

€ TRAINING

REPO Repurchase Agreements





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Introduction:

Repurchase Agreements REPOs are short-term financial instruments used for borrowing and lending funds through the sale and repurchase of securities. They play a critical role in maintaining liquidity in financial markets while offering low-risk investment opportunities. This training program equips participants with a clear knowledge on REPO mechanisms, their applications in financial markets, and strategies to manage risks and optimize returns in REPO transactions.

Program Objectives:

By the end of this program, participants will be able to:

- Analyze the fundamentals and structure of REPOs in financial markets.
- Utilize pricing and valuation techniques for REPO transactions.
- Identify and manage risks associated with REPO operations.
- Evaluate legal and regulatory frameworks governing REPO markets.
- Explore advanced technologies and trends influencing REPO markets.

Targeted Audience:

- Treasury and finance professionals.
- Investment bankers and portfolio managers.
- Risk management and compliance officers.
- Financial market analysts.
- Professionals involved in money market operations.

Program Outline:

Unit 1:

Fundamentals of Repurchase Agreements REPOs:

- Definition and structure of REPOs in financial markets.
- Key terms: haircut, margin, collateral, and settlement.

- Types of REPOs: classic, sell/buy-back, and tri-party.
- Differences between REPOs and other short-term financing instruments.
- Historical development and importance in global financial systems.

Unit 2:

Pricing, Valuation, and Market Applications:

- Principles of REPO pricing and yield calculations.
- Valuation of collateral and its role in determining REPO terms.
- REPOs for liquidity management and arbitrage.
- Key activities for the use of REPOs in monetary policy implementation by central banks.

Unit 3:

Risk Management in REPO Transactions:

- Tools for identifying risks: counterparty, market, and operational risks.
- Managing collateral: eligibility, valuation, and substitution.
- Strategies for minimizing settlement and liquidity risks.
- Role of margin calls and haircuts in mitigating financial exposure.

Unit 4:

Legal, Regulatory, and Compliance Frameworks:

- Master agreements: GMRA and their provisions.
- Overview of global and regional REPO market regulations.
- Compliance with Basel III guidelines on liquidity and leverage.
- Addressing anti-money laundering AML and counter-terrorism financing CTF risks in REPOs.
- Adapting to evolving regulatory changes and their market implications.

Unit 5

Advanced Techniques and Market Trends:



- Exploring electronic platforms and automation in REPO trading.
- The role of REPOs in managing systemic risk and financial stability.
- Innovations in collateral management technologies.
- Impact of economic policies on REPO markets.
- Future trends: sustainability-linked REPOs and green finance integration.