvestmentEducation.net

Cancellations

Full fees are refunded for cancellations received more than 14 days before course commencement. Thereafter a 50% refund applies. No refund is made for cancellations within 7 days of course commencement. In the event of cancellation by Investment Education plc liability will be limited to the course fee.

Terms: Law of England and sole jurisdiction of English Courts to apply to all arrangements with Investment Education plc.

Course content, presentation and timing are regrettably always subject to change without notice. The company reserves the right to refuse entry to any delegate. Individuals and their employing organisations making or booking places for delegates warrant that notes copyright will be observed and that course notes or other documentation provided on the course will not be provided to outside organisations or people. The same parties also independently warrant that for a period of up to one year from the date of the last course attended by an employee of the same organisation or, separately, themselves, all trainers used by Investment Education plc on courses they attend, will only be used by them via Investment Education plc failing which the appropriate Investment Education plc day rate per course day or part thereof will be paid to Investment Education plc. Trainers already used by the nominating organisation in the 2 years before the date of the course attended are excluded from this restriction. If Investment Education plc considers that these terms have been infringed then the party or nominating organisation for the delegate will provide upon written request, a complete, accurate and prompt response to clarify the situation to the satisfaction of Investment Education plc. Each term in these booking conditions is to be independently construed.

Please reply to: Investment Education plc, Oddfellows House, 40 Fountain Street, Manchester M2 2BE, United Kingdom
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IN-HOUSE AND OTHER COURSE DETAILS ARE AVAILABLE UPON REQUEST

Example courses include:

- Risk & Controls in Operations
- Fund Management Overview
- Pension Fund Accounting
- Compliance Basics
- Accounting for Investment
- Bonds & Fixed Income Markets
- Fundamentals of Fails Management
- Pensions Investment Briefing
- Swaps Overview
- SICAV Briefing
- OEICS & UT Administration
- Fundamentals of Fails Management
- Hedge Funds Overview
- Hedge Funds Styles & Strategies
- Accounting for Basic Derivatives
- OEIC & UT Accounting
- Energy Derivatives Overview