

## OPERATIONS RISK MANAGEMENT MODULE

### Introduction to Operations Risk

- Risk & Uncertainty
- The Financial Sector
- Risk Types
- Operations Risk
- 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

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

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

## **Clearing & Settlement of Trades**

- Transaction Cycle
- Clearing
- Settlement
  1. Pay-in of Funds and Securities
  2. Pay-out of Funds and Securities
- Settlement Risks
  1. Counter-Party Risk
  2. System Risk
- Risk Management
- Investor Protection

## **Workflow Design**

- Front Office, Middle Office & Back Office
- Risk Events

## **BASEL Overview**

- Bank for International Settlements (BIS)

- Basel Accords
  1. Basel I
  2. Basel II
  3. BASEL III
- Detailed Loss Event Type Classification

### **Basel II: Operational Risk**

- The Three Methods
  1. Basic Indicator Approach
  2. The Standardised Approach
  3. Advanced Measurement Approaches
- Mix of Three Methods
- 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**

- Background
- The Principles

### **Basel: Audit**

- External Audit
- Audit Committee
- Internal Audit