

OPERATIONS RISK MANAGEMENT MODULE

➤ Introduction to Operations Risk

- A. Risk & Uncertainty
- B. The Financial Sector
- C. Risk Types
- D. Operations Risk
- E. Operations Risk Management
 - 1. Recruitment & Training
 - 2. Work Flow Design
 - 3. Work Flow Documentation
 - 4. Delegation of Authority
 - 5. Independent Internal Audit
 - 6. Independent Compliance Function
 - 7. Independent Risk Management Function
 - 8. Systems Audit
 - 9. Corporate Governance
 - 10. Whistle Blower Policy
 - 11. Risk Management Culture

➤ Trades in Secondary Market

- A. Trade Intermediaries
 - 1. Stock Broker
 - 2. Trading Member (TM)
 - 3. Clearing Member (CM)
 - 4. Authorised Persons
 - 5. Sub-brokers
- B. Screen-Based Trading System

- C. NEAT System
 - 1. Corporate Manager
 - 2. Branch Manager
 - 3. Dealer
- D. Order Management
 - 1. Entering Orders
 - 2. Modifying Orders
 - 3. Cancelling Orders
 - 4. Order Matching
- E. Trade Management
- F. Risk Management in Trades

➤ **Clearing & Settlement of Trades**

- A. Transaction Cycle
- B. Clearing
- C. Settlement
 - 1. Pay-in of Funds and Securities
 - 2. Pay-out of Funds and Securities
- D. Settlement Risks
 - 1. Counter-Party Risk
 - 2. System Risk
- E. Risk Management
- F. Investor Protection

➤ **Workflow Design**

- A. Front Office, Middle Office & Back Office
- B. Risk Events

➤ **BASEL Overview**

- A. Bank for International Settlements (BIS)
- B. Basel Accords
 - 1. Basel I
 - 2. Basel II
 - 3. BASEL III
- C. Detailed Loss Event Type Classification

➤ **Basel II: Operational Risk**

- A. The Three Methods
 - 1. Basic Indicator Approach
 - 2. The Standardised Approach
 - 3. Advanced Measurement Approaches
- B. Mix of Three Methods
- C. SIGOR (June 2011)
 - 1. Risk Appetite & Risk Tolerance
 - 2. ORMF & ORMS: Verification & Validation
 - 3. Embeddedness
 - 4. Operational Risk Data
 - 5. Gross Loss & Net Loss
 - 6. Dates
 - 7. Distributions

➤ **Basel: Operational Risk Principles**

- A. Background
- B. The Principles

➤ **Basel: Audit**

- A. External Audit
- B. Audit Committee
- C. Internal Audit