



# CREDIT DEFAULT SWAPS

## PRICING, APPLICATIONS & FEATURES



ICMA Executive Education is a joint partnership between the International Capital Market Association and the ICMA Centre, Henley Business School, University of Reading



## INTERNATIONALLY RECOGNISED QUALIFICATIONS FOR THE **FINANCIAL MARKET**

### **COURSE OVERVIEW**

The credit default swaps (CDS) market has been growing rapidly since its introduction in the late 1990s, with the market estimated to be worth in excess of \$593 trillion at the end of 2014. With a constantly changing market companies now find CDS to be a vital instrument in their daily activity. This two day programme begins by looking at CDS fundamentals, then moves on to analyse CDS transactions and examines pricing structures. The course explores different types of trades and explains the terminology employed within these transactions.

Attending this course will help you:

- Discover the main CDS concepts and analyse the different ways in which a CDS can be valued and traded
- Understand the single name CDS product
- Consider CDS indices and various structured products into which a CDS can be packaged
- Become familiar with index tranche investing terminology and application

## COURSE CONTENT

The course content is divided into several topic areas, which are then broken down into multiple subtopics:

### 1. Credit Default Swap (CDS) Fundamentals

- The CDS market
- CDS structures and contractual terms

### 2. Analysing CDS Transactions

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

### 3. Pricing CDS

- Risky PVO1
- Risky DVO1
- Valuing CDS from asset swaps
- Zero coupon pricing

### 4. Applications of Single Name CDS Transactions

- The CDS basis
- Switch trades
- Curve trades

### 5. CDS Indices

- CDS indices
- Terminology
- Hedging and trading applications

### 6. Credit-linked Notes

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

### 7. CDS Swaptions

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

### 8. Index Tranche Investing

- Key terminology
- Understanding default correlation
- Trading applications

## COURSE FORMAT

The course is a two day classroom-based programme, taking place in London at various times during the year. This is a non-examined course but delegates will receive a certificate of attendance, issued jointly by ICMA and Henley Business School, University of Reading.

## TARGET AUDIENCE

This course is ideal for anyone with an understanding of the fundamental concepts of finance and fixed income looking for an introduction to the CDS product. An understanding of bond pricing and market risk (i.e. duration / DVO1) is assumed.

## COURSE DIRECTOR

Neil Schofield 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 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 2008, he published his first book "Commodity Derivatives" and his second text "Trading the Fixed Income, Inflation and Credit Markets" was published in 2011.

## PROGRAMME RECOGNITION

Candidates who attend the Credit Default Swaps - Pricing, Applications & Features course qualify for 13 credit hours under the guidelines of the CFA Institute's Continuing Education Programme.

## ICMA EXECUTIVE EDUCATION

For many years ICMA Executive Education has been regarded as the benchmark in training for both the front office and operations areas of business. Our qualifications and training programmes are internationally recognised and are required training by many of our member firms. ICMA Executive Education is unique in that ICMA and the ICMA Centre, Henley Business School, University of Reading work together to deliver training courses, taught by current and former financial markets practitioners which blend practical and academic know-how, so that candidates have a thorough understanding of the topics being discussed.

Seven examined qualifications are offered:

- Financial Markets Foundation Qualification (FMFQ)
- Securities Operations Foundation Qualification (SOFQ)
- Introduction to Fixed Income Qualification (IFIQ)
- Introduction to Primary Markets Qualification (IPMQ)
- ICMA Fixed Income Certificate (FIC)
- 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. In addition to our examined qualifications we also offer a selection of non-examined training programmes throughout the year. These programmes look at a single topic from the syllabus of one of our intermediate qualifications, but are explored in much greater depth to a targeted audience. The training is extremely focused and provides an opportunity to network and discuss the issues affecting the financial markets with your industry peers.

ICMA Executive Education is able to provide any of its public qualifications and training programmes on an in-house basis.

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## 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) represents financial institutions and other participants in the international capital market worldwide with over 500 members in over 60 countries. ICMA's market conventions and standards have been the pillars of the international debt market for close to 50 years, providing the framework for good market practice which facilitates the orderly functioning of the market. ICMA actively promotes the efficiency and cost effectiveness of the capital markets by bringing together market participants including regulatory authorities and governments.

## FURTHER INFORMATION AND REGISTRATION

For further information and to register for any of our programmes, please visit:

[www.icmagroup.org/education](http://www.icmagroup.org/education)

or contact us at: [education@icmagroup.org](mailto:education@icmagroup.org)

