



London

7th and 8th December 2009

**2 DAY
COURSE**

UCITS III DERIVATIVES & ELIGIBLE ASSETS

**Funds-Axis Limited
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**Price:
Each Day: £ 650 + VAT
Both Days: £ 1000 VAT**

Funds-Axis 2-Day Training Course UCITS III Derivatives & Eligible Assets

Who Should Attend?

- Fund Managers
- Risk Analysts
- Compliance Managers
- Product Development
- Trustees

- ✓ Comprehensive regulatory analysis
- ✓ Interactive work-sessions
- ✓ Reference to real UCITS portfolios and investment opportunities

The Course

A unique event at which attendees will gain a thorough understanding of the UCITS Eligible Assets Directive (EAD) and the use of derivatives under UCITS III, including the exposures arising from derivatives transactions, derivative risk management processes, regulatory reporting requirements and best practice.

- ✓ Supported by industry experts
- ✓ Attendance is strictly limited to 16 persons
- ✓ *"Take-home"* templates and processes

Relevant Regulation

Throughout the sessions reference will be had to the UCITS Directive and national UCITS regulations and also to the following documents

Europe



EC Recommendations on use of derivatives by UCITS, 2005

EC Eligible Assets Directive - March 2007

CESR's Final Guidelines on Eligible Assets - March 2007

CESR's Guidelines on UCITS and Hedge Fund Indices - July 2007

Luxembourg



CSSF Circular 07/318 on UCITS, Derivatives and the Risk Management Process - August 2007

Grand Ducal Regulation of 8 Feb 2008 implementing Eligible Assets Directive and CSSF Circulaire 08/339

CSSF Circulaire 08/356 on efficient portfolio management techniques, June 2008

Ireland



Guidance Note 07/2 on Financial Indices - July 2007

Guidance Note 07/3 on UCITS, Structured Products and Complex Trading Strategies - July 2007

Revised UCITS Notices and Guidance Notes (2/03, 3/03, 1/05 and 2/07) on eligible assets, derivatives and EPM - April 2008

United Kingdom



UK IMA / DATA / FOA Revised Risk Management Process Document - 2008

FSA Handbook Notice 73 - implementation of Eligible Assets Directive - Feb 2007

Day 1-The Eligible Assets Directive

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8.45 AM: Registration

9.15 AM: An introduction to the Eligible Assets Directive

By 23 July 2008, all UCITS must comply with the Eligible Assets Directive. Here we consider the key provisions of the Directive and of the related Guidance published by the Committee of European Securities Regulators (CESR).

This includes the provisions in respect of transferable securities and money market instruments, structured products including those embedding derivatives, open and closed ended funds, OTC derivatives, credit derivatives, derivatives on financial indices and index tracking funds.

10.40 AM: Break

11.00 AM: Workshop Case Studies

In this session, we commence our more detailed analysis of the Eligible Assets Directive requirements. Reviewing prospectus, terms sheets and other documentation we consider in detail a range of asset types and their UCITS eligibility.

This will include consideration of real financial products such as exchange traded funds, structured notes and certificates.

1.00PM: Lunch

2.00 PM: Implementing an effective derivatives risk and control framework.

Here we identify the key features of an effective Derivatives Risk Management process including the requirements for an independent risk management department to measure, monitor and control the risks related to the portfolio and the requirements for reliable and verifiable valuation of OTC derivatives.

We also consider the implications of the Eligible Assets Directive as regard the need to consider the risks encompassed within all the assets of the portfolio – not just derivatives – and how Managers should be responding to this.

3.00 PM Break

3.20 PM: Efficient Portfolio Management

Here we consider the opportunities afforded to UCITS by the EPM provisions, including in respect of:

- Short selling
- Stock lending
- Purchase and Repurchase (REPO) agreements
- Collateralisation

As well as considering the practical issues involved, we consider the counterparty and investment limits that apply.

We also consider the ability of UCITS to physically short-sell and the differing approaches of Member States since the Irish Financial Regulator's Policy Change in October 2007.

4.20 PM: Commodities, Property and Hedge Fund Exposure for UCITS

Continuing our detailed analysis of the Eligible Assets Directive, we here consider how UCITS can gain exposure to Commodities, Property and Hedge Funds and other asset classes.

With reference to real financial products including structured products embedding derivatives and derivatives on financial indices we consider where the requirements of the Eligible Assets Directive and the requirements to "look through" to the underlying of such instruments arises when considering the UCITS investment limits.

5.20 PM Close

Day 2- Understanding UCITS III Derivatives' Exposures

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9.15 AM: Refresher overview of UCITS III derivative rule

In this session, we have an introductory overview of the UCITS III derivative rules, exposure limits and cover requirements as well as the criteria for assessing whether derivatives usage is sophisticated on non-sophisticated and the implications which follow from this assessment.

This session covers:

- Position (issuer-concentration) exposure
- Market risk
- Counterparty exposure
- Global exposure and leverage
- Cover Requirements

10.40 AM: Break

11.00 AM: Workshop Case Studies

With reference to real UCITS portfolios, we here attempt to consider and calculate the various derivatives exposures arising in each case.

This includes portfolios with a range of futures, options and swaps used for both hedging and investment purposes and including long/short funds and 130/30.

For counterparty exposure, we will consider the 3 step calculation process referred to in the European Commission Recommendations on UCITS Derivatives Usage and how it has been applied differently in different Member States. We also consider the impact of netting and collateralisation.

1.00PM: Lunch

2.00 PM: VaR Analysis, Stress Testing and Back Testing

“Sophisticated” UCITS should be using advanced measurement techniques such as Value-at-Risk when considering the global exposure and leverage of the UCITS.

Here we reflect on the distinction between sophisticated and non-sophisticated UCITS and consider, with regard to Regulation, Guidance and Industry Best Practice:

- The choice between VaR models
- Setting of confidence intervals, time horizons and loss-levels
- Selection of stress testing scenarios
- Meeting back-testing challenges
- Management and Regulatory reporting

3.20 PM: Break

3.40 PM Workshop Case Studies

In this session we once again attempt to calculate the derivatives exposures arising and the relevant cover requirements arising with regard to a set of illustrative UCITS portfolios.

Our attention here is given to real examples of credit derivative portfolios and various options strategies, to de-composition of indices and baskets, to transferable securities embedding derivatives, and total return swaps and where there is use of short selling

5.00 PM: Close

Booking Details

Attendance is limited to a maximum of 16 persons.

If you would like any further details, or to reserve a place at the event, please email events@funds-axis.com or call +44 (0) 800 783 67 91