



CERTIFICATE COURSE ON FOREIGN EXCHANGE & TREASURY MANAGEMENT

The Certificate Course is an advanced course on Treasury Management (including Forex Treasury) for Chartered Accountants organized by Banking, Financial Services and Insurance Committee of The Institute of Chartered Accountants of India. Participants are presumed to have advance theoretical knowledge and understanding of Forex and Treasury. Sessions will focus on practical aspects of treasury management.

Module I

Chapter-1 Treasury – Organisation Structure	TOPIC
	<ul style="list-style-type: none">• Treasury – Its Evolution and Objectives.• Organisation Structure of Treasury – Front, Back & Mid Office.• Functions of Treasury Department.• Role of Treasury and Treasurer in:<ul style="list-style-type: none">○ Raising Capital.○ Managing Bank Relationships.○ Money Management.○ Treasury Performance Management.○ Liquidity Management.○ Credit Management.○ Forex Management.○ Risk Management.• Responsibilities of a Treasurer.
CHAPTER-2 Treasury - Process	TOPIC



	<ul style="list-style-type: none">• Treasury Management - Systems and Techniques.• Treasury Policy and Procedure Manual.• Delegation with Accountability:<ul style="list-style-type: none">○ Open Position Limits: Daylight, Overnight, Asset Position Limit, Intraday Limit.○ Deal Size, Individual Dealer's Limit○ Stop Loss Limits• Control and Reporting Requirements.• Dealing and Trading Operations – Control and Orderly Conduct, Moral and Ethical Codes, Checks of Balances, Signing Ethical Code Agreement.• An insight into:<ul style="list-style-type: none">○ Float, Availability, Swaps○ Account Analysis, Clearing Houses○ Lockboxes, Disbursement• Benchmark Rates for Discounting Cash Flows.• Liquidity and Cash Flow Management - CRR.<ul style="list-style-type: none">○ Objectives, Sources and Deployment○ Internal Control, Netting, Gap Management• Treasury Management Processes like Domestic Remittances, International Remittances.• Payment & Settlement Systems, CCIL, CLS and RTGS, NEFT, SWIFT. <p>Dealing Room Operations: Nostro / Vostro/ Loro & Mirror A/cs – Open Currency Position / Cash Position by Dealers.</p>
CHAPTER- 3 Treasury – Domestic	TOPIC
	<ul style="list-style-type: none">• Classification of Treasury Market:<ul style="list-style-type: none">○ Domestic or National Treasury Market○ Forex or International Treasury Markets• Money Market:<ul style="list-style-type: none">○ Need for the Market - Participants



	<ul style="list-style-type: none">○ Types of Interest / Yield Rate Quotations○ FIMMDA, Role of CCIL and Products – CBLO (Collateralized Borrowing and Lending Obligation), NDS-OM, CROMS● Money Market Instruments:<ul style="list-style-type: none">○ Government Securities - Treasury Bills - Promissory Notes - Fixed Income Securities○ Repurchase Agreements (REPOS / Reverse Repo)○ RBI Money Market Operations like Sterilization and Non-Sterilization - LAF○ Commercial Paper, Certificate of Deposits.○ Alternative Investments - Bills Discounting, Refinance and Rediscounting Facilities, Inter Bank Dealings, Factoring, Forfating Mutual Funds● Capital Markets:<ul style="list-style-type: none">○ Primary & Secondary Market○ Principles of Valuation-Settlements of Transactions● Bond Market – Types and its Futures<ul style="list-style-type: none">○ Corporate Bonds, Zero Coupon Bonds ,Perpetual Bonds○ NCDs, STRIPS, Venture Capital, Private Equity, Angel Funds, Investment in ARCs.● Understanding Current Yields, YTM, Changes in Yields, Different Maturities of Treasury Bonds, Revaluation – Mark to Market and Profit Calculations, VaR (Value at Risk).● Negative list of investments.● Guidelines on Non-performing investments.● Commodity Market:<ul style="list-style-type: none">○ Structure of Commodity Market○ Leading Commodity Exchanges in India○ Commodity Futures Trading in India <p>Linkage Domestic with Foreign Operations.</p>
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CHAPTER-4 Treasury – Forex	TOPIC
	<ul style="list-style-type: none">• Foreign Exchange Markets:<ul style="list-style-type: none">○ Different Kinds of Inter-Bank Forex Markets○ Highly Traded Markets - Cash/OTC○ Nature of Transactions○ Cross Border Currency Flows○ Liberalization of Exchange Control○ Role of Banks in Forex Market○ Factors Impacting Forex Market○ Convertibility and BOP• Forex Concepts:<ul style="list-style-type: none">○ Exchange Rate Quotes○ Factors affecting Exchange Rates○ Exchange Rate Mechanism○ Spot and Cross and Forward Rates○ Premium and Discount○ Forward Contracts–Booking, Extension, Cancellation.• International Treasury:<ul style="list-style-type: none">○ Market Participants○ Various Forex Treasury Products○ Volatility of Major Currencies○ Currency Trading



	<ul style="list-style-type: none">○ Global Securities – Portfolio Management● External Commercial Borrowings (ECBs)<ul style="list-style-type: none">○ FEMA Regulations for Import / Export Transactions - Current A/c Rules –Capital Account Transactions.○ FDI / FPI Guidelines in India and impact of Inflows & Outflows on Forex Treasury.○ GDRs / ADRs, Tandoori Bonds, Pass Through Certificates.○ Loan Syndications and FRN○ Interest Rates and Volumes○ Tax Implications● International Funding Organisations. Impact of Recent Global Crises – Role of IMF, FEDAI/WORLD BANK/NEW DEVELOPMENT BANK/AIIB BANK.● Derivative Markets<ul style="list-style-type: none">○ Futures, Options and Swaps○ Price Calculation of Various Instruments○ Swaps - Outright Deals, Dealer Operations○ Trends in Futures Market○ Short Term Interest Rate Futures● Practical Concepts of Options Market:<ul style="list-style-type: none">○ Comparison on Options & Synthetics○ Rules of Options - OTC/Exchange Traded
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	<ul style="list-style-type: none">○ Option Strategies like KIKOs● Black Scholes and Beyond – In Options.● Settlement of Futures / Option Contract.● Swaps Market:<ul style="list-style-type: none">○ OIS Swap○ MIFOR Swap○ INBMK Swap○ Coupon - Only Swap○ Hedging of Buyers Credit / ECB● Hedge Accounting. <p>Standard International Agreements.</p>
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CHAPTER – 5 Treasury – Mathematics	TOPIC
	<ul style="list-style-type: none">● Concept of Time Value of Money.● Hypothesis Testing – Time Series Analysis.● Technical Analysis – Evaluating Securities.● Linear Programming – Decision Making – Simulation.● Core Tools for Cash Management - Cash and Liquidity Forecasting.● YTM - Yield Curve, Modified YTM, Current Yield, Different Versions – Callable Bonds, Callable Yield Notes, Puttable Bonds.● Building ZCC and Use of ZCC Yields.● Bootstrapping Process to derive the Zero Curve.● Liquidity & Interest Rate Sensitivity Gap measures - RBI



	<p>Guidelines.</p> <ul style="list-style-type: none">• Bond & Securities Valuation – Bond Dynamics - Duration – Modified Duration.• Risk Measures – VaR – Mecauly Duration.• Back Testing of VaR:<ul style="list-style-type: none">○ By Historical Simulation Method○ By Monte Carlo Simulation Method• Investment Appraisals.• Financial Statement Analysis:<ul style="list-style-type: none">○ Cash Return on Assets Ratio○ Returns Ratios○ Solvency Ratios○ Liquidity Ratios○ Profitability Ratios and Growth• Efficiency Ratios & Valuation Ratios
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CHAPTER- 6 Treasury – Technology	TOPIC
	<ul style="list-style-type: none">• Role of Information Technology in Treasury Management.• Overview of Software used in Treasury - Banks, Insurance Companies and Corporates.• Storage of Data Files - Reports Generation, IT Risks Mitigation Measures like Business Continuity Plan (BCP), Disaster Recovery Plan (DRP) and Transaction Protections etc.• Bloomberg / Thomson Reuters screenshot showing Forward Markets and their Interpretation. FX Swap Curve



	across the globe and Indian and Correlation between Swap Curves.
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Module II

CHAPTER -7 Treasury -Accounting	TOPIC
	<ul style="list-style-type: none">• Integrated Treasury Accounting Units.• Accounting - Valuation and Elimination of Exposures.• Accounting of Treasury Instruments.• Management of Daily, Weekly and Monthly Liquidity / Funding Plans and Coordinating Plans with Treasury Dealer.• Administration - Bank Cash Management System.• Group Cash Flow Forecasting.• Daily, Weekly and Monthly Treasury MIS to Stakeholders.• Monthly Bank Reconciliation.• Treasury Control and Hedge Accounting:<ul style="list-style-type: none">○ Treasury Hedge Accounting as per US GAAP (FAS 133, FAS 157), IFRS (IFRS 9, IFRS 13) and Indian GAAP• Detailed Accounting of all Hedge Items in respective Corporates Books

CHAPTER-8 Treasury – Taxation	TOPIC



	<ul style="list-style-type: none">• Tax on Derivatives.• Financial Transaction Tax.• Banking Services Tax.• Other Taxes applicable to Treasury Operations (Domestic and Forex).
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CHAPTER-9 Treasury – Types	TOPIC
	<ul style="list-style-type: none">• Treasury - Manufacturing and Service Corporates:<ul style="list-style-type: none">○ Back ground○ Contribution Analysis○ Operating and Financial Leverage○ Liquidity Management○ Foreign Exchange Exposures○ Commodity Exposures○ Credit Exposures○ Debt Restructurings• Treasury - Banking:<ul style="list-style-type: none">○ Back ground○ Capital Adequacy○ Yield Curve and Spreads○ Credit Risks○ Foreign Exchange Risk○ Interest Risks○ Re-financing Risks○ Securitization○ Asset Liability Management• Treasury - Special Reference to:<ul style="list-style-type: none">○ Insurance Companies (Life & General)○ Mutual Fund Organizations○ Chit Funds Organizations



	<ul style="list-style-type: none">○ Housing Finance Companies○ Non-banking Financial Companies○ Government (Either State or Central)○ Reserve Bank of India Profit Centre Vs. Non-Profit Treasury
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CHAPTER -10 Treasury - Risk Management	TOPIC
	<ul style="list-style-type: none">● Risk – Definition.<ul style="list-style-type: none">○ Risk Process – Risk Management○ Key Risks – Interest Rate Risk, Market Risk, Currency Risk, Credit Risk, Liquidity Risk, Legal and Operational Risk● Treasury Risk Management Policy.<ul style="list-style-type: none">○ Risk Measurement and Control○ Calculation○ Monitoring Risks in Open & Exposure Limits○ Risk Exposure Analysis○ Risk Mitigation Policy○ Risk Immunization Policy○ Risk Diversification Strategies○ Risk Framework and Individual Instruments○ Contingency Plan for Liquidity Management○ Reviewing Risk-Return Profile as well as the Tax-efficiency of investment instruments.○ Minimizing Float Across the Business Value Chain and reducing the Cost of Borrowing Reviews● Role of Mid Office<ul style="list-style-type: none">○ Operational Clarity and Documentation and Monitoring.● System Audit - Risk Management / Mitigations.● Approach to Forex Risk Management Policy.<ul style="list-style-type: none">○ Developing Risk Framework



	<ul style="list-style-type: none">○ Country Risk and Operating Risk○ Liquidity Coverage Ratio, Net Stable Funding Ratio, Leverage Ratio● Risk Hedging Instruments & its Mechanism.<ul style="list-style-type: none">○ Forward, Futures, Options, Swaps and Arbitrage Opportunities● Credit Rating Agencies. <p>Portfolio Management Services.</p> <ul style="list-style-type: none">● Asset Liability Management.<ul style="list-style-type: none">○ Multi Currency Balance Sheet○ Organizational Structure○ Risk Adjusted return on Capital○ Capital Adequacy Norms○ ALCO Techniques / Tools – GAP Analysis○ Liquidity and Interest Rate Sensitivity Gaps○ ALM Book – Banking Book & Trading Book○ Liability Management using Interest Rate Derivatives○ Mismatch of positions – Gap Limits (IGL – Individual Gap Limits and AGL – Aggregate Gap Limit) and Stop Loss Limits VaR & Capital Provisions● Viability and Risk of using different Hedging Instruments.<ul style="list-style-type: none">○ Hedging Strategies – Mandatory and Optional Hedging – Transaction-wise / Portfolio-wise Risk Management● Implications and Challenges of Basel III.● International Swaps and Derivatives Association Master Agreement:<ul style="list-style-type: none">○ Role played by ISDA Agreement during Global Financial Crisis <p>Importance of ISDA after Global Financial Crisis</p>
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CHAPTER – 11 Treasury – Regulation, Supervision and Compliance	TOPIC
	<ul style="list-style-type: none">• Treasury Management - Ethics and Compliance.• Prevention of Money Laundering Act, 2002.• Money Market Operations.<ul style="list-style-type: none">○ RBI Policy – Liquidity Support for Banks and Primary Dealers○ Market Practices○ FIMMDA Guidelines (In Detail)• Banking Regulations:<ul style="list-style-type: none">○ Investment Bankers, Bankers to the Issues, Underwriters○ Portfolio Managers, Wealth Advisors, Investment Advisors• Intraday Liquidity Management Guidelines issued by RBI.• RBI Guidelines on Risk Management.• Regulatory Guidelines on Futures, Options, Forward and Swaps.• Recent Policy Guidelines of RBI on Basel III implementation.• Statutory Returns to Reserve Bank of India (RBI).• Overview of Regulatory Requirements SEBI (ICDR) Regulations, 2009.• Latest Foreign Direct Investment Policy.• Foreign Exchange Management Act, 1999.• Disclosures in Banks Balance Sheet on Treasury.• FEDAI Guidelines for Merchant Quotes.• RBI Guidelines on Internal Control.



CHAPTER – 12 Treasury - Auditing	TOPIC
	<ul style="list-style-type: none">• Internal Audit and External Audit.• Internal Audit of Treasury:<ul style="list-style-type: none">○ Functions○ Departments• Treasury Operations - Systems Audit.• Documentation & Internal Audit:<ul style="list-style-type: none">○ Limit Setup for Existing / New Corporates○ Un-secured / Balance Sheet and Collateral based Limits set-up• Audit of Regulatory Compliance in particular ForeignExchange Risk Management.• New Norms in Internal Audit or COSO (Committee of Sponsoring Organizations).• Compliance Guidelines with regard to Investments of Banks.• Issues in Management of Integrated Treasury. <p>Co-ordination: Internal and External Treasury Audit.</p>