

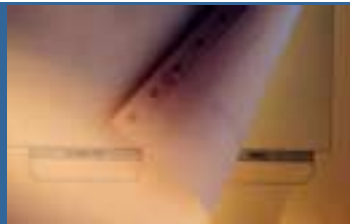


RATING AGENCY MALAYSIA BERHAD (Co. No. : 208095-U)

WORKSHOP ON

CREDIT DERIVATIVES & SYNTHETIC SECURITISATION

SIDC CPE - ACCREDITED : 10 CPE POINTS



Date : 9 – 10 August 2005
Venue : RAM's Training Centre (to be confirmed)
Level : Introductory

TRAINING 2005

Early Bird Discount

Register before 10 July 2005 and
get a 5% discount

TRAINER'S PROFILE

VINOD KOTHARI

Vinod Kothari is internationally recognized as author, trainer and expert on specialized financial subjects, Internationally recognised as author, trainer and consultant on specialised financial subjects, viz., securitisation, credit derivatives, accounting for financial instruments, etc.. As such, he lectures all over the world. The locations where he has lectured on these subjects include London, Singapore, Hong Kong, Sydney, Colombia (South America), South Africa, Malaysia, Jordan, Egypt, Sri Lanka, Bangla Desh, etc., besides almost every important location in India.

Author of Books:

- **Lease Financing and Hire purchase** (4th edition, 1996): This book, first published in 1985, is widely recognised as the bible on leasing in the continent and has been the most popular text on the subject for last 15 years. The book runs over 2000 pages and has elaborate contents on leasing, hire purchase and similar credit agreements.
- **Securitisation: The Financial Instrument of the New Millennium**, Second edition 2003: Running over approximately 900 pages, this is an internationally-read publication which quickly ran out of print and is now undergoing comprehensive revision for a new edition. The book is read in some 30 countries all over the World.
- **Credit Derivatives and Synthetic Securitisation**, 2002 : This is one of the very few comprehensive texts on credit derivatives and is read all over the World.
- **Securitisation, Asset Reconstruction and Enforcement of Security Interests**, 2003 edition: This book is a detailed commentary on the law by the same name enacted in India. Besides a thorough and incisive commentary on the law, the book contains generic chapters dealing in detail with the law of enforcement of security interests in global context.

Articles:

- Vinod Kothari's articles on asset-based finance, securitisation etc. have appeared in several national and international journals including Duke Journal of Comparative International Law (USA), US Banker (USA), Exportrader (Spain), Trade and Forfeiting Review (UK), Journal of International Banking Law and Regulation (UK), Equipment Finance Journal (USA), Monitordaily (USA), Analyst (India), etc.
- Vinod Kothari also contributes to Euromoney's yearbooks on leasing and securitisation.

Lecturing:

- Regular speaker at professional institutes,
- Visiting faculty at Indian Institute of Management, Joka, Calcutta for several years. Currently, offering a course on important topics in finance and taxation.
- Guest faculty at National University for Juridical Sciences: the subject taught here was insolvency and credit interest enforcement laws in India and other countries. The course included a comparative study of the insolvency and creditors' rights in USA, UK and Australia.

Websites

Vinod Kothari owns and runs some of the World's most popular websites on specialised financial subjects:

- Securitisation: <http://vinodkothari.com>
- Credit derivatives: <http://credit-deriv.com>
- Leasing and asset-backed financing: <http://india-financing.com>
- Asset reconstruction companies: <http://india-financing.com/arc/>

Positions

Vinod Kothari is currently retained by the Asian Development Bank, Manila for two important projects: to advise the Govt. of India on reforming secured lending law in India; and to develop securitisation-related legal framework in the Asian region.

Vinod Kothari is the Director of Association of Leasing and Financial Services Cos., a body of over 500 top leasing companies in India and is editor of its Newsletter Fin-n-lease.

Vinod Kothari is the former Chairman of the Institute of Company Secretaries of India.

Vinod Kothari is the Executive Director of the Asian Securitisation Forum

Awards

In 1987, a voluntary organisation of Calcutta chose him as the Outstanding Young Person of Calcutta in the field of Finance and Taxation. Vinod Kothari won several academic awards.

COURSE OBJECTIVE

Almost from a naught in 1996 to a USD 3 trillion dollar business, credit derivatives a tremendous success story. Though still a very small part of the huge OTC derivatives market, credit derivatives have been quite a sensational development in banking, as a device of risk transfers, trading in risks, synthetic creation of debt securities, etc. In short, it is an instrument of immense potential.

And the bankers, investment bankers and asset managers across world have been quick to grab the opportunities thrown by the credit derivatives market, which is reflected in its fast growth rate.

While credit derivatives continue to attract the regulators' dismay everywhere in the world, it is essential to understand what do credit derivatives stand for, what opportunities they offer, traps, if any, and so on.

This workshop is designed to offer a comprehensive training platform to discuss threadbare the nitty-gritty of credit derivatives and synthetic CDOs. It takes care of credit derivatives in their entirety – from the broad objective of credit risk management, to pricing of credit derivatives, to legal and accounting issues. And it discusses Basle II as well.

The course aims at introducing the highly enticing field of CDOs and synthetic securitisation to Malaysian participants with a view to implementing this innovation in the market.

WHO SHOULD ATTEND

Treasury departments of banks

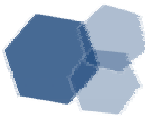
- 📖 Risk managers for banks
- 📖 Investment banks, merchant banks, financial consultants, financial advisers
- 📖 Central banks
- 📖 Securities regulators
- 📖 Accounting firms
- 📖 Legal firms with finance specialisation

DAY ONE

Analysing credit derivatives: motivations and structures

- 📖 Concept and development over time:
 - Loan transfers, loan securitisation, and credit risk transfer
 - Concept of synthetic assets, synthetic transfer of credit assets
 - Comparative development of securitisation and credit derivatives
- 📖 Who buys and who sells credit risk
- 📖 Motivations for the protection buyer and protection seller
- 📖 Impact on regulatory capital and the economics of credit derivatives
- 📖 Types: default swaps, total return swaps, credit linked notes
- 📖 Credit events – their scope. Experience in credit events world-over

DAY ONE (CONT'D)



Credit derivatives and credit risk management

- 📖 Credit risk: the greatest challenge of our times
- 📖 Using credit derivatives to mitigate credit risks and portfolio risks
- 📖 Credit derivatives for balance sheet management
- 📖 Credit derivatives as arbitrage and investment products
- 📖 Credit risk securitisation and credit derivatives

Examining and enforcing legal issues in credit derivatives

- 📖 Nature of contract: swap, option or indemnity
- 📖 Insurance angle : are credit derivatives indemnity/insurance contracts?
- 📖 Gaming or wagering angle: can they be regarded as gaming or wagering contracts?
- 📖 Enforceability of a credit derivative: case law
- 📖 Trigger events in credit derivatives
- 📖 Defining a trigger event. Disclosure of credit information
- 📖 Confidentiality issues: can bank confidentiality laws affect transfer of credit information?
- 📖 Standard ISDA documentation and various credit events
- 📖 Introduction to the master documents, 2002 Definitions and the changes from 1999 Definitions
- 📖 Restructuring as a credit event:
 - Practices in US and European markets
 - Global occurrence of credit events due to restructuring
 - Modified and modified-modified restructuring

Accounting issues in credit derivatives

- 📖 A guarantee product or insurance product?
- 📖 FAS 133 and IAS 39
- 📖 Mark to market valuation rules in case of derivatives
- 📖 Hedge-accounting: eligibility conditions
- 📖 Accounting for credit derivatives for the protection buyer: with illustrations
- 📖 Accounting for credit-linked notes
- 📖 Separation of embedded derivatives in credit linked notes
- 📖 Illustrations of accounting for credit linked notes
- 📖 Application of fair value accounting: illustration of a model for mark to market valuation of credit derivatives

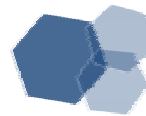
Taxation of credit derivative transactions:

- 📖 Guarantee-type treatment, hedging treatment and notional principal contracts
- 📖 Taxation of the protection buyer
- 📖 Taxation of the protection seller

Regulatory issues

- 📖 Bank regulatory guidelines in some jurisdictions
- 📖 BIS-II recommendations for credit derivatives: Consultative paper 3
- 📖 Capital implications for the protection buyer and protection seller
- 📖 Capital requirements under the standardized, SF and IRB approaches
- 📖 The residual risk factor and implications for the credit derivatives market

DAY TWO



Session 1: Collateralised Debt Obligations: Overview of the concept

Concept of securitisation - concept of collateralised loan obligations (CLOs), collateralised bond obligations (CBOs) and collateralised mortgage obligations (CMOs) - Development of CDO market - Securitisation in general and CDOs - Basic process of CDOs - typical CDO collateral - Economic rationale of CDOs as a correlation risk.

Session 2: Structuring of a CDO structures: Parameters and considerations

Types of CDOs: balance sheet and arbitrage CDOs - CDO facts - Parties to CDOs -Typical CDO tranching - Typical CDO tranching with numbers -Credit enhancements in CDOs -Comparing different types of CDOs -Mechanics of market value CDOs -CDO assets -CDO SPV -CDO manager -CDO trustee-Structured product CDOs/ re-securitisation - case studies: study of some recent CDO structures. Structuring of synthetic CDOs – selection of obligors, number of obligors, sizing of the transaction, etc. Probability of default mapping. Various rating agency models – S&P, Fitch and Moody's on sizing of credit enhancement.

Session 3: Synthetic securitisations: Why does it make sense? When does it make sense?

Credit linked notes- Synthetic securitisation: purpose and economics- Composition of synthetic vs. funded securitisation in USA and Europe – Synthetic CDOs in Asia: ABN Amro's deal – Mechanics of a synthetic CLO- Structure of synthetic CLO – Citibank's C* Star transaction – Unique risks in synthetic securitisations – Emergence of Synthetic CLOs: Bistro deal – Credit default swaps in synthetic CDOs – Wide spectrum of risks transferred in Europe – What happened to synthetic securitisations of the past?

- Case studies of**
- Balance sheet synthetic CDO
 - Arbitrage synthetic CDO
 - Balance sheet synthetic CDO of small loans
 - Repackaging structures
 - Synthetic RMBS structure
 - Synthetic lease securitisation

Session 4: Choosing between Synthetic securitisation and Cash Securitisation

- 📖 What are the compliance and legal costs; regulatory effect and impact on economic capital?
- 📖 Economics of synthetic securitisation with reference to regulatory capital release.
- 📖 Would synthetic securitisations exist after Basle II?
- 📖 Synthetic securitisation and risk management in operating businesses

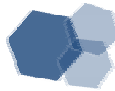
Session 5: Investing in synthetic CDOs: considerations.

- 📖 Investor concerns: collateral, collateral manager, transaction structure, and nature of credit enhancements.
- 📖 Correlation risk in synthetic CDOs – experience so far.

Session 6: Learning from case studies

- 📖 From Australia, Asia and Europe: we will present a selection of case studies including recent deals, deals setting a precedent, and deals with complex structuring.
- 📖 We will present case studies of both balance sheet and arbitrage transactions, and both static and managed transactions.

REGISTRATION FORM



Credit Derivatives & Synthetic Securitisation (9 - 10 August 2005)
(CSS/AG/05)

REGISTRATION FORM

PLEASE USE BLOCK PRINT AND PHOTOCOPY FOR
MULTIPLE BOOKINGS

Name (1) : Mr/Ms _____

Designation : _____

Department : _____

Email : _____

Name (2) : Mr/Ms _____

Designation : _____

Department : _____

Email : _____

Organisation : _____

Address : _____

Tel No. : _____

Fax No. : _____

Training Department Contact Details

Contact Person : _____

Designation : _____

Department : _____

Email : _____

Address : _____

Tel No. : _____

Fax No. : _____

Cheque/Bank

Draft No. : _____

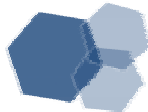
Bank : _____

Amount : _____

Note

Please treat this registration form as the official invoice.

CONTACT DETAILS



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Training Coordinator

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Registration details



Date : 9 - 10 August, 2005

Time : 9.00 a.m. to 5.00 p.m. except on Day One
registration will commence at 8.30 a.m.

Venue : RAM's Training Centre (to be confirmed)

Registration Fees : RM 2,950.00

- Fees include tuition, teaching materials, lunch
and refreshments.

Group Registration

For 3 or more registrations from the same
organisation, a 10% discount applies.

Method of Payment

Crossed cheque / bank draft made payable to
"Rating Agency Malaysia Berhad".

Payment must be submitted before the workshop
to guarantee your attendance.

Disclaimer

Rating Agency Malaysia Berhad reserves the right to change or
cancel any part of its published programme due to unforeseen
circumstances.

Cancellation & Transfer Policy

Should a delegate be unable to attend, a substitute
may attend in his/her place at no extra charge. For
cancellations received in writing :-

- one (1) week before the event, a refund
(less an administrative charge of 20%) will be made
- for no-show on the day of the workshop, no refund
will be entertained.

CONFIRMATION REPLY SLIP

(For RAM's use only)

Attn : _____

We would like to confirm the participation
of _____ personnel for this course. Kindly
forward the registration fee of RM _____
before the course.

We regret that your nomination cannot be
accepted as registration has been closed.

We will KIV your nomination for a re-run
of this course.

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