

Credit Derivatives: Intermediate

The terms credit derivatives and credit default swaps have gone from being only in the domain of financial professionals to being household words. This interactive course is designed for finance industry professionals who need to understand the mechanics and risks of credit derivatives. The course consists of a presentation, exercises, case studies, and topical articles for relevant discussion.

Targeted Audience

The course is tailored to traders, risk managers, IT personnel, auditors, regulators, lawyers, legislators, and compliance professionals.

Special Offer

Clients who register for this course will receive a complimentary 4-month subscription to FT.com. The Financial Times is the world's most respected financial newspaper, providing a broad assessment on finance, business and the industrial sector. The move to the electronic version follows an ongoing review of our environmental responsibilities as a global business and as part of the Pearson group. FT.com also has features that are not available in hard copy, such as: Special Reports, Alphaville, editor blogs, education sections and much more! Subscriptions will start within 6-8 weeks of the start of class and are limited to one subscription per client. (Please note: as of May 1, 2011, the electronic subscription replaces the hard-copy 3-month Financial Times subscription.)

Advance Preparation

No advance preparation required.

Prerequisites

Introduction to Credit Derivatives or Introduction to Financial Derivatives.

Learning Objectives

Students will be able to:

- . Compare and contrast credit risk measurement approaches
- . Identify mechanics of credit default swaps
- . Single name, basket, portfolio, Swaptions
- . Identify uses of CDS indices
- . Evaluate pricing methodologies for credit default swaps
- . Identify mechanics of Collateralized Debt Obligations
- . Price CDOs
- . Evaluate potential new regulations for credit derivatives
- . Identify the competing regulators and regulatory approaches for CDSs
- . Analyze competing proposals to establish clearing houses for CDS in the US, UK and Europe

Alumni Comments

"Excellent course presented by an excellent instructor."

"I was very impressed with the course, including the material and the presentation. I learned a lot!"

"Good background history of the market and discussion of specific products."

"The professor was amazing. She was able to breakdown a complicated subject and make it clear to all levels and audiences."

"Broad overview of the credit derivatives market, covered most instruments."

Follow-Up Courses

Advanced Credit Risk Analysis

Exotic CDOs

Level: Intermediate

CPE Credits: 14.0

Instructional Method: Group-Live

Detailed Outline

Module I - Credit Risk Measurement

- . Identify how credit risk is modeled:
- . Structural approaches
- . Alternative approaches

Module II - Credit Default Swap

- . Identify mechanics of vanilla, binary, portfolio and basket CDS
 - . Evaluate construction and use of CDS indices
 - . Define swaptions
 - . Compare and contrast advantages of these instruments and their risks
- Exercise

Module III - Pricing Credit Default Swaps

- . Identify the challenge of fair value estimates
 - . Pricing single name and multiple name CDSs
 - . Evaluate the role of collateral
 - . Compare and contrast liquidity of contracts
- Exercise

Module IV- Structured Credit Products

- . Identify mechanics of
 - . CDOs
 - . CBOs
 - . CLOs and CMOs
 - . Synthetic CDOs
 - . Developing structured products
- Case Study: AIG

Module V Pricing CDOs

- . Establish challenge of fair value estimates
 - . Debate liquidity of contracts
- Case Study: Mortgages and CDOs

Module VI Upcoming Regulations and the Role of Clearing Houses

- . Identify the competing regulators and politicians wanting to regulate credit default swaps

- . Agriculture subcommittee, CFTC and SEC

- . Compare and contrast attempts at regulating CDSs in the US, UK and Europe

- . Compare proposals in the US and Europe to establish clearing houses for CDSs

- . ICE

Case Study: The US, European and UK approaches to CDS Regulation

For more information regarding administrative policies such as complaints and refunds, please contact our offices at 212-641-6616.