



## Brokerage Operations

This intensive program covers the more salient aspects of brokerage operations. Offered as a two day program, the participants are taken through the steps from order entry through trade processing to final record keeping and regulatory reporting for many of the industries products. This includes after settlement processes, such as corporate actions and debt servicing. Both customer side and contra side of the operation process are detailed.

## Targeted Audience

It should be of particular interest to: Technology -- operational and administrative staff new to the securities industry; Broker dealer's staff with limited exposure to the entire operations process; Brokerage firms' counter parties at banks; Employees of clearing corporations and depositories; Regulatory personnel; Administrative and operational personnel of institutional clients; Employees of the Industry's vendors

## 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

None

## Learning Objectives

Students will be able to:

- . Understand the components of the trade processing cycle
- . Identify the processing routines used by the primary products
- . Grasp concept of customer margin requirements for different products
- . Interpret financing needs and probable solutions
- . Garner an appreciation of customer and street side processing cycle
- . Be conversant in the workings of the Stock Record and General Ledger

## **Alumni Comments**

*"Fantastic instructor who was very engaging!"*

*"The use of real-world examples was a strength of this course."*

*"Good overview of operations and good background on trade processing."*

*"This course gives a very full and detailed description of the operations process."*

*"The instructor offered experience AND knowledge."*

**Level: Basic**

**CPE Credits: 14.0**

**Instructional Method: Group-Live**

## **Detailed Outline**

### **Day 1**

#### **Primary Sections of a Brokerage Firm**

- . Front office-Revenue generation
- . Middle office-Transaction processing
- . Back office-Security and money settlement,

### **Day 2**

#### **Security and Cash Settlement**

- . Receive and Deliver operation
- . Seg control and balancing
- . Settlement Interfaces

asset servicing

- . Main records and reports
- . Regulatory reporting

### **Overview of Products**

- . Equity
- . Debt
- . Derivatives

### **Industry Interfaces**

- . Institutional and retail clients
- . Banks - in multiple roles
- . Clearing corporations
- . Depositories
- . Regulators
- . Vendors

### **Broker Dealer Categories**

- . Broker
- . Dealer, market maker, trader
- . Clearing/non-Clearing
- . Prime broker
- . International/Multi-national

### **Trade Entry Process**

- . Order entry systems
- . Security master reference file
- . Client master reference file
- . Order flow

### **Functions of the Marketplace**

- . Agency vs. principal markets
- . Workings of the market
- . Order instructions, Execution, Reporting

### **Trade Processing Function**

- . Trade Figuration
- . Comparison: Netting and CNS, RTTM, Matching
- . Confirmation: T+3 (Retail); DVP (Institutional)

- . Stock Loan/Borrow/Bank Loan
- . Repo/Reverse/GCF
- . Workings of the clearing banks
- . FedWire

### **Custody Functions**

- . Depositary
- . Custodian Bank

### **Corporate Action Processing**

- . Dividend and bond interest processing
- . Mergers, Acquisitions
- . Tenders
- . Reverse Splits, Spin offs, etc

### **Transaction Processing and Clearing For**

- . Mutual funds- via FundServ; Non FundServ
- . Options: Listed and OTC-Working of OCC; Exercise and Assignment
- . Futures-Trade processing; account management; settlement
- . Asset Backed Securities: ISDA Agreements; Warehousing

### **Cash and Security Accounting**

- . Type of accounts
- . Entry exercise

### **Stock Record**

- . Entry types
- . Daily Activity
- . Position Record

### **General Ledger**

- . Entry types
- . Daily Cash Listing
- . Trail Balance

## **Introduction to the Margin Department**

- . Requirements for securities, options and futures
- . Work of the margin department
- . Margin applications: Excess, Maintenance
- . Requirements
- . Actions

## **Regulatory and Financial Reports**

- . Profit and Loss
- . Balance sheet
- . Net Capital (a.k.a. 15c3-1)
- . Customer protection (a.k.a. 15c3-3)
- . FOCUS

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