



ICMA Executive Education

Securities Operations Foundation Course (SOFC) Certificate Programme

Programme Syllabus



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1. Introduction

The Securities Operations Foundation Course (SOFC) is a first level (introductory) qualification intended for anyone entering into a career in the financial markets. It does not assume any prior study or work experience other than a general knowledge of mathematics. For those without that background, pre-course reading is provided to allow candidates to acquire that knowledge directly.

The training programme is intended to provide ‘breadth of knowledge’ to make it relevant to people pursuing careers in the middle office and operations areas. Although not a formal pre-requisite for any other ICMA training course, it would provide useful background study for those taking the following ICMA intermediate and specialised courses ⁽¹⁾, in particular:

Course Type	Course Title
Intermediate	The Operations Certificate Programme (OCP)
Specialised	Corporate Actions Global Custody Derivatives Operations Securities Lending & Borrowing Collateral Management Investment Funds Administration Operational Risk Fundamentals

The Certificate places an even emphasis on introducing and explaining the key concepts of each subject area and then developing practical knowledge and skills of each area. This reflects the fact that it is both introductory, requiring the introduction and explanation of key concepts, but also intended for market practitioners requiring applied thinking.

¹ More details can be found at [www.icmagroup.org/educational-\(1\).aspx](http://www.icmagroup.org/educational-(1).aspx).

The academic content of the SOFC certificate has been created by the ICMA, University of Reading and then reviewed by market practitioners from the middle and operations areas of the securities industry. Thus, it contains academic integrity whilst being both applied and practical.

2. Accreditation

The SOFC is jointly certified by the International Capital Market Association (ICMA) and the University of Reading as a Level 1 course ⁽²⁾ providing competence in the understanding of the operational functions within the securities industry.

3. Assessment

The SOFC certificate is a two and one half day taught course with pre-course reading. It is delivered in ten sessions with two additional 45 minute review sessions at the end of days one and two. On the afternoon of the third day candidates sit a two-hour examination, that consists of 50 multiple-choice questions.

Candidates successfully passing the examination will receive a certificate granted jointly by ICMA and the University of Reading. To be successful, candidates must correctly answer 30 or more of the 50 questions (i.e. 60%). A "distinction" is awarded to candidates who score 45 correct answers or more.

All candidates will receive a basic calculator for use in the course and examination. No other calculators are permitted for the examination. Candidates are expected to learn how to use the calculator themselves, no training will be provided in the course.

Candidates who are not successful in passing the examination on the first attempt may take a re-sit. There is no restriction to the number of re-sits that may be taken.

² A Level 1 course assumes no prior study or work experience in the financial markets.

4. Background Reading

Although a first level operational course, candidates are required to have a basic knowledge of various financial calculations.

To support the candidate, we have prepared some Background Reading ⁽³⁾ on the typical types of financial calculation that an operational professional might expect to make.

Once registered on the course, candidates will receive the following items:

- Hard copy instructions for accessing Blackboard, ICMA EE's online learning management system. (Candidates will additionally be sent these instructions by e-mail.)
- The course book - Simmons, Michael (2002), "*Securities Operations: A Guide to Trade and Position Management*", Wiley Finance. Guidance will be given on Blackboard as to which parts of the book are examinable and we recommend candidates should familiarise themselves with these before attending the course.



Please make sure that you bring a basic calculator to the course.

³ Background Reading is material that the candidate is required to know for the purpose of study and may be assessed in the examination. The document mentioned can be found on Blackboard.

5. Structure of the SOFC Syllabus

The SOFC syllabus is organised around three broad subject areas, all of which are concerned with understanding the processes that govern the following post-trade topics:

1. Securities Operations in Context
 - a. Introduction to the Essential Operational Concepts
 - b. The Ways a typical Securities House is structured
 - c. The Forms of Securities and the Types of Transactions
 - d. Static Data Management

2. Settlement of a Securities Transaction
 - a. Transaction Life Cycle - Pre-Settlement
 - b. Transaction Life Cycle - Settlement & Settlement Fails
 - c. Cash & Securities Funding

3. Custody of Securities
 - a. Safe Custody
 - b. The Role of the Custodian
 - c. Securities Lending & Borrowing
 - d. Corporate Actions
 - e. Income Collection

Examination Review & Examination

Here we will review the course content in light of current events.

The examination will follow in the afternoon of the third day.

6. Learning Objectives

Listed below are the specific learning objectives (LOs) for each one of the three subject areas covered in the SOFC syllabus. The purpose of these LOs is to:

1. Give the candidate, a clear 'road-map' of the competencies that may be required to demonstrate in the Certificate examination. Every LO is examinable.)
2. Provide a useful checklist for the tutor faculty in preparing candidates for the SOFC examination.

Candidates who are genuinely able to meet the LOs should be confident of passing the examination.

1. Introduction

Describe the essential operational concepts

Describe the infrastructure of the securities industry

Describe the basic life cycle of a transaction

Understand the ways a typical securities house is structured

2. Reference Data Management

Describe the areas that require information (e.g. securities, counterparties and clients)

Understand the impact on operations

Know where to obtain the reference data

Appreciate the importance of maintaining accurate and timely information

3. Security Forms & Types of Transactions

Define bearer and registered forms securities

Understand the operational impact of the forms of securities

Define the different types of transaction

Calculation of transaction cash amounts including accrued interest on bonds

4. Safe Custody & the Role of the Custodian

Describe the safekeeping of securities and cash

Define the regulatory requirements regarding the safekeeping of assets

Define the different types of custodian

Understand the distinctions between the custodian types

5. Life Cycle of a Trade - Pre Settlement

Describe the confirmation of a securities transaction with a counterparty

Describe the regulatory information requirements

Describe the preparation of clearing instructions

6. Life Cycle of a Trade - Funding

Understand the importance of accurate & timely cash/securities forecasting

Consider the methods of producing a forecast

Calculation of a cash forecast

Describe the ways cash-flow can be controlled and the impact of inefficient forecasting

7. Life Cycle of a Trade - Settlement & Fails Management

Describe how the settlement of securities transactions occurs

Understand the reasons behind settlement failures

Calculate the financial impact of settlement failures

Describe the actions that can be taken to resolve settlement failures

8. Settlement Simulation

The settlement simulation provides candidates with an opportunity to put into practice the “Life Cycle of a Trade” processes.

9. Securities Lending & Borrowing

Define Securities Lending and Borrowing

Understand lenders’ and borrowers’ motivations

Calculate the amount of collateral required

Describe the life-cycle of a loan transaction

10. Corporate Actions & Income Collection

Define the main types of Corporate Action

Understand the ways issuers pay income on their securities

Describe the topic of Withholding Tax (WHT)

Understand the main operational issues & challenges

4. Programme Schedule

The timings of the course are listed below:

Day One

From	To	Session
08:45	09:00	Introduction and Welcome
09:00	10:30	1: The Essential Operational Concepts
10:45	12:15	2: Reference Data Management
13:15	14:45	3: Security Forms & Types of Transactions
15:00	16:30	4: Safe Custody & the Role of the Custodian
16:30	17:00	Review Session (Q&As)

Day Two

From	To	Session
09:00	10:30	5: Pre-Settlement
10:45	12:15	6: Funding/Forecasting
13:15	14:45	7: Settlement & Fails Management
15:00	16:30	8: Settlements Simulation - Group Exercise
16:30	17:00	Review Session (Q&As)

Day Three

From	To	Session
09:00	10:30	9: Securities Lending & Borrowing
10:45	12:15	10: Corporate Actions & Income Collection
13:15	14:45	Examination Review Session
15:00	17:00	Examination