BAFT EDUCATION

BAFT CERTIFICATE IN FOREIGN EXCHANGE (CFX)

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ABOUT THIS COURSE

The purpose of this BAFT's FX Training Certificate is to provide the participant with an overview of a financial institution's Foreign Exchange department and services. Following the completion of the course the participant should have a basic understanding of the foreign exchange (FX) market, products, sales process, FX risk, regulatory and compliance requirements. The participant will learn how currency moves around the world including different types of local and global payment rails. The target candidate is a junior to intermediate experience Transaction Banking (TB) specialist, that needs to learn more about Foreign Exchange and the working knowledge of FX as it pertains to their client's business. Including global differences, risks and compliance concerns.

FORMAT: ON-DEMAND THROUGH BAFT LEARNING MANAGEMENT SYSTEM

TIME: 10-15 HOURS

ASSESSMENT: 56 MULTIPLE CHOICE QUESTIONS; 80% TO PASS

AWARD: CERTIFICATE IN FOREIGN EXCHANGE (CFX)

DATE OF CREATION: JANUARY 2023

LEVEL: INTERMEDIATE – ADVANCED

FEES: MEMBERS: $999
NON MEMBERS: $1,199
(GROUP DISCOUNTS AVAILABLE)

REGISTER: BAFT.ORG/?

WHO SHOULD ATTEND

Transactional Banking, Foreign Exchange, Trade Finance, Credit/ Compliance, International/ Domestic operations, Relationship Managers, International Sales officers (FX/Trade Finance), Corporate Bankers, Analyst (I, II, III), Associate, Specialist (I, II, III), Traders (FX), Credit/risk officers, those involved in treasury services and international banking.

WHAT YOU WILL LEARN

In this course participants will get a general overview of the foreign exchange market, specifically those aspects of the FX market that are important for transaction banking professionals to understand. It will help to become familiar with the foreign exchange products most commonly used by financial institutions. Participants will learn the various risks associated with FX from both a client perspective and bank perspective. Also, an overview of how money is moved around the world, different payment types and the importance that each play in facilitating global trade. members will learn about the relevant laws and regulatory requirements that the bank is liable for, and the importance of complying with local country regulations that restrict payments to certain parties in a transaction.

WHY THIS CERTIFICATION

- Learn more about Foreign Exchange and the working knowledge of FX
- Participants will get a general overview of the foreign exchange market, including products, risk management, payments and channels, prospecting potential FX clients, and regulatory considerations.
- BAFT's Certificate in Foreign Exchange (CFX) has global application and is standard training for the entire industry.


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COURSE OVERVIEW

COURSE I: INTRODUCTION TO FX

The Foreign Exchange market, its size compared with other financial markets and its global nature. How the value of currencies is determined. Most traded currencies and currency pairs and market participants. Market regulations and open vs restricted currencies/ managing risk in emerging markets. Operations and trading sales. Interaction of financial institutions and payment providers with the FX based products and services

COURSE II: FX PRODUCTS

The value of one currency relative to another currency and ways to apply this in practice. Spot contracts: bids and offers, pricing and settlement risk. Forward contracts: bids and offers, determining pricing, calculating a rate, settlement risk, booking liability. FX Swaps: terms, risk and booking liability. NDF's (Non-deliverable forward): open vs restricted currencies/ managing risk in emerging markets, risks – slippage between benchmark and payment rate and booking suitability. Options: how they work, risks and accounting. Bank Nostro Accounts: clearing FX payments, selecting FX Partners, liquidity providers, and finally compliance and risk management.

COURSE III: FX RISK MANAGEMENT

Managing FX associated risks from a client and bank perspective:

Client: Foreign exchange fluctuations and potential financial impact. Risk of loss. Operations and technology risk due to operational deficiencies. Fraud in international banking. Ways clients should protect themselves. Legal and regulatory risks associated with FX. Accounting for FX transactions.

Banks: Transaction & Translation risk. Market risk: how banks account for the liability. Reputational risks: where they exist, and how to avoid difficulties. Fraud risk: types of fraud in a FX payment. Credit risk, settlement risk. liquidity risk. operations & technology risk, staffing operations, trading and sales.
Liquidity Providers: various types and how they trade FX to buy and sell for the bank's accounts, or for their customers' accounts directly as a third party.

Training has always been a challenge for our FX team and has continued to be a need for our peer banks. BAFT's FX certificate allows us to train new employees and our partners in all aspects for foreign exchange from sales to risk. The certificate fill the knowledge gap, and truly help set the foundation for those looking to expand their knowledge within FX.

– MICHAEL SALERNO. VP GLOBAL BANKING GROUP - FIRST NATIONAL BANK OF OMAHA

COURSE IV: FX PAYMENTS AND CHANNELS

How money is moved around the world: different payment in global trade. Local and cross-border payment rails. Emerging technologies and trends. Correspondent banking network: why is this necessary, how to select partners. Wires, FCA/MCA, draft, ach, book transfer, cash letter, book transfers. SWIFT: secure messaging platform for financial transactions. message types & general format. SWIFT GPI. Local payment rails and local networks: US – ACH; EU – SEPA; UK – BACS. Currency requirements: IBANs vs Account Numbers. Payment Codes for certain countries. Awareness of strict registration or presentment of documents. Other technologies: Fintechs vs Banks, Real-time payments. ISO20022

COURSE V: PROSPECTING FX SERVICES

The Relationship Manager identifies if the client is impacted by FX. Asking if its activity has operations in multiple countries, exposures in different currencies, how would he like to manage the volatility risk created by these exposures. Future date payments in a different currency. Fix the amount now, taking away the risk of currency fluctuations. Does he have suppliers in different countries who want to be paid in another currency? Payments vs hedging. Risk management approach recommendable for each currency. Is the client selling in multiple markets via their Ecommerce platform? Do they receive many different currencies in a central location that they want to manage as receivables with FX?

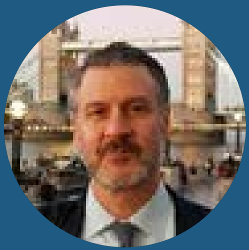
COURSE VI: REGULATORY CONSIDERATIONS

Relevant laws and regulatory requirements that the bank is liable for. Applicable rules and regulations to be compliant with the regulator. Definition of an ECP. Which transactions are required to be cleared and determining if the FI meets the requirements of a swap/non swap dealer. MiFID & EMIR (European Union and the UK), Dodd-Frank (US) Best practices to comply. FX Global Code of Conduct. History/Reason for creating the Code and how banks interpret and apply the code. Swap dealer / non swap dealer. Legal Entity Identifier (LEI). Registration Companies. Bloomberg LEI (Home | Bloomberg LEI). GMEI (GMEI Utility). Eligible Contract Participant (ECP). What products are allowed if you qualify/do not qualify and how to qualify for ECP status. Margin requirements. Determine what products may require posting/receiving margin. Clearing and what products require clearing.

COURSE VII: COMPLIANCE

The importance of complying with local country regulations that restrict payments to certain vary by country and are updated periodically. How to locate the current sanctions. Know your Client (KYC): can be applied to bank's customers as well as other banks. Keeping track of where the customer typically does business, and the average size of their transactions is an important part of monitoring activity, defining the type of relationship and what your bank's policies and procedures are to onboard them as a customer or a SWIFT RMA approved bank. Money laundering: methods and how they relate to foreign exchange payments. Monitoring methods and when an incident should be reported. Types of information to gather prior to completing transaction

INSTRUCTOR



Matt Porio

The courses will be led by Matt Porio, a recognized expert that has worked with top US and international banks, as well as financial institutions, within the risk management, investment management and financial products areas. Matt is an adjunct professor of finance at the University of Connecticut and at Sacred Heart University in Fairfield Connecticut.