

This document outlines a 1-day workshop which is specifically designed to expand delegates' knowledge of clearing processes. Extensive explanation of counterparty risk, margining, collateralization and regulation is brought forward.

The workshop has a strong interactive character whereby the involvement of participants is of utmost importance. Various simulations help participants to gain in-depth insight of energy auctions and their characteristics.

Learning objectives

The learning objectives of this extensive workshop are to acquire insight and knowledge of, and practical skills regarding:

- Counterparty risk, transparency & regulation
- Regulatory packages
- Clearing processes
- Clearing houses, members and clients
- Margining & Collateralization

Target group

This workshop is specifically suitable for:

- Board members & general management
- Mid & Back office staff
- ICT experts & project managers
- Staff from the finance department
- Controllers
- Exchange staff
- Clearing corporation's employees
- Regulators
- Brokers
- Accountants & advisors

1-DAY EMIR & MANDATORY CLEARING

Session 1

The credit crisis and desires of politicians & regulators

- Lehman Brothers
- Markets
 - Spot market (prompt market)
 - Forward market (future market)
- Reasons for executing transactions
 - Physical need
 - Sourcing & Sales
 - Financial desire
 - Hedging
 - Arbitrage
 - Speculation
 - Proprietary trading
 - Optimization (of assets)
 - Asset backed-trading
- EMIR
 - Description
 - Its purposes
 - Regulation
 - Transparency
 - Positions
 - Clearing

Session 2

Clearing

- Clearing houses
 - Central counterparties
 - Covering both sides of a transaction
- Clearing members
 - Financial institutions
- Collateralization
 - Bank guarantee
 - Portfolio of governmental bonds
 - Cash collateral
 - (Daily) margining
 - Initial margin
 - Variation margin
 - Margin call
- Differences between OTC and Exchange trading
 - Standardization versus tailoring
 - Mandatory clearing (allocation of capital)
 - Netting
 - Payment (cash transfer)
 - Trading platform
 - Fee structure
 - Transparency
 - Liquidity

- Anonymity
- Regulation

Session 3

Market development

- Emission rights as collateral
- Netting
 - Bilateral netting (OTC)
 - Multilateral netting (Central counterparty, CCP)
- Give up facilities by clearing organizations
- Impact on liquidity
 - Funding liquidity
 - Market/asset liquidity
- Integration of OTC markets with Exchange platforms due to
 - Trayport
 - Sleeving
 - EMIR

Session 4

EMIR in practice

- The challenges of EMIR
 - Monitoring
 - Reporting
 - Collecting & storing data
 - Processing data & creating information
 - Interpreting data & information
 - Taking action
- Threats
 - Data & information security
 - Fraud
 - Credit risk with respect to clearing organization
 - Guarantee
 - Systemic risk
 - Centralization of risk at one point
 - Manipulation of data
 - Manipulation of reasons for doing transactions
 - Proprietary trading at banks
 - "Clients servicing" account
 - Intransparency