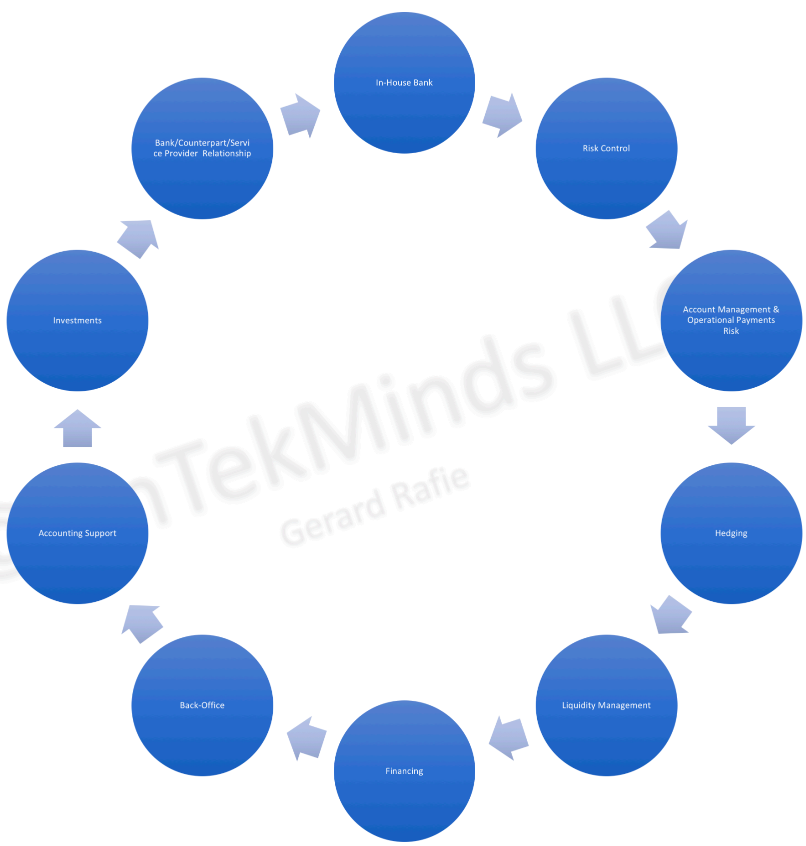
Modern Corporate Treasury Functions Topography:

What to expect

This is part of a series of papers to bring transparency in what should be delivered in Capital Market Solutions.
This publication details what functions/features to expect in a typical Modern Corporate Treasury for large institutions.
It brings clarity to an institution selecting a Treasury Management solution in what to have as a minimum. It also acts as a high-level roadmap check-list for software companies developing Corporate Treasury Management solutions. It also helps banks to understand the modern treasurer needs and build better services.



In-House-Bank

- Subsidiary Management
- Cash Forecasting (In-currency-Time Horizon)
- Cash Pooling (Notional and Zero balancing)
- Subsidiary Funding through Cash Pooling and Intercompany Loans & Deposits
- Subsidiary Funding limit and limit supervision
- FX Settlements
- Intercompany Settlements
- Intercompany Nettings
- Payments to 3rd Parties for Subsidiaries (payments factory)

Risk Control

- Value at Risk
- Cash Flow at Risk
- EPS at Risk
- Shadow XVA
- Shadow PFE
- Shadow Margining

- **Limits:**
  - Market Limits
  - Compliance Limits
  - Credit Limits - EEPE approach
  - PFE Limits

- **Quality Control for Financial Transactions**
  - Market Conformity
  - Matching counterpart
  - Matching Subsidiaries
  - Benchmarking KPI

- **Management Reporting**
- **Regulatory Reporting:**
  - EMIR
  - DF

Account Management & Operational Payments Risks

- Managing multiple banks accounts
- Compliance
- Electronic Banking
- Anti-Money Laundering (AML)
- Know Your Customers (KYC)
- Managing Virtual Accounts
- Physical Cash Management
- Managing Payments Channels (Ali-pay, Apple-Pay, PayPal, Bitcoin….)

Hedging

- FX Hedging
- Interest Rate Hedging
- Credit Risk Hedging
- Equity Hedging
- Commodity Hedging
- Pricing & Trade Capture
- Risk Scenarios and P&L

- **Products:**
    - FX: Spot/Fwd/Vanilla Options/Barrier/Digital/Asian/Accrual
    - Fixed Income: IR Futures/Bond Futures/IRS/XC-IRS/NDS/FRA/Swaption/Cap/Floor
    - Equity: Options, Convertibles
    - Credit: CDS
    - CMD: Futures/Swaps/Options

Liquidity Management

- Long-Term Borrowing and Lending to Subsidiaries
- Credit Facility
- Guaranties

- **Tools:**
    - Cash Ladder with Market Stress Scenario
    - Behavioral Stress
    - Asset Liability Management
    - Cash Forecasting and Budgeting

- **Limits Monitoring:**
    - Cash Position Limits
    - Securities Position Limits
    - Bucketed AL Gap Limits
    - P&L Limits

- **Scenario Analysis:**
    - Early Termination Assumption on Loans and Deposits
    - Early Call Assumptions on Bonds and Loans
    - Rollover Assumptions for Deposits and Issuances
    - Payment Delay on Loans
    - Intra-Day Settlements Scenario

Financing

- **Short Term Debt:**
    - Derivatives
    - Issuances of CP
    - Repurchase Agreement (Tri-Party)

- **Long Term Debt:**
    - Issuances of Bonds
    - Structured Loans

- **Equity:**
    - Treasury Shares
    - Share Buy-Back
    - LTIP
    - Convertibles

- Equity Options

Back-Office

- Transaction Lifecycle Events
- Corporate Actions
- Confirmations
- Settlements and Payments
- Matching

Accounting Support

- Definition of Chart of Accounts
- Generation of Accounting Postings
- Reconciliation with GL

- Hedge Accounting
- Hedge Effectiveness Testing

- IFRS Sensitivity Analysis
- Inter-Company Accounts
- Accounts Statement for Subsidiaries
- Mirror-Books Management

Investments

- **Portfolio Management:**
  - Portfolio Risk
  - Portfolio Performance
  - Portfolio Valuations
  - Portfolio Allocation
  - Performance Attribution

- **Products:**
  - Fixed Income: Bonds/Callable/Puttable/Mortgage/ABS
  - Equities: Stocks/Futures/Index/ADR/GDR
  - Precious Metals: Spot/Fwd/Lease/Deposits/Futures/Listed Options
  - Money Markets: Loans/Deposits/Call Notice/CP
  - Security Finance: Repo/Tri-Party/Buy-Sell Back
  - Funds: MM Funds/Funds of Funds