Swaps Markets Training Course: Pricing, Clearing and Collateral for Executives

6 – 10 September 2027
Milan

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Programme Summary

Swaps markets are the subject of this one-week training course for treasurers, CFOs and heads of markets and risk, ending in a swaps desk playbook for one funding and hedging portfolio. Organisations hold swaps they cannot value, document or margin with the same rigour as the loans beneath them. The programme moves from market structure and curve building to pricing, documentation, clearing, collateral and hedge reporting, using worked trades rather than formulae alone. Mars Training Centre UK delivers this programme on swaps markets to mixed-organisation cohorts.

The Business Case

Corporates, banks and sovereign debt offices use swaps to fix funding costs and manage currency mismatch, yet many sign trades on a dealer's quote without an independent view of price, margin or accounting effect. Leaders who read the market themselves negotiate better terms and avoid liquidity surprises when collateral calls arrive.

- Funding Cost: Falls when quotes are checked against an independent curve before execution.
- Liquidity Risk: Declines when margin and collateral calls are forecast in advance.
- Reporting Volatility: Narrows when hedge relationships are designed to meet accounting rules from the start.

Principles and Evidence Base

- ISDA Master Agreement: The standard contract framework for over-the-counter swaps, applied in Session 3 to netting, events of default and the credit support annex.
- Risk-Free Rate Benchmarks: SOFR and SONIA replace earlier interbank rates, applied in Session 1 to curve construction and fallback wording.
- EMIR Clearing and Margin Rules: Set central clearing and margin expectations, applied in Session 4 to cleared and uncleared swaps.
- IFRS 9 Hedge Accounting: Governs how hedging relationships are recognised, applied in Session 5 to hedge designation and documentation.

Intended Participants

- Treasurers who choose, execute and monitor swaps to fix funding costs.
- Chief financial officers who approve hedging policy and answer for its reported effect.
- Heads of markets who quote, risk-manage and sell swaps to clients.
- Risk and credit officers who set limits on swap exposure and collateral.

Typical settings include banks, state-owned enterprises, sovereign debt offices and large corporates with foreign currency borrowing.

Learning Outcomes

1. Participants will be able to explain how interest rate swaps, cross-currency swaps and credit swaps differ in cash flows and risk.
2. Participants will be able to construct a discount curve and use it to value a swap.
3. Participants will be able to evaluate a dealer quote for credit, funding and basis components.
4. Participants will be able to diagnose legal and collateral terms that shift risk between counterparties.
5. Participants will be able to prioritise clearing, margin and liquidity actions for a swap portfolio.
6. Participants will be able to justify a hedging approach to a board or lender group.

Programme Structure

Day 1: Swaps Markets Structure and Curve Building

How do swaps markets work, and what rate sets their price?

- Interest Rate Swap Cash Flow Map
- Cross-Currency Basis Primer
- Credit Default Swap Anatomy
- Risk-Free Rate Benchmark Review
- Discount Curve Construction

Day 2: Swaps Pricing and Quote Analysis

What should a swap cost, and how is a dealer quote built?

- Fixed Rate Solving Exercise
- Mark-to-Market Valuation Sheet
- Dealer Quote Decomposition
- Credit and Funding Adjustment Table
- Sensitivity to Curve Shifts

Day 3: Derivatives Documentation and Counterparty Terms

Which contract terms move risk from one party to the other?

- ISDA Master Agreement Walk-Through
- Schedule Negotiation Checklist
- Credit Support Annex Terms
- Netting and Default Scenarios
- Counterparty Exposure Limits

Day 4: Clearing, Margin and Collateral Management

How much cash and collateral will a swap portfolio absorb?

- Central Clearing Route Comparison
- Initial and Variation Margin Model
- Collateral Management Eligibility Grid
- Liquidity Stress Calendar
- Margin Dispute Log

Day 5: Swaps Desk Playbook for One Hedging Portfolio

Do the earlier tools join into a playbook that a board can approve?

- Applying the Session 2 Quote Analysis
- Testing the Session 3 Counterparty Terms
- Stress Testing the Session 4 Collateral Calendar
- Hedge Accounting Designation Memo
- Completing the Swaps Desk Playbook

Methodology

The programme uses a data workshop built on prepared trade files for two borrowers, a bank funding a loan book and a state entity issuing foreign currency debt. Participants build curves, price trades, read contract terms and defend their hedging choices to peers acting as a risk committee.

- Suggested activity: Rebuilding a dealer quote from a curve and listing which components were not disclosed.
- Suggested activity: Forecasting a month of variation margin under a rate shock and sizing the liquidity buffer.
- Suggested activity: Marking up a credit support annex from the viewpoint of each counterparty.

Capstone Output

Each participant completes a swaps desk playbook for one hedging portfolio. It holds a curve and valuation sheet, a quote checking routine, counterparty term preferences, a clearing and collateral calendar, and a hedge designation memo. At work it guides execution, supports negotiation with dealers and briefs the board on exposure and liquidity.

Frequently Asked Questions

Is a swaps markets programme suitable for finance leaders who have not traded swaps before?

Yes. Swaps markets are taught through prepared trades and worked examples. The programme assumes responsibility for funding, hedging or risk, plus basic familiarity with loans and bonds, but no earlier dealing experience.

Which frameworks do swaps markets rest on in this programme?

Swaps markets rest on the ISDA Master Agreement, risk-free rate benchmarks such as SOFR and SONIA, EMIR clearing and margin rules, and IFRS 9 hedge accounting.

How is the playbook from swaps markets study used at work?

You use the swaps desk playbook to check dealer quotes, negotiate contract terms, plan collateral and liquidity, and brief a board on hedging choices.

How do swaps markets differ from a programme on foreign exchange risk?

Swaps markets concentrate on pricing, documentation, clearing and collateral for long-dated rate and currency contracts, while foreign exchange risk concentrates on exposure measurement and spot and forward hedging policy.