

Full Course Title: The Impact of Dodd-Frank on the US and Global Derivatives Business

Course Title for Registration System: Citi: Dodd-Frank & Swaps

Course Number: SIPAU9000.036

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Meeting Date/sTimes: Wednesday 4:10pm-6:00pm

Location: IAB 1201

Office Hours: TBD

Credits: 3

Prerequisites: Macroeconomics, Capital Markets and International Banking (International Banking can be concurrent)

Course Overview

Brief description of client:

Citigroup is backed by nearly 200 years of experience. No other institution can facilitate, implement and execute the range of financial services with which Citi serves its clients - governments, institutions, corporations, charities and individuals around the world. Citi has approximately 200 million client accounts globally that benefit from a robust financial infrastructure, as evidenced by Citi's connection to more than 400 clearing systems.

Summary of project:

The introduction of the Regulation of End Users of Swaps under the Dodd-Frank Wall Street Reform and Consumer Protection Act introduced a material change to the regulation of "security based swaps" regulated by the SEC and of swaps on non-securities such as interest rates, currencies, energy and agricultural products (and certain securities) regulated by the CFTC.

Since this regulation is US based and impacts US counterparties and the US banking system, how will this transformative legislation impact the US derivatives business from a global competitive perspective?

Tasks: The students will interact regularly with the ICG (Institutional Clients Group) Risk Team at Citi. The students will interview other market participants and Banking Regulators and prepare a PowerPoint presentation on the impact of Dodd-Frank on the US derivatives business from a global competitive perspective which they will deliver to the senior management team at Citi. This project provides an opportunity for the students and the client to obtain a fresh perspective on the Pros and Cons of this "game changing" legislation.

Specific issues to be addressed include:

- Discrepancies between the new regulatory guidelines (re clearing, execution, reporting, and capital and margin requirements, among others) and enforcement mechanisms in the U.S. and in the E.U.;
- Comparison of the above with those for the trading of derivatives in a major emerging market economy (Brazil);
- Potential for regulatory arbitrage and other unintended consequences of a failure to globally harmonize and enforce the new guidelines;
- Benefits and costs of the new regulatory framework for Designated Swap Dealers and competitive implications;
- Trade-off between the benefits of perceived lower counterparty and execution risks resulting from likely larger Designated Swap Dealers and Clearing Exchanges and the potential for additional “too big to fail” challenges;
- Summing-up of Intended vs. Non-Intended consequences for the effectiveness of the capital markets as engine of economic growth;
- Recommendations and Conclusion.

Deliverables and Timetable:

Within a week of the project team’s receipt of the assignment in January 2012, the project team will co-ordinate to meet with the designated Risk Officers at Citi, which will be held at Citi’s offices at 388 Greenwich Street with the explicit goal of confirming the project objective as well as formalizing the governance structure for the first milestone of the project which will be the presentation outline. In advance of this meeting, the team will provide a high level project plan outlining tasks, task owners, and deliverable dates aligned with what is being proposed in this memo.

Within six weeks of the first meeting at Citi’s offices, the project team should have the outline of the presentation completed. It is anticipated during this period of work, that regular weekly conference calls will be coordinated with the designated risk officers from Citi and the project team to review progress and provide direction as required.

Upon completion of the outline, the project team will meet again at Citi’s offices to review the outline with senior management, collaborate on achieving the outlined goals of the various project work streams, and formalize the governance for the next phase of the project which is the first draft of the presentation. The first draft should be completed by the first week April 2012.

Upon completion of the first draft, the team with their partners at Citi will finalize and prepare the presentation with accompanying detailed documentation which will be delivered no later than April 27th.

Special skills/knowledge needed by team members:

Students will be expected to have strong analytical skills with relevant background in banking, capital markets and economics. Students will interact regularly with the risk management team at Citi and may also be asked to undertake interviews with other market participants and regulators. They will prepare a power point presentation that will be delivered to a Citi senior management team.

Initial meeting(s) with your student team in late November or early December, if applicable: TBD

Dates for meetings with client, if already scheduled: TBD

Student selection: [All eligible students may apply for up to five workshops through a special online application process from October 15th until October 31st. Assignment of students will be coordinated by the Office of Academic Affairs, and relevant faculty will be consulted about team membership for their workshop(s).]

Grading (students receive an individual grade):

Participation in class and overall contribution, per Peer review (30%)
Feedback from the client (30%)
Quality of team's final report (40%)

Readings: to be assigned after consultation with Citi, ICG Risk Management

***Academic Integrity Statement*:**

The School of International & Public Affairs does not tolerate cheating and/or plagiarism in any form. Those students who violate the Code of Academic & Professional Conduct will be subject to the Dean's Disciplinary Procedures. Cut and paste the following link into your browser to view the Code of Academic & Professional Conduct online.

http://sipa.columbia.edu/resources_services/student_affairs/academic_policies/deans_discipline_policy.html

Please familiarize yourself with the proper methods of citation and attribution. The School provides some useful resources online; we strongly encourage you to familiarize yourself with these various styles before conducting your research:

http://sipa.columbia.edu/resources_services/student_affairs/academic_policies/code_of_conduct.html

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