

OTC-derivatives Pricing and Counterparty Risk

Course in Copenhagen

Day 1

09.00 Welcome and introduction

09.10 1. OTC-derivatives - the new landscape

- Drivers in the market
- The Regulatory environment in Europe
- EMIR - overview of four pillars
- EMIR obligations - who, what, how and where?
- Consequences

10.15 Coffee break

10.30 2. New Pricing Methodologies

- The new pricing methodology
- Basis
- Finding the risk free rate
- How to treat counterparty risk in pricing of derivatives
- Multi-curve pricing
- Collateral Consistent Pricing
- Examples
- Exercises

12.00 Lunch

13.00 2. New Pricing Methodologies (continued)

14.00 3. Counterparty Risk Management

- Clearing methods
- How do we reduce counterparty risk?
 - Limits
 - Netting
 - Collateral management
 - Compression
 - Other methods

16.00 End of day 1

Day 2

09.00 Recap

09.30 4. Central Counter Parties (CCPs)

- Clearing member relations
- Clearing for clearing members
- Clearing member default procedures
- The capital cushion of a CCP
- How to handle non-cleared derivatives
- What do regulators say?

10.30 5. Counterparty Risk Measurement

- How do we measure counterparty risk?
- Exposure
 - The BIS approach
 - The analytical approach
 - Monte Carlo simulation
- Probability of default (PD)
 - Implied default probabilities
 - Historical default probabilities

12.00 Lunch

13.00 5. Counterparty Risk Measurement (continued)

- Loss Given Default (LGD)
- Credit value adjustment (CVA)
 - Exercise
- Wrong way risk
- Debt Value Adjustment (DVA)
- Funding Value Adjustment (FVA)
- Capital Requirements

16.00 End of course and evaluation

Price

The price of the course is DKK 13.500 ex VAT. The price includes course material, lunch and refreshments.

