

NEW for 2012

Auditing Investment Banks

Auditing FI, equities, corporate broking and corporate finance



INTERNAL AUDIT

3 DAY COURSE:

14 - 16 May 2012

London

Course Director

John Webb

Over 22 years he served as Head of Internal Audit and Fraud Investigation Officer in both the insurance and securities sectors

Delegate feedback from some other MIS courses:

'Very interesting with new perspectives, new ideas and provoking statements'

Internal Auditor, Juske Bank

'It gave a good picture of the big issues in banking audit'

Internal Auditor,
BES - Banco Espirito Santo

You will gain a good understanding of the key controls operating in an investment banking business and learn the key techniques to audit each business with confidence:

- The role of internal audit in investment banking
- How to leverage market, credit and operational risk metrics to plan and execute audits
- Key inherent risks, control processes and audit approach in each of the business/product areas
- Regulatory expectations

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50%

Email: Omar Khazen, Head of In-House Training at training@mistieurope.com or call: +44 (0) 20 7779 8454



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Course Director

John Webb

John Webb is an experienced Head of Internal Audit in Financial Services, an Accountant (FCCA) and a Certified Fraud Examiner. Over 22 years he served as Head of Internal Audit and Fraud Investigation Officer in both the insurance and securities sectors and was instrumental in his employer's risk assurance improvements and in designing their fraud prevention policies, procedures and plans. In addition to supplying material for the ACFE UK Fraud Manual, John assists in the editing of its "Financial Transactions" Section.

He chaired the Institute of Internal Auditors' Banking & Financial Services Group and also served as a committee member, for varying periods, on the committees of both his professional bodies.

John is well known in City control assurance circles and has also performed regulatory reviews in the US and Commonwealth countries.

In recent years he was a speaker on various occasions that included: Speaking at various fraud conferences, most recently at the 28th International Symposium on Economic Crime (September 2010 at the University of Cambridge), directing a plenary workshop on protecting the integrity and stability of financial institutions and systems, following the recent financial crisis.

John regularly contributes to the Association of Certified Fraud Examiners' UK Fraud Manual. In November 2010, he revised the manual sections on:

- The Responsibility of Management and Others for Fraud (Fraud Risk Management and Corporate Governance)
- Financial Institution Fraud
- Insurance Fraud
- Solvency II for Insurance Companies
- Mortgage Market
- Institute of Internal Auditors revised standards - January 2011
- Fraud Auditing.

John chairs seminars for the ACCA Internal Audit Panel over many years.

Course focus and features

This course is designed to provide internal auditors with the key skills that they require prior to commencing internal auditing assignments within an Investment Bank (financial institutions who are active in raising capital, trading securities and managing mergers and acquisitions for their corporate and government clients). Analysing the various Investment Banking products and their risk profiles, the course considers the internal audit approaches that would be appropriate and assists delegates in designing suitable internal audit programmes.

In the last decade or so, the line between investment banking and other forms of banking has blurred, as deregulation allowed banking institutions to take on more and more sectors. At the same time, sophistication and complexity in investment banking product offers has made it a specialist field with expectations for internal auditors to also mirror this speciality in their own skills base offering. The credit crisis highlighted deficiencies in risk assessment and management, as well as systemic weaknesses which increased risk and at the same time reduced the effectiveness of mitigation and response plans. It is also changing the business and regulatory environments.

The course concentrates on identifying the key areas for control within each line of business.

Who Should Attend

- Internal auditors new to investment banking, or those who wish to broaden their knowledge base into other investment banking products and areas
- Line and risk managers wanting to gain an appreciation of the risk assurance role.

Methodology

A combination of classroom style presentations with additional case studies. Internal audit techniques will be considered at each stage of the course.

Prerequisite

Some knowledge of basic audit techniques and also of the financial market would be an advantage.

Advanced Preparation: None

Training Type: Group-Live

Learning Level: Basic

Price: GBP £2,395

CPEs: 22



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Audit principles, objectives and internal controls refresher

- Risk based audit approach
- Use of internal risk measures to aid in planning and prioritisation
- Use of analytical techniques – daily and monthly P&Ls
- Audit testing – sampling and whole population
- The relationship to external audit
- Introduction to the Basel accord
- Regulator's view.

General audit considerations

- Segregation of duties
- Broking, trading and advisor intermediary roles
- Traders mandates and authorities
- Risk limits and monitoring
- Customer/counterparty set up process
- Trade Capture
- Trade confirmation or matching process
- Settlements
- Mark-to-market
- Approval of new products
- Approved brokers

Auditing Equities – Agency brokerage business

- Customer accounts and KYC rules
- Receiving and booking of orders
- Order execution
- Order allocations and confirmations
- Settlements
- Algorithmic Trading

Auditing Equities – Trading

- Proprietary trading and conflicts of interest
- Timely booking of trades (late trades and cancellations)
- Risk limits and breaches
- Automatic matching (Crest) or confirmations
- Matched, unmatched and fail trades
- Credit and Limits Committee
- Valuations (bid/offer mark to market marking)
- Independent price verifications
- Corporate actions

Research

- The analysts role
- Independence of research from trading and sales
- Independence from corporate finance
- The Control Room
- Wall crossing

Fixed Income – government and corporate bonds

- Illiquid bonds
- Settlement platforms (e.g., Euroclear for corporate bonds)
- Review of matched, unmatched and failed trade reports
- Government Bonds and Gilts
- Independent verification of prices

Fixed Income – Research and sales

- Account opening process
- Importance of KYC and KYB checks

Derivatives – OTC Swaps and Options

- Proprietary and client driven
- Strategies and pricing
- Dynamic hedging
- Booking trades
- Valuation – DCF method
- Confirmations
- Collateral Management

Derivatives – Exchange traded futures and options

- Exchange driven processes
- Margin call reports and management
- Option maturity reports
- Valuations of open positions

Exotics & hybrids

- Example of an Exotic product
- Accounting treatment of fees
- Differences from vanilla products
- Model verification
- Verification of valuations

Credit Derivatives

- CDS and CDO's
- Documentation and risk disclosures
- Valuation
- Expected loss reporting

Securitisation (intermediaries)

- Nature of the business
- Administration Agreement
- Due diligence
- Special Purpose Vehicles (SPVs)

Corporate Broking and Corporate Finance

- The role of the Broker
- Corporate finance and advice
- Chinese walls and boxes
- Data control (market side and client side)
- Compliance monitoring

New Issues and Syndication

- Equity Capital Markets
- Debt Capital Markets
- Conflicts office
- Deal control and blackout periods
- Due diligence policy and process
- Commitments Committee
- Prospectuses and road shows
- Book building
- Stabilisation policy and support

Market Making

- Objectives
- Position reporting
- Front running controls

Commodity Derivatives

- Nature of the business
- Types of commodity derivatives e.g., oil, metals, etc.
- Margin call reporting and management

Treasury Operations

- Organisation – Front and back office
- Funding mechanisms, FX, Repos, Sale buy/back
- Stock lending and borrowing
- Nostro reconciliations

Financial Crime

- Market Abuse
- Insider Dealing
- Fraud Risk Management
- Payment Fraud
- Data interrogation and mining
- Fraud investigation

Risk Management and VaR

- ERM and the audit universe
- VaR Models and the Greeks
- Regulatory expectation of internal audit
- Role of the Audit Committee
- Key audit considerations

Compliance Department

- Compliance monitoring
- Own account trading
- Record keeping
- KYC
- Politically exposed persons
- Anti-money laundering
- Client assets and money
- Prudential regulations

Course review and closure

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Register Online at: www.mistieurope.com/training

IMPORTANT INFORMATION - YOUR REGISTRATION CODE:

IA120506-W

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LONDON

14 - 16 MAY 2012

PRICE GBP £2,395 +VAT

Price includes tuition, course folder with all course notes, lunch and refreshments and a prestigious certificate. Delegates are responsible for their own accommodation. You can request an invoice or pay online. Please note, payment must be received prior to course start.

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7 Reasons to Choose MIS Training

- 1 We are the global leader in Audit, Risk, Fraud and Security Training, with over 30 years experience and having trained over 200,000 delegates. Our clients include: European Central Bank, National Audit Office, Ministry of Defence, European Court of Auditors, Euroclear and the World Bank
- 2 Our course directors have at least 15 years relevant experience for companies such as Shell, ABN AMRO, HSBC, ICI, Zeneca, American Express and Merrill Lynch and Co. Many are published authors and sit on boards of prestigious associations such as the IIA and ISACA
- 3 Your course instructor will welcome any post course follow up. The training course doesn't stop as soon as you leave
- 4 Each course is reviewed and revamped regularly to ensure it addresses the latest legislative and market changes
- 5 We are registered with NASBA. You will be able to gain CPE points towards your accreditation
- 6 We have been accredited by the British Accreditation Council (BAC). The BAC is recognized the world over and represents the clearest mark of educational quality. BAC is recognized by the UK Border Agency
- 7 Our public courses take place in luxury 4-5 star hotels in capital cities across EMEA. We include a complimentary 3 course lunch every day as well as refreshments throughout so you can enjoy your training in complete comfort

Group Booking Discount**



2 delegates -
5% discount



3 delegates -
10% discount



4 delegates -
12% discount



5 delegates -
15% discount

**Available for delegates from one organisation attending the same course

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Cancellation Policy:

Please ensure you have read this carefully before submitting your registration] MIS Training operates a 20 working day cancellation policy. Any cancellations received after 20 days or any delegate that does not attend will be subject to full payment. You may transfer to another course/conference for a transfer fee of 25% of the initial booking fee plus the difference between the value of the course/conference you are transferred to. This will be invoiced or refunded. Please note that the replacement course/conference must take place within 6 months of the initial application. Alternatively you may send another colleague to the initial booked course/conference without incurring any additional fees. A full refund less an administration fee of £100 will be given for cancellation requests received up to 20 working days before the event. Cancellations must be made in writing and reach the MIS office before the 20 working days deadline.

Accommodation:

All training venues will be confirmed 3-4 weeks prior to the course start date. MIS Training Institute has negotiated special accommodation rates in 4 star hotels in central London (Zone 1) for UK courses.

VAT:

All delegates attending are liable to pay VAT. Overseas delegates can claim a VAT refund under the European Union (EU) 8th and 13th Directives on all eligible business expenses such as course fees, hotel accommodation, meals, car hire etc., provided you are not registered for VAT in the UK. For more information please visit www.mistieurope.com/VAT or email training@mistieurope.com.



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