

# Understanding Markets, Derivatives, Risk-Management and Controls <sup>SM</sup> (AKA Trading For Non-Traders <sup>SM</sup>)

## AN ABSOLUTE NECESSITY FOR:

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>• Corporate Treasurers</li> <li>• Treasury Support Managers</li> <li>• Internal / External Auditors</li> <li>• Compliance</li> <li>• Regulators</li> </ul> | <ul style="list-style-type: none"> <li>• Financial Controls Staff</li> <li>• Middle Office Staff</li> <li>• Financial Service Vendors</li> <li>• Capital Market Sales</li> <li>• Sarbanes-Oxley Staff</li> </ul> |
|---|--|

**Risk Management and Control Environment Issues Come To Life Through Lectures, Workshops And Two Electrifying Trading Sessions**

As financial products become more complex, it is imperative that every unit of the institution must know and understand their roles in handling them. But how many of these individuals have been afforded an opportunity to attend a program that provides a comprehensive overview of the trading and risk-management process, key risk characteristics of the products, and a clear understanding of the issues and objectives of trading and investment portfolio?

In a hands-on seminar, participants will learn about the mechanics of financial markets—their role in risk taking and risk-management, the functions of an increasingly complex array of trading instruments, and how conflicts between front and back office priorities can impair performance and even lead to fraud. **If the information gained from attending this seminar prevents even one incident, the seminar will have paid for itself many times over.**

## Session Topics Include:

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|--|---|
| <ul style="list-style-type: none"> <li>✓ Factors influencing financial markets and global capital flows</li> <li>✓ Negotiable instruments, FRA's, Futures, Options and Interest rate swaps</li> <li>✓ Forward pricing of fixed-income instruments</li> <li>✓ Risk Management and Modeling</li> </ul> | <ul style="list-style-type: none"> <li>✓ Establishing a secure control environment</li> <li>✓ Common control flaws and pitfalls</li> <li>✓ Limits and proper procedures and controls</li> <li>✓ Management's role</li> <li>✓ Financial Modeling and Value@Risk</li> </ul> |
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**Seaman's Institute** **South Street Seaport, NYC**  
**Evening Sessions – Mondays & Wednesday - May 14<sup>th</sup> through June 19<sup>th</sup>**  
**Three-Day Offering June 17<sup>th</sup>, June 18<sup>th</sup> and June 19<sup>th</sup>**

*For the first time, TRCI is offering the lecture portions of this program for evening students as well as in the familiar three-day format.* Participants that find it difficult to arrange for three daytime classes may enroll in the evening program for the lecture series and then join the three-day group for a Wednesday evening trading session, followed by a daytime Thursday trading session, a course review, and luncheon awards presentations.

**SPACE IS LIMITED SO ACT NOW!**

# Participants from these organizations have benefited from attending **TRCI SEMINARS**

ABN Amro Bank, NV  
Amarada Hess Corp  
ANZ Bank  
Allied Irish Bank  
American Express Bank  
International  
AmSouth Bank  
Arab Banking Corp.  
Asahi Bank  
Associated Bank  
Atlantic Container Line  
B.H.F. Bank A.G.  
BP America  
Banca Commerciale  
Italiana  
Banca Nazionale  
Dell'Agricoltura  
Banco Bradesco S.A.  
Banco Central de  
Venezuela  
Banco Del Pacifico, S.A.  
Banco Exterior de  
Espana  
Banco Industrial de  
Venezuela  
Banco Nacional de  
Obras y  
Servicios Publicos  
Banco Popular  
Dominicano  
Banco Real  
Banco Rio de la Plata  
S.A.  
Banco Santander  
International  
Bangkok Bank Ltd.  
Bank Austria  
Bank Brussels Lambert  
Bank of Boston  
Bank of China  
Bank Hapoalim  
Bank of Nova Scotia  
Bank of Tokyo-  
Mitsubishi Ltd.  
Bank of Yokohama Ltd.  
Bank One  
Bankers Trust Co.  
Banque Nationale de  
Paris  
Banque Sudameris  
Barclays Bank PLC  
Barnett Bank  
Bayerische Landesbank  
Bayerische Vereinsbank  
Boatmans National  
Bank  
Bordier International  
Bank & Trust Ltd.  
The Boston Company  
C.I.B.C. Wood Gundy

Cargill, Inc.  
Cariplo Bank  
Champion Mortgage  
Co., Inc.  
Chase Manhattan Bank  
CIT Group  
Citibank  
Comerica Bank  
Commerce Bank  
Comp. Financiere de  
CIC et de  
l'Union Europeene  
Compass Bank  
Conference of State  
Bank Supervisors  
Corestates Bank N.A.  
Coutts & Co.  
Cowen & Co.  
Credit Commercial de  
France  
Credit Industriel et  
Commercial  
Credit Lyonnais  
Credit Suisse First  
Boston  
Creditanstalt  
Bankverein  
Darier Hentsch Private  
Bank  
Den Danske Bank  
Den Norske Bank  
Deutsche Morgan  
Grenfell  
Donaldson Lufkin &  
Jenrette, Inc.  
Dow Jones Telerate Inc.  
Dresdner Kleinwort  
Benson  
EBS Dealing Resources  
Elkins McSherry Co.,  
Inc.  
F.H.L.B. - Office of  
Finance  
FederalHome Loan  
Mortgage Assoc.  
Ferrier Lullin Bank &  
Trust  
Fifth Third Bank  
First of America Bank  
First Bank N.A.  
First Financial  
Caribbean Corp.  
First Interstate Bank  
First Union Bank  
Forest City Finance  
GE Capital  
Government  
Development  
Bank for Puerto Rico  
Greenwich Capital

Hamilton Bank  
Harris Trust and  
Savings Bank  
Howard Hughes Medical  
Institute  
Huntington National  
Bank  
IBJ Schroder  
International Bank  
Instinet Corp.  
J P Morgan  
Key Bank  
Kredietbank  
Landesbank Hessen-  
Thuringen  
Girozentrale  
Long Term Credit Bank  
of Japan  
The MacGregor Group  
M&T Bank  
MTB Bank  
Mees Pierson N.V.  
Mellon Bank  
Merita Bank  
Met Life  
Midas Kapiti  
International  
Mitsubishi Trust and  
Banking  
Money Gram  
Monte del Paschi di  
Sienna  
Morgan Guaranty  
Municipal Market Data  
National Australia Bank  
National Bank of  
Canada  
National Bank of  
Commerce  
NationsBank  
NatWest PLC  
NCM Capital  
Management  
Nesbitt Burns  
Securities, Inc.  
New York State  
Comptroller's Office  
Nissho Iwai American  
Corp.  
Norddeutsche  
Landesbank  
Oceanic Bank and Trust  
Ltd.  
Office of the  
Comptroller of the  
Currency  
Old Kent Bank  
Oppenheimer Capital  
PNC Bank, NA  
Paribas Capital Markets

PineBank  
Postipankki, Ltd.  
PricewaterhouseCooper  
s LLP  
Prime Associates  
Rabobank  
Republic National Bank  
Ross Capital Markets  
Ltd.  
Royal Bank of Canada  
Royal Bank of Scotland  
PLC  
Salomon Brothers, Inc.  
SE Bank  
Scotia Capital Markets  
Seoul Bank  
SG Hambros  
Societe Generale  
South Capital Co.  
Standard Chartered  
Bank  
State Bank of India  
State National Bank  
State Street Bank &  
Trust  
Stolat Partners Ltd.  
Sumitomo Bank Ltd.  
Sun Trust Banks  
Svenska  
Handelsbanken  
Swedbank  
Swiss Bank Corp.  
T. Rowe Price Assoc.  
Technical Data  
Telus Corp.  
Texas Commerce Bank  
TIAA-CREF  
The Ronin Firm  
Thompson Vision  
Tokai Bank  
Toronto Dominion  
Securities (USA) Ltd.  
Transamerica Corp.  
Unibank A/S  
Union Bank of  
Switzerland  
U.S. Bank of  
Washington  
U.S.Treasury Dept.,  
Office of Foreign  
Assets Control  
Wells Fargo Bank  
West Merchant Bank  
West One Bank  
Western Bank  
Westpac  
Wrightson Associates  
YMCA Retirement Fund

# Agenda

## Evening Sessions

<u>Session 1</u>	<b>Introduction; Course Objectives; Factors Influencing Markets– An Historical Perspective</b>
<u>Session 2</u>	<b>Forward Interest Rates Markets– Implied Yield Curve Values; From Cash Markets to Futures</b>
<u>Session 3</u>	<b>Introducing Options and Interest Rate Swaps</b>
<u>Session 4</u>	<b>Institutional Risks – Market, Basis, Credit, Performance– Modeling Risks: Trading Hedging and Funding</b>
<u>Session 5</u>	<b>Policies, Procedures and Controls; Celebrated Disasters</b>
<u>Session 6</u>	<b>Markets and Liquidity</b>
<u>Session 7</u>	<b>Marketmaking</b>
<u>Session 8</u>	<b>Trading Session One</b>

## Three-Day Offering

<b>Day 1</b>	<b>Introduction to Course, Course Objectives</b> <ul style="list-style-type: none"><li>• To provide an understanding of a financial market as a mechanism for shifting managing risk;</li><li>• To promote an understanding of the key requirements and risks inherent in a trading operation; Building a solid control environment.</li><li>• To familiarize participants with key instruments and related issues;</li><li>• To demonstrate the interdependency of the front office, middle and back office.</li></ul> <b>Factors Influencing Markets – An Historical Perspective</b> – A discussion of the post-war history of financial markets, a review of major market developments, a discussion of the factors which influence capital flows and, hence, market pricing, and the role and effect of liquidity. <b>Forward Markets and Forward Pricing</b> – An examination of forward pricing in various markets including price derivation and their applications to trading, hedging and funding. <b>Introduction to Options</b> – An introduction to options, their characteristics, pricing, and applications. <b>Introduction to Interest Rate Swaps</b> – An introduction to the mechanics, variations, and applications of swaps. Swaps used for both hedging and speculation are examined. <b>Trading, Hedging, Funding</b> – Financial Modeling and Value@Risk are discussed. Distinctions are drawn among financial activities / transactions which may appear similar on the surface yet differ in their underlying motivations and objectives. <b>Optional Workshop / Questions and Answer Sessions</b> – Review of participant-selected topics
<b>Day 2</b>	<b>Institutional Risks: Policies &amp; Failures</b> – A discussion of the institutional risks posed by certain financial or “treasury” type activities including market risk, performance risks and image risk among others; a discussion of the implications of unsound procedures and controls using case studies and examples of recent publicized financial disasters. <b>Market-Making and Profit-Taking</b> – The art and risk-management implications of market-making and the determination of profitability are discussed: attendees are introduced to limit and liquidity management from the market-makers perspective – both essential requirements for the trading sessions. <b>Preparation for Trading Session</b> – Attendees are introduced to the market impact of specific news and events – reactions by market-makers are analyzed. <b>Optional Workshop / Questions and Answer Sessions</b> – Review of participant-selected topics <b>Team Strategy Session</b> <b>Trading Session I</b>
<b>Day 3</b>	<b>Team Strategy Session</b> <b>Trading Session II</b> <b>Course Review, Trading Session Critique and Awards Presentation</b>

## Registration, Payment and Cancellation Deadlines

**Registration Deadline:** Registration will be granted on a **space available** basis and will be accepted through 3 p.m. on the fifth business day prior to the start date of the seminar.

**Payment Deadline:** All fees, including registration fees and etc., must be received at least three business days prior to the start date of the seminar. Admission to the program will not be granted unless all relevant fees have been received.

**Cancellation Deadline:** Written/faxed/E-Mail cancellations received through 5 p.m. on the twelfth business day prior to the start date of the seminar will be accepted and any fees paid will be refunded. Cancellations received after 5 p.m. on the twelfth business day, through 5 p.m. on the third business day prior to the start date of the seminar will be subject to a cancellation fee of \$250.00. Refunds will not be provided for absentees, or cancellations received after 5 p.m. on the second business day prior to the start date of the seminar. Substitutions (written, faxed, or telephoned) will be accepted through 5 p.m. on the third business day prior to the start date of the seminar.

## Presenters

**Timothy F. Scala** specializes in capital markets, risk management, and other trading room policy, procedure, control and other issues surrounding the trading function. He has been involved in the financial markets for decades and has extensive experience in stock, currency, fixed income, cash, futures and options arbitrage.

Past positions have included serving as Treasury Manager for a major regional bank, Director for a major money brokering firm and Product Development and Marketing Manager for a leading financial software services company.

Mr. Scala has established a capital markets department for marketing foreign exchange, money market, investment, risk management and derivative products to corporate clients; established a trading operation for a major regional bank; traded various currencies and derivatives for banks; established a currency options and futures arbitrage unit for a New York investment house and headed the User Interface Development Team for a trading software product. He has also assisted leading international law firms in cases involving institutional trading, often testifying as an expert.

Mr. Scala has served as a member of the Board of Directors for FOREX USA, a non-profit organization for the foreign exchange and money market industry. He organized an annual Junior Traders seminar on behalf of FOREX USA, which has helped train over 2,000 trading professionals. Mr. Scala has appeared as a regular weekly guest on CNBC's "Market Wrap"; has co-authored a bi-weekly market newsletter; and co-produced a weekly financial segment on a regional news radio station.

His comments have appeared in *Time*, *Barron's*, *The Wall Street Journal*, *American Banker*, *Newsweek International*, and other major financial publications.

*TRCI has been featured in TIME Magazine, American Banker and Securities Operations Letter.*

## Upcoming TRCI Seminars

### **Understanding Markets, Derivatives, Risk-Management and Control<sup>sm</sup>**

The TRCI program that illuminates crucial trading and risk-management issues for individuals without trading experience.

### **Interest Rate Swaps . . .in Plain English<sup>sm</sup> - Only offered for Private Groups**

A practitioner's guide to what they are and how to use them.

### **Risk Management . . .in Plain English<sup>sm</sup> - Only offered for Private Groups**

A one-day crash course that provides a concise, non-technical introduction to the risk management process.

### **Financial Markets & Market Based Products for Private Bankers<sup>sm</sup>**

#### **- Only offered for Private Groups**

The seminar for professionals that recognize the increasingly complex demands of the high net worth investor.

**Please call TRCI's seminar information lines for additional details:**

**973-284-6068 or 212-886-1827**

**or visit our website at**

**[www.TRCDirect.com](http://www.TRCDirect.com)**



**Seminar Location**  
**Seaman's Institute**  
 241 Water Street  
 South Street Seaport, NYC

### How To Register:

1. Please review carefully the **Registration, Payment and Cancellation Deadlines** section on the reverse of this page.
2. Registration Fee: **\$1,925**. A discount registration fee of **\$1,775** is made available to selected industry groups. Registration is not complete until your registration fee has been received.
3. Complete the registration form below for all individuals attending from your organization. This form may be photocopied.
4. Fax the completed registration form to **(973) 284-6068** or E-mail us at **TRCIMAIL@gmail.com**
5. Use the hard copy of this form to process your company's check for the registration fee.
6. Mail your registration fee along with the hard copy of your registration form to:  
**Treasury Resources Consulting & Investigating, Inc.,**  
**8200 Bulls Ferry Road – Suite 8**  
**North Bergen, N.J. 07047.**
7. For more information or to confirm the receipt of your registration form and/or fee, please call (973) 284-6068.
8. Return flights should not be scheduled earlier than 4:00 PM on Thursday.

**Registrant #1 Check Program Desired:**    Evening sessions ?    Three-Day Offering ?    Promo Code : \_\_\_\_\_

**Please fill in appropriate rates:**

Name \_\_\_\_\_ Title \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Telephone \_\_\_\_\_ Fax \_\_\_\_\_

E-Mail Address \_\_\_\_\_

**If lodging requested, please provide Credit Card Information: (check one) AMEX    VISA    MC**

**Credit Card # \_\_\_\_\_ Expiration Date \_\_\_\_\_**

**Registrant #2 Check Program Desired:**    Evening sessions ?    Three-Day Offering ?    Promo Code : \_\_\_\_\_

**Please fill in appropriate rates:**

Name \_\_\_\_\_ Title \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Telephone \_\_\_\_\_ Fax \_\_\_\_\_

E-Mail Address \_\_\_\_\_

**If lodging requested, please provide Credit Card Information: (check one) AMEX    VISA    MC**

**Credit Card # \_\_\_\_\_ Expiration Date \_\_\_\_\_**

## About TRCI

TRCI trains not only traders, but also bankers, salespersons, corporate treasury staff, accountants, operations staff, auditors and regulators in the areas of capital markets, risk management, Sarbanes Oxley and policy and control issues; assists senior management in the identification, quantification and management of financial risks, both domestically and internationally; provides law firms with investigative services and litigation support.

Clients and seminar attendees who have benefited from TRCI's expert services include international financial institutions, technology companies, corporations, auditing/management consulting firms and regulators.

### Experience

Three decades of front and back office experience have given TRCI's consultants an expansive grasp of the issues facing the areas of risk-taking, risk management, trading, sales, management and operations.

Their backgrounds have spanned every major financial market including international fixed-income, equity, currency, options, futures and other derivatives.

In addition to training professional interbank traders, TRCI has also successfully:

- Trained policy makers and federal and state regulators;
- Designed in-house training seminars for financial and non-financial organizations;
- Assessed institutional risk management capabilities and advised on the formulation of risk tolerance;
- Developed appropriate policies, procedures and controls for trading operations;
- Investigated unauthorized trading activities;
- Aided clients in the liquidation of international securities and currency portfolios;
- Advised legal counsel in cases involving institutional trading activities;
- Rendered veteran opinions on trading procedures and controls and presented expert testimony in cases involving fraud by institutional traders.



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**North Bergen, N.J. 07047**  
**Or visit our website at [www.trcidirect.com](http://www.trcidirect.com)**

