Module 1: Banking and the Financial Markets Department

- Know the responsibilities of commercial banks, investment banks and central banks
- Distinguish between the clients of a commercial bank and the clients of an investment bank
- Describe the process of money creation
- Know why banks need to hold sufficient cash reserves at the central bank
- Describe how government bonds can be used to replenish cash reserves
- Explain why banks hold nostro accounts with correspondent banks
- Know that banks can offer current accounts in a foreign currency and explain the relationship between the balances on these accounts and the balances on the nostro accounts of banks
- Explain why banks need to hold capital
- Explain the difference between liquidity and solvency
- Indicate the largest items on the asset side and on the liability side of the balance sheet of a bank
- Identify a balance sheet item as an asset or as a liability
- Know what the item derivatives represents on the asset side and on the liability side of the balance sheet of a bank
- Describe the different mismatches in a balance sheet
- Define credit risk, concentration risk and market risk
- Name the two capital ratios in the Basel rules
- Name the two liquidity ratios in the Basel rules
- Know the difference between the solvency rules and the re-solvency rules
- List the responsibilities of ALCO
- Know the division of responsibilities between ALCO, ALM and treasury
- List the core responsibilities of Treasury
- Describe the difference between treasury activities and sales activities
- Know the division of responsibilities between the different sub-departments of the Financial Markets Department and understand the three lines of defence concept

Module 2: Financial Markets and Financial Instruments

- Know which instruments are traded on the different sub-markets of the financial markets
- Define Spot, Overnight, Tom/next, Spot/next, Straight period
- Apply the modified following convention
- Explain how daycount fractions have to be applied in order to calculate interest amounts
- Know the difference between the conventions for the settlement of coupon payments in the money market and in the capital market fixed-income
- Define a yield curve
- List the characteristics of deposits, bonds, shares, repos, FX spot transactions, FX forwards, FX swaps and Interest Rate Swaps
- Know which of these products banks actively use in regard to their cash management
- Describe EURIBOR, SOFR and €STER
- Know how to categorize bonds, notes and bills in respect to term
- Know the difference between a repo and a reverse repo
- Know the relationship between an FX spot rate and an FX forward rate
- Understand FX spot quotations
- Define options
- Know the difference between cash settlement and physical settlement
- Know the difference between a payer's swap and a receiver’s swap
- Understand how banks an corporates use interest rate swaps

Module 3: Trading

- Describe the checks that are performed when a trade is pre-entered in a front-office system
- Know when a trade is considered to be binding
- Distinguish between salesmen and traders
- Define market making and brokerage
- List the advantages of market making
- Describe the risk of market making
- Know the different ways in which deals can be transacted
- Describe the responsibility of an inter-dealer broker
- Describe the difference between a trading platform and a the dealing system operated by a bank
- List the three types of trading platforms, i.e. Exchanges, MTFs and OTFs
- Define clearing
- Define counterparty credit risk
- Describe the role of a central clearing counterparty (CCP)
- Give an example of a CCP
- Explain why the use of a CCP eliminates counterparty credit risk
- Define initial margin and variation margin
- Define the terms sell side and buy side
- Describe how clients can access trading platforms
- Identify a measure as being imposed by MIFID2 or EMIR
- Define the role of a trade repository
- Know the reporting obligations resulting from MiFID2 and by EMIR
- Define best execution
- Explain the concept of portfolio compression (contractual netting)

Module 4: Processing of transactions

- Identify the correct order of activities related to the processing of a transaction
- Describe the functionalities of the different modules of a treasury system
- Give the definition of static data
- Know the main topics that are addressed in a master agreement
- Relate a master agreement (ISDA, GMSLA, GMRA) to a financial instrument
- Describe the ways in which confirmations can be sent
- Define Settlement, Cut-off times, Correspondent Banks and SSI
- Know the difference between RTGS systems and clearing systems
- Describe how high value payments, low value payments and cross-border payments are processed
- Explain the concept of settlement risk with an FX transaction
- Know how CLS eliminates settlement risk
- Know for which instruments CLS can be used
- Know that CLS can only be used for a limited number of currencies
- Define payment netting
- Define nostro reconciliation
- Explain the importance of a timely nostro reconciliation for the cash manager
- Differentiate between the responsibility of the back office and the front office in regard to cash management
- Describe the responsibility of central securities depositories and of custodians in general
- Define the settlement instructions Delivery Versus Payment (DVP) and Free Of Payment (FOP)
- Identify the correct order of activities related to a securities transaction executed on an exchange