



Credit Default Swaps (CDS) – Pricing, Applications & Features

ICMA EXECUTIVE EDUCATION



Objectives

This course is primarily designed to increase the awareness of the Credit Default Swap (CDS) product. It introduces the main CDS concepts and analyses the different ways in which the product can be applied.

Target Audience

This course is suitable for anyone with an understanding of the fundamental concepts of finance and fixed income. An understanding of bond pricing and market risk (i.e. duration / DV01) is assumed.

Length and structure of the course

The course consists of two days of lectures, case studies and group exercises. Each day consists of four 90 minute sessions with coffee breaks in the morning and afternoon and a lunch break in the middle. There is no exam for this course but candidates will get a certificate of attendance.

Course Outline

Session 1

Credit Default Swap fundamentals

- The CDS market
- CDS structures and contractual terms

Session 2

Analysing CDS transactions

- European and North American terms
- Understanding credit events
- Applying a framework to analyse CDS

Session 3

Pricing CDS

- Risky PV01
- Risky DV01
- Valuing CDS from asset swaps
- Zero coupon pricing

Session 4

Applications of single name CDS transactions

- The CDS basis
- Switch trades
- Curve trades
- Forward trades
- Capital structure trades
- Butterfly trades

Session 5

CDS indices

- CDS indices
- Terminology
- Hedging and trading applications

Session 6

Credit-linked notes

- Credit-linked notes
- Rationale for usage
- Pricing concepts

Session 7

CDS swaptions

- Terminology
- Intuitive guide to pricing
- Hedging and trading applications

Session 8

Index tranche investing

- Key terminology
- Understanding default correlation
- Trading applications

Course Tutor

Neil Schofield: Neil is a visiting fellow at the University of Reading and is a freelance training consultant. From 2001 to 2008 he was global head of financial markets training at Barclays Capital in London. He was responsible for the design and delivery of a large number of seminars in a variety of different asset classes to many different audiences. Previous to that he was a director at Chisholm Roth

training in London and has also held positions at Chase Manhattan Bank as well as Security Pacific Hoare Govett (now trading as Bank of America). Neil has over 20 years of experience in financial markets. In 2007 he published his first book "Commodity Derivatives" and recently had a second published: 'Trading the fixed income, inflation and credit markets. A Relative Value Guide'



Course Information and Registration

Fees

The cost is GBP 1,250 for ICMA members and GBP 1,650 for non-members with further discounts as follows:

2 to 4 candidates – 5% discount each*

5+ candidates – 10% discount each*

*Please note that discounts are applied by way of a refund to the organisation when registration has closed and the final number of candidates from the firm has been determined.

Payment can be made by secure online credit card or by invoice. Please note that selecting invoice method will add GBP 50 (administration fee) to the course price.

Note that anyone requiring accommodation to take the course will be required to arrange this on their own; it is a class-based but non-residential course.

Further Information and Course Registration

To register please use our online registration system:
www.icmacentre.ac.uk/exec_registration

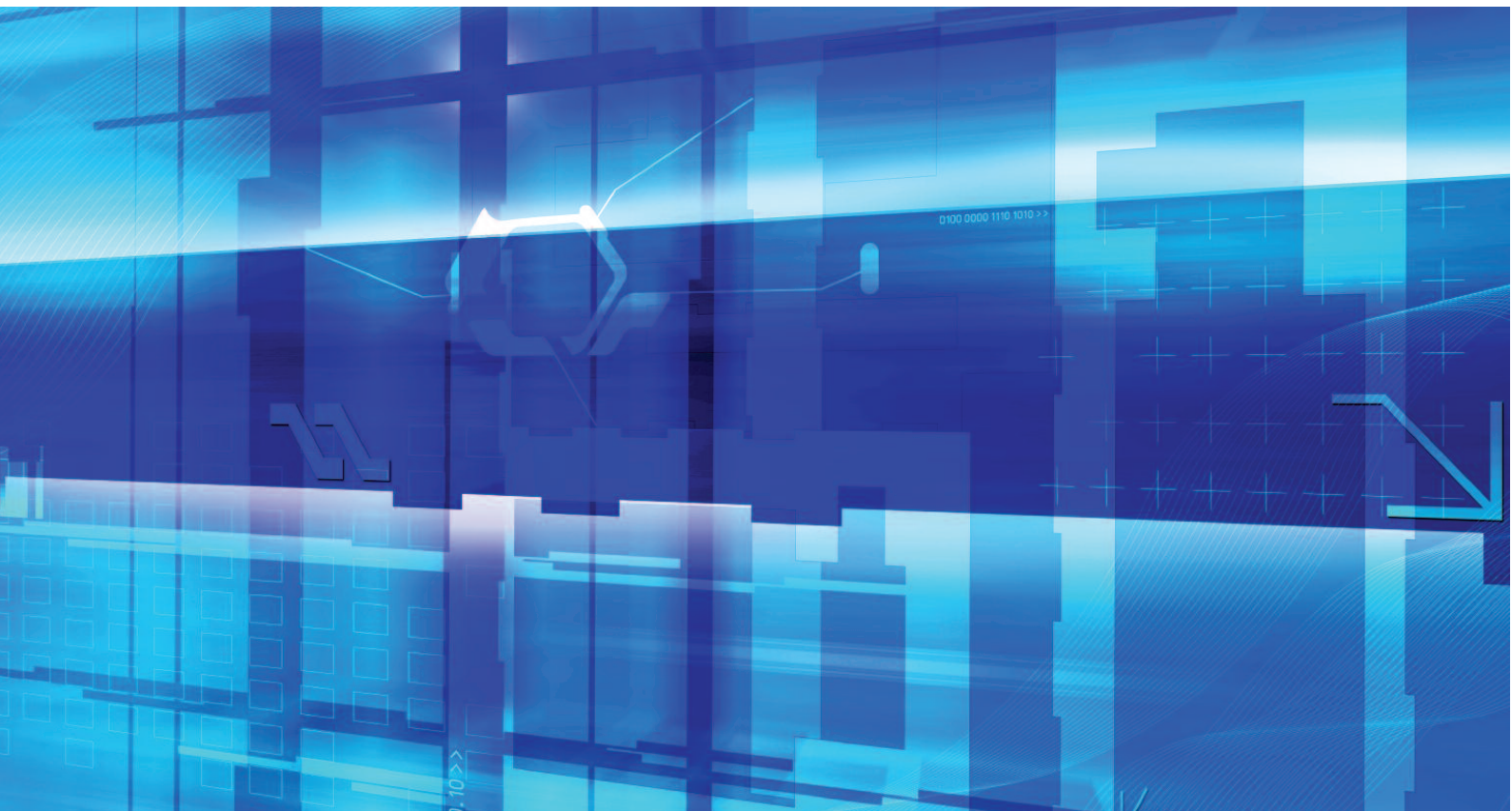
For any questions about the course, please contact:

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ICMA Executive Education

For many years ICMA Executive Education has made investment in executive education for the financial markets a priority. Its courses are administered and overseen by the ICMA Centre at Henley Business School, University of Reading.

Five Certificate Programmes are offered:

- Financial Markets Foundation Course (FMFC)
- Securities Operations Foundation Course (SOFC)
- International Fixed Income and Derivatives (IFID) Certificate

- Operations Certificate Programme (OCP)
- Primary Market Certificate (PMC)

All are recognised as certificates of competence in the capital markets and are successfully completed by large numbers of international participants each year.

ICMA Centre

The ICMA Centre, University of Reading has an international reputation for providing quality teaching programmes tailored to the capital markets industry. Established in 1991 with funding provided by the International Capital Market Association (ICMA), the Centre is housed in a purpose-built modernist building with state-of-the-art

facilities including two dealing rooms. In 2008, ICMA enabled an expansion to the building that now includes an additional 50 seat dealing room, 170 seat lecture theatre as well as new seminar rooms and a dedicated research area.

The International Capital Market Association

The International Capital Market Association (ICMA) is a unique organisation and an influential voice for the global capital market. It represents a broad range of capital market interests including global investment banks and smaller regional

banks, as well as asset managers, exchanges, central banks, law firms and other professional advisers. ICMA's market conventions and standards have been the pillars of the international debt market for over 40 years.

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