



Brokerage Operations - Evening

This course is essential for understanding which processes are brought into play after a trade occurs at a brokerage firm and provides a step-by-step analysis of how a full service broker-dealer operates. It is equally important to understand the non-trade related aspects of servicing clients' accounts and the use of reconciliation controls. The processing and delivery requirements of various types of issues are explained as different trade flows are discussed.

Targeted Audience

Broker dealer personnel new to securities processing; broker dealer personnel who want a more in depth picture of the functions of middle and back office operations; regulatory personnel who need a more complete understanding of a broker dealer's operation; vendor personnel who conduct business with the specific processing areas of a broker dealer

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.

Learning Objectives

Students will be able to:

- . Comprehend the full scope of the transaction processing cycle

- . Identify the processing routines used by different products
- . Understand the concepts of customer margining as applied to for various products
- . Interpret financing needs and probable solutions
- . Be familiar with both the customer and street sides of the processing cycles
- . Be conversant in the workings of the Stock Record and General Ledger

Alumni Comments

"The instructor was very good at answering questions."

"The class was very thorough and provided a basic knowledge of operations."

"The class gave me the basic knowledge needed to excel after class."

Level: Basic

CPE Credits: 25.0

Instructional Method: Group-Live

Detailed Outline

Evening One

Component parts of a broker dealer

- . Front office -revenue generation
- . Middle office-transaction processing
- . Back office-transaction settlement, asset servicing
- . Accounting and control
- . Regulatory requirements and reports

What is required of a client so they can conduct business

- . Selecting the type of account that satisfies their needs

Evening Two

Review

- . Highlights of previous session

The Market Place

- . How an order is executed
- . Methods of execution
- . Types of Orders
- . Order time constraints
- . Execution
- . Electronic routing system

Order Management System

- . Principle types of accounts

Types of securities or issues we process

- . Equities
- . Debt
- . Derivatives
- . Structured

Interfaces in the financial community

- . Regulatory Agencies
 - . Broker Dealers
 - . Clearing corporations
 - . Depositories
 - . Clients (Institutional and retail)
 - . Banks
 - . Vendors
-

- . Client database
- . Security database
- . Order match

Evening Three

Review

- . Highlights of previous session

Trade Processing Function

- . Coding (customer and street-side required process)
- . Trade Figuration (customer and street-side)
- . Mortgage back securities computation
- . Option computation

Trade confirmation

- . T+3 notification
- . Rule 10b-10 requirements
- . DVP notification
- . Electronic systems-Omgeo

Trade comparison-Clearing Corporations

- . OATS/ACT

Evening Four

Review

- . Highlights of previous session

What is the function of clearing corporations?

- . Netting of trades
- . Minimizing receives and deliveries
- . One money settlement
- . Contra party

What are the clearing corporations?

- . NSCC div DTCC
- . GSD, MBSD div FICC
- . OCC

NSCC and most other clearing corporations

- . Compared trades are netted

- . TRACE
- . Other systems

Reconciliation

Trade Comparison-Non-clearing corporations

- . Define DTC
- . NSCC - DTC interface
- . Open trades
- . Rolling fail positions into next days settling trades
- . Fail to receive, fail to deliver
- . Participation of clearing banks
- . Use of the Fedwire

Option clearing corporation

- . Comparison completed at exchange where trade occurred
- . Daily Activity sheet
- . Daily margin

MBSCC

- . Comparison members
- . Rolling TBA's and Forwards
- . MBS Allocation

Evening Five

Review

- . Highlights of previous session

Settlement at Clearing Corporation level: DTC

- NSCC (street side)

- . Memo seg
- . Exemptions
- . DTC, NSCC night cycle
- . DTC NSCC day cycle
- . NSCC adjusts the stock record

Settlement at Clearing Corporation level: DTC - NSCC (street side)

Settlement

- . Receive and deliver

Evening Six

Review

- . Highlights of previous session

Custody

- . Location
- . Safekeeping
- . Seg
- . Asset servicing

Asset Servicing

- . Dividends, splits cycle/control
- . Bond interest cycle/control
- . Corporate actions - equity
- . Issuer actions - debt
- . Proxy

- . Stock borrow
- . Stock loan
- . Bank loan

DTC - Customer Side

- . DVP Deliveries and Receives

Workings of receive and deliver department

- . Efficient use of security and funds
- . Reports used in settlement
- . Risk management

Financing Tools

- . Definition
- . Repos
- . LOC - Letters of Credit
- . Unsecured lines of credit
- . Subordinated loans
- . Stock, loan, bank loan

- . Transfer

Mutual Fund processing

- . FundServ
- . MFPS
- . Portfolio
- . Defined distribution

Futures

- . Trade processing
- . Daily interpolation
- . Daily Mark to Market
- . Delivery -Qualifiers

Evening Seven

Review

- . Highlights of previous session

Margin

- . Purpose

Cash Accounts

- . Pay in full
- . Must deliver
- . Paperwork: requires New Account and Customer Agreement form(s)

Margin Account

- . Arranging financing to leverage purchases
- . Must pay required amount by settlement date

Evening Eight

Review

- . Highlights of previous session

Accounting

- . Roles and responsibilities
- . Recording financial entries
- . Five Categories of all accounts
 - . - Assets
 - . - Liabilities
 - . - Revenue
 - . - Expense
 - . - Net Worth of Stockholders Equity
- . Chart of Accounts
- . Journal - book of original entry
- . Ledgers

- . Paperwork: requires New Account, Customer Agreement, Margin and Lending Agreement form(s)

Margin Account - Equities

- . Federal rules
- . SRO rules
- . Brokerage firm rules
- . Excess
- . Maintenance
- . SMA
- . T Call
- . Maintenance Call
- . Short Sale
- . Buying power

Option Margin

- . Paperwork: Option Agreement, Standard Forms and approval requirements
- . Long position
- . Written position
- . Applications for Spreads, Straddles and Combination

- . Profit and Loss Statement
- . Balance Sheet

Brokerage Accounting

- . Roles and responsibilities
- . Four categories of accounts
 - . - Proprietary
 - . - Client
 - . - Street Side (location)
 - . - General Business
- . Security Positions
 - . - Long
 - . - Short
- . Cash Positions
 - . - Debit
 - . - Credit

Evening Nine

Review

- . Highlights of previous session

Stock Record

- . Purpose
- . Two versions (activity and summary)
- . Account Ranges
- . Report contents
- . Activity stock record
- . Break accounts
- . Reconciliation

Evening Ten

Review

- . Highlights of previous session

General Ledger

- . Purpose
- . Roles and responsibilities
- . Daily cash listing
- . Trial balance
 - . -Contents
 - . -Produced
- . Ledger accounts

- . Summary stock record
 - . Stock Record versus:
 - . -DTC
 - . -NSCC
 - . -Transfer
 - . -Stock Loan/Stock Borrow
 - . -Bank Loan
 - . -Clients
 - . -Proprietary Control
 - . Regulatory reporting
 - . -Net Capital - 15c3-1
 - . -Customer Protection - 15c3-3
 - . -Focus
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Class Schedule

April 10, 12, 17, 19, 24, 27, May 1, 3, 8, 10

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