

e-learning and reference solutions for the global finance professional

Global Economic Crisis - Liquidity Management

The themes of this product are to understand:

- AMLF a lending facility provided to the U.S. depository institution and bank holding companies.
- CPFF a facility authorized under section 13(3) of the Federal Reserve Act to enhance liquidity in the commercial paper markets.
- MMIFF a facility authorized under section 13(3) of the Federal Reserve Act to provide liquidity to U.S. money market mutual funds and certain other money market investors
- TALF a funding facility that helps market participants to meet the credit needs of households and small businesses
- TSLF a weekly loan facility that promotes liquidity in Treasury and other collateral markets
- TLGP a program announced by the FDIC to avoid or mitigate adverse effects on economic conditions or financial stability
- Money market mutual funds that offer a relatively lower-risk alternative for investors who seek stability and liquidity

Global Economic Crisis - Liquidity Management

Overview

This e-learning course on Liquidity Management Government Programs is designed to help users to understand various lending and funding facilities provided by FRB for various purposes. The e-learning course also helps user to understand the FDIC's initiatives in the nation's financial sector and U.S. Treasury's funding facility. The course covers eligible borrowers, issuers, and sellers of different programs. In addition, the course discusses the procedures and steps required to participate in different programs.

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Working of MMIFF

- ▶ The Federal Reserve Bank of New York will provide senior secured funding to a series of special purpose vehicles (SPVs) established by the private sector to finance the purchase of certain money market instruments from eligible investors.
- ▶ Each SPV will finance its purchases of eligible assets by selling asset-backed commercial paper (ABCP) and by borrowing under the MMIFF. The SPV will issue to the seller of the eligible asset subordinated ABCP equal to 10% of the asset's purchase price.
- ▶ The New York Fed will lend to each SPV, on a senior secured basis, 90% of the purchase price of each eligible asset. The SPVs will hold the eligible assets until they mature, and proceeds from the assets will be used to repay the Federal Reserve loan and the ABCP.
- ▶ The diagram depicts the working of MMIFF.

Diagram:

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graph LR; FRBNY((FRBNY)) -- "Senior Secured Loans (90% of purchase price)" --> PSPV((PSPV)); PSPV -- "Cash (90% of purchase price)" --> MMF((Money Market Funds*)); PSPV -- "Money Market Instruments**" --> MMF; MMF -- "ABCP (10% of purchase price)" --> PSPV;
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*Eligible Investors
**Eligible Assets

Course Level and Number of Courses

Intermediate to Advanced.

Library of 10 Courses

Liquidity Management Government Programs

Time taken to complete each

Course: One hour

Library of 10 Courses

Individual course description

1. Asset-Backed Commercial Paper Money Market Mutual Fund Facility (AMLF)

- Objectives of AMLF
- Eligible borrowers who can obtain loan
- Eligible collateral for pledge under AMLF
- Accounting consideration
- Associated risk with the ABCP
- Various types of regulatory reports

2. Commercial Paper Funding Facility (CPFF)

- Purpose of CPFF
- Eligible issuers of commercial paper
- Terms and conditions of CPFF
- Various types of commercial paper purchased by SPV
- Eligible sellers
- The legal aspects of CPFF

3. Money Market Investor Funding Facility (MMIFF)

- Purpose of MMIFF
- Eligible assets of a SPV
- Eligible investors
- Steps required to participate in MMIFF
- Downgrade of an eligible asset
- Termination and wind-down process

4. Term Asset-Backed Securities Loan Facility (TALF)

- Purpose of TALF
- Eligible borrowers for TALF
- Eligible collaterals for TALF
- Functioning of TALF
- Transaction structure and pricing of TALF
- Roles of a primary dealer, custodian bank and U.S. Treasury Department
- Non-mortgaged-backed ABS and explain its eligible collateral
- Eligible collaterals for newly issued CMBS
- Eligible collaterals for legacy CMBS
- Process from subscription to settlement of TALF
- Measures to protect TALF from credit losses

5. Term Securities Lending Facility (TSLF)

- Eligible collaterals to participate in TSLF program
- TSLF auction
- Bidding process in TSLF auction
- TOP program and eligible collaterals to participate TSLF program
- Relationship between TOP and TSLF auctions
- TOP auction
- Bidding process in TOP auction

6. Temporary Liquidity Guarantee Program (TLGP)

- Interim Rule of TLGP
- Amended Interim Rule of TLGP
- Areas for which the FDIC sought comments
- Final Rule of TLGP with respect to:
 - I. Senior Unsecured Debt
 - II. Debt Guarantee Program
 - III. Transaction Account Guarantee Program

7. Temporary Guarantee Program for Money Market Mutual Funds

- Eligible funds
- Process to participate in the program
- Guarantee providers of the program
- Termination of the program

Library of 10 Courses

Individual course description

8. Risk Management Lessons from the Global Banking Crisis

- Key observations and conclusions of the research on Global Banking Crisis.
- Funding challenges experienced by many financial firms during the crisis
- Observed and planned changes in funding and liquidity risk management practices
- Supervisory evaluation of self-assessment and critical areas for continuous firm improvements

9. International Framework for Liquidity Risk

- The regulatory standards to promote the short-term resiliency of the liquidity risk profile of institutions
- How to promote resiliency over long-term time horizons
- The Liquidity coverage ratio to identify the amount of unencumbered, high quality liquid assets of institutions
- The Net stable funding ratio to measure the amount of longer term, stable sources of funding
- Various monitoring tools to monitor liquidity risk profiles of banks
- The application issues for standards and monitoring tools

10. IIF Report Reforms in Financial Services Industry

- Risk management, risk management methodologies and procedures, and implementation of risk management recommendations
- Liquidity risk and improvement in liquidity risk management
- Valuation issues and efforts to improve valuation methodologies, standards, and disclosures
- The compensation practices in financial institutions and its governance
- The restoring confidence in the securitization market and the ratings of structured products and implementation of various recommendations
- Transparency and disclosure of information about the products on the part of firms

Available Products

KESDEE's Off-the-Shelf e-Learning Course Libraries

| Product Name | No. of Courses |
|--|-----------------------|
| 1. Asset Liability Management | Library of 28 Courses |
| 2. Liquidity Management and Contingency Funding Plan | Library of 14 Courses |
| 3. Financial Institution Analysis - CAMELS Approach | Library of 08 Courses |
| 4. Financial Mathematics | Library of 07 Courses |
| 5. Global Banking Supervision | Library of 15 Courses |
| 6. Capital Adequacy Planning (Basel I) | Library of 07 Courses |
| 7. Basel-II-University | Library of 63 Courses |
| 8. Operational Risk Management – Basel II | Library of 09 Courses |
| 9. Futures and Forwards | Library of 07 Courses |
| 10. Swaps | Library of 07 Courses |
| 11. Options | Library of 10 Courses |
| 12. Market Risk - Basic | Library of 08 Courses |
| 13. Market Risk - Intermediate | Library of 08 Courses |
| 14. Market Risk - Advanced | Library of 04 Courses |
| 15. Value at Risk | Library of 16 Courses |
| 16. Credit Analysis | Library of 13 Courses |
| 17. Credit Ratings | Library of 03 Courses |
| 18. Counter party Credit Risk | Library of 09 Courses |
| 19. Credit Risk Modeling | Library of 06 Courses |
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| 26. Corporate Governance | Library of 09 Courses |
| 27. Sarbanes-Oxley Act | Library of 12 Courses |
| 28. Governance, Risk and Compliance | Library of 07 Courses |
| 29. Money Markets | Library of 09 Courses |
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| 31. Equity Markets | Library of 10 Courses |
| 32. Foreign Exchange Markets | Library of 09 Courses |
| 33. Commodity and Energy Markets | Library of 03 Courses |
| 34. CTM - Foreign Exchange Management | Library of 07 Courses |
| 35. CTM - Treasury Analytics | Library of 05 Courses |
| 36. CTM - Interest Rate Risk Management | Library of 04 Courses |
| 37. CTM - Funding and Investments | Library of 05 Courses |
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| 39. CTM - Case Studies | Library of 05 Courses |
| 40. Understanding Financial Statements | Library of 02 Courses |
| 41. Budgeting | Library of 05 Courses |
| 42. Management Accounting | Library of 07 Courses |
| 43. Financial Accounting | Library of 09 Courses |
| 44. Mutual Funds | Library of 10 Courses |
| 45. Financial Planning | Library of 09 Courses |
| 46. UCP600 | Library of 07 Courses |
| 47. International Trade Services | Library of 09 Courses |
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| 49. BBM - Advances | Library of 07 Courses |
| 50. BBM - Marketing | Library of 03 Courses |

Available Products

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| 53. BBM - Trade Finance | Library of 02 Courses |
| 54. BBM - Book Keeping and accounting | Library of 03 Courses |
| 55. BBM - Ancillary Services | Library of 02 Courses |
| 56. BBM - Risk Management | Library of 03 Courses |
| 57. BBM - Technology and Security | Library of 02 Courses |
| 58. BBM - HRM and CSR | Library of 02 Courses |
| 59. BBM - Retail Banking | Library of 03 Courses |
| 60. Introduction to Bank Lending Environment | Library of 07 Courses |
| 61. Basics of Banking | Library of 10 Courses |
| 62. Flotation | Library of 04 Courses |
| 63. Project Valuation | Library of 03 Courses |
| 64. Trading Operation Controls | Library of 04 Courses |
| 65. Economics | Library of 16 Courses |
| 66. Estate Planning | Library of 04 Courses |
| 67. Global Economic Crisis - Liquidity Management | Library of 07 Courses |
| 68. Brokerage Operations | Library of 01 Course |
| 69. Risk Analysis | Library of 05 Courses |
| * CTM: Corporate Treasury Management | |
| * BBM: Bank Branch Management | |

Certification Tutorials

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| 1. ePRM Coach | Library of 72 Courses |
| 2. Associate ePRM Coach | Library of 35 Courses |
| 3. eFRM Coach for FRM Part I Exam | Library of 37 Courses |
| 4. eCoach for the CFA® Level I Program | Library of 76 Courses |

Upcoming Products

KESDEE has the required technology platform to respond to clients training requirements in the banking and financial services industry. We offer several solutions, each developed with the guidance of creditable experts. Given below are few of the forthcoming products:


- Agricultural Finance




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