

Sub-prime: Impact on Global Economic Prospects

A Program

Program Content

The financial crisis of our times

- ▲ Segments of housing market:
 - ▲ Prime
 - ▲ Jumbo
 - ▲ Alt-A
 - ▲ Subprime
 - ▲ Housing bubble
 - ▲ Popular myth of housing being a good investment always
 - ▲ Down-payment loophole
 - ▲ Lax lending
 - ▲ Predatory lending

Understanding Mortgage Backed Securities

- ▲ Origins of the crisis: Mortgage Backed Securities
- ▲ Mortgage loans
- ▲ GSEs: Fannie Mae, Freddie Mac, Ginnie Mae
- ▲ How mortgages are securitized?
- ▲ Role of investment banks in the MBS market
- ▲ Default Risk of RMBS
- ▲ How Subprime loans caused a MTM loss of RMBS

Credit Derivatives and its impact on subprime

- ▲ Understanding Credit Derivatives
 - What's credit risk
 - What's a credit derivative
 - Market Description: Participants
 - Market Description: Geography
 - Present Constraints and the Future
 - Credit Default Swaps
 - The economics of a CDS
 - How has CDS market got affected and has contributed to the crisis

Program Content (Cont'd)

CDOs & Rating Agencies

- ▲ What are CDOs
- ▲ How are they created
- ▲ Issues with valuing a CDO
- ▲ Primary & secondary market of CDOs
- ▲ Role of CDOs in the crisis
- ▲ What are Rating Agencies
- ▲ How do they give ratings
- ▲ Role of Rating Agencies in the crisis

Money market & Counterparty Risk

- ▲ Functioning of money markets
- ▲ What purpose do they serve
- ▲ Liquidity in money markets
- ▲ How money markets got affected post the Lehman Default
- ▲ What is counterparty risk
- ▲ How is it different from loans
- ▲ How do banks measure counterparty risk
- ▲ Why has counterparty risk come into prominence in the current subprime crisis

Basel II

- ▲ What is Basel II
- ▲ Origins of Basel agreement
- ▲ The need for regulatory capital
- ▲ Applicability and implementation
- ▲ How it assists regulators in creating a more efficient and controlled market environment
- ▲ Three Pillars: Minimum Capital Requirement, Supervisory Review Process, Market Discipline
- ▲ Bank Capital: Tier I, Tier II & Tier III

Mark-to-market accounting for Derivatives

- ▲ How is accounting for derivatives done?
- ▲ What is mark to market accounting?
- ▲ Hedge Accounting
- ▲ How has MTM Accounting exacerbated the crisis?



Program Content (Cont'd)

Government Bailouts & effect of Wall Street on Main Street

- ▲ Why did the Government bailout AIG, Bear Sterns and not Lehman Brothers?
- ▲ Effect on Government Bailout to the average Tax payer
- ▲ Moral hazard
- ▲ Central bank role in the current crisis
- ▲ How has Wall Street affected the economy?

Who should attend?

This program is ideal for

- ▲ Financial Analysts
- ▲ Equity and debt market analysts
- ▲ Research analysts
- ▲ Risk Managers
- ▲ Fund managers and Investment advisors
- ▲ Economists

Program Details

The program includes:

- ▲ Two day workshop
- ▲ Reading Material
- ▲ Networking opportunities throughout the workshop
- ▲ Lunch and refreshments