

Certificate Course in Treasury & Foreign Exchange Operations

6 Modules | 64 Hours

Treasury is a core financial function within any institution, responsible for managing liquidity, optimizing the use of surplus funds, controlling the cost of funds, and mitigating financial risks in a dynamic market environment. Taking into consideration the strategic importance of this function and the evolving financial landscape, it is essential for professionals to develop a structured and practical understanding of treasury operations.

In this context, this comprehensive course is designed to provide participants with practical knowledge and a systematic understanding of treasury operations, financial markets, risk management practices, and regulatory compliance, thereby enabling them to effectively perform and support treasury functions.

Learning Outcomes

Upon completion of this course, participants will be able to:

- Understand the structure and operational responsibilities of a treasury department
- Analyze financial markets and evaluate treasury products and their characteristics
- Apply Asset & Liability Management (ALM) concepts using relevant tools
- Identify and mitigate risks associated with treasury operations
- Understand regulatory and compliance requirements applicable to treasury activities

Method of Delivery

The content consists of 6 modules, and the details are as follows:

Module Name
✓ Module 01 - Introduction to Treasury
✓ Module 02 - Financial Markets
✓ Module 03 - Financial Derivative Markets & Products
✓ Module 04 - Asset & Liability Management (ALM)
✓ Module 05 - Risk Management
✓ Module 06 - Regulations & Compliance

- Lectures will be conducted at CBS premises in Rajagiriya.
- Lectures will be delivered by professionals who possess both strong academic backgrounds and hand-on professional experience in the financial industry.
- The detailed course content is given below:

Time Allocated	Content Coverage
Resource person	Mr. Yasantha Jayasinghe, Former Executive Director, Head of FX and Rates Trading, Standard Chartered Bank PLC
2026.10.24 (08.30 am – 10.30 am)	Module 1- Introduction to Treasury • Role of the treasury within a bank, including its function as a profit center • Tools used by the treasury to achieve its objectives • Organizational structure and functions of the treasury (i.e., Front Office, Middle Office, and Back Office) • Internal controls in treasury functions • Requirements for control of dealing and best practices, including individual dealer limits, per-deal limits, product limits, dealing room limits, and stop-loss limits • Types of limits (internal & external), such as open position limits, daylight and overnight limits, asset position limits, and intraday limits • Key factors in funds management • Liquidity and cash flow management, including CRR • Payment and settlement systems (SLIPS, RTGS, SWIFT) • Dealing room operations, including Nostro/Vostro accounts and open currency/cash positions by dealers • Aligning treasury strategy with overall organizational goals • Ethics and best practices for dealers
2026.10.24 (10.45 am – 12.45 pm) 01.30 pm – 03.30 pm)	Module 2 –Financial Markets Overview of the global financial markets, including major markets, recent trends, gold/oil, and market outlook <u>Money Market</u> • Definition and role of the money market • Introduction to different money market products

	• Characteristics of main money market instruments, including deposits, certificates of deposit, bankers' acceptances, T-bills, commercial papers, and repos in terms of issuers/investors, methods of issue, transferability, and whether securitized or not • Differences between domestic, foreign, and Euro money markets • Calculation of the value of each type of instrument using quoted prices in the local market • Calculation of cash flows of a repo transaction based on collateral value and agreed hair cut/initial margin • Definition of general collateral (GC) and specials, with changes in repo rates • Day count conversion in different markets and for different products
2026.10.24 (03.45 pm – 05.45 pm)	Module 2 –Financial Markets (contd.) <u>Foreign Exchange Market</u> • Organization of the foreign exchange market • Definition of the exchange rate and methods of quoting (direct quote and indirect quote) • Key terminology: ○ Base currency and counter currency ○ Trade date and value date ○ SPOT / TOM / CASH / SPOT NEXT / FORWARD ○ FX SWAPS
2026.10.31 (08.30 am – 10.30 am)	• Concept of two-way quotes (bid and offer/ask) • Application of bid/offer exchange rates as price-maker and price-taker for converting base or quoted currency amounts
(10.45 am – 12.45 pm)	• Determinants of exchange rates • Different exchange rate regimes • Calculation of cross-currency rates
(01.30 pm – 03.30 pm)	• Calculation and explanation of the reciprocal of an exchange rate • Calculation of forward exchange rates using spot rates and interest rates • Trading mechanisms (e-platforms, voice brokers, and direct dealing) • Comparison of characteristics of different financial instruments

2026.10.31 (03.45 pm – 05.45 pm)	Module 2 –Financial Markets (contd.) <u>Practical aspects of the FX market</u> • Continuous market: holiday conventions and value dates • Cross-currency: base currency, quoted currency - direct and indirect quotes • Interbank market: roles of maker and taker • Two-way quotes • SPOT and FWDs • Trading using two-way quotes • Quoting to customers • Position management: NOP and currency positions • Realized and unrealized profit: mark-to-market and average cost • Cross-currency rates: deriving from standard quotes • Fundamental and technical analysis • USD/LKR market: CBSL and trading process • Deriving FWD price using interest rates and SPOT -FWD premium/discount • SWAP transactions • Dealing on SWAPs
Resource person	Mr. Nilanka Abeywickrama, Head of Treasury Markets, Standard Chartered Bank PLC
2026.11.01 (08.30 am – 10.30 am)	Module 2 –Financial Markets (contd.) <u>Interest Rate</u> • Concept of interest rate • Distinction between nominal and real interest rates • Determinants of interest rates • Principles of the time value of money and net present value (NPV) • Calculation of present and future values using discounting and compounding techniques • Calculation of simple interest using different day count and annual basis conventions • Fixing same-day, next-day, spot, and forward value and maturity dates following the modified following business day convention and end-to-end rule • Conversion of interest rates and yields between money market basis and bond basis

(10.45 am – 12.45 pm)	• Conversion of interest rates and yields between annual and semi-annual compounding frequencies • Calculation of effective annual rate (EAR) • Calculation of forward-forward rates from two mismatched cash rates • Valuation of discount-paying money market instruments from discount rates (straight discount) and conversion of discount rates to true yields • Plotting a yield curve, describing its shape, and explaining changes in the curve • Explanation of pure expectation theory, liquidity preference theory, and market segmentation hypothesis in relation to the yield curve
2026.11.01 (01.30 pm – 03.30 pm) (03.45 pm – 05.45 pm) 2026.11.14 (01.30 pm – 03.30 pm) (03.45 pm – 05.45 pm) 2026.11.15 (08.30 am – 10.30 am)	<u>Fixed Income Securities Market</u> • Definition of a fixed income security, including key terminology: price, yield, face value, coupon rate, accrued interest, yield-to-maturity, yield curve, etc. • Identification of different types of issuers and investors of bonds • Features of various fixed income securities, including zero-coupon bonds, fixed-coupon bonds, floating rate notes, mortgage-backed securities (MBS), and asset-backed securities (ABS) • Calculation of price, yield, coupon, time to maturity, face value, yield-to-maturity, and other parameters where all other variables are given • Assumptions underlying yield-to-maturity • Relationship between price and yield • Relationship between coupon, maturity, and price • Calculation and interpretation of duration and modified duration • Calculation of the change in bond value for a given modified duration and level of yield change • Understanding of the zero-coupon yield curve • Impact on fixed income securities in the following events: ○ Payment of income, such as a coupon ○ Default ○ Failure to deliver collateral

(10.45 am – 12.45 pm)	• Identification of risks in bond investing, including market risk (interest rate risk/duration risk), credit risk, and reinvestment risk
Resource person	Mr. Nilanka Abeywickrama, Head of Treasury Markets, Standard Chartered Bank PLC
2026.11.15 (01.30 pm – 03.30 pm)	Module 3 – Financial Derivative Markets & Products <u>Introduction</u> • Characteristics of derivatives and their underlying transactions • Differences between forward commitments and contingent claims • Differences between exchange-traded derivatives and over-the-counter (OTC) derivatives, including associated risks • Identification of arbitrage opportunities and understanding how to trade on arbitrage
(03.45 pm – 05.45 pm)	<u>Forwards</u> • Basic characteristics of a forward contract and forward-forward rates • Mechanism of a forward-forward loan or deposit • Interest rate risk associated with a forward-forward loan or deposit • FRA as a derivative of a forward-forward instrument • Mechanics of an FRA and related terminology • Calculation of FRA price • Use of an FRA to hedge interest rate risk, including selection of the correct contract and deciding whether to buy or sell an FRA • Identification of the settlement rate and calculation of the settlement amount
2026.11.22 (08.30 am – 10.30 am)	<u>Future contracts</u> • Basic characteristics of a futures contract • Similarities and differences between forwards and futures contracts • Settlement of futures transactions and the functions of the futures exchange and clearing house • Margining procedures, including calculation of variation margin

(10.45 am – 12.45 pm)	• Pricing of a futures contract using the cost-of-carry model • Calculation of profit or loss on a futures contract • Use of futures contracts to hedge an existing position • Risks associated with futures contracts • Closing a futures contract and calculating profit or loss <u>Option contracts</u> • Definition of options, including call and put options • Comparison of option contracts with other derivative instruments • Key terms: strike price, underlying asset, premium, and expiry • Distinction between European, American, Asian, and Bermudian style options • Payoff profile of an option contract • Intrinsic value and time value of an option • Main determinants of an option premium and their impact on pricing • Option Greeks: Delta, Gamma, Theta, Rho, and Vega • Meaning of in-the-money (ITM), at-the-money (ATM), and out-of-the-money (OTM) options, including associated risks • Put/Call parity • Option strategies such as straddles, strangles, and others • Use of options to hedge an existing position
(01.30 pm – 03.30 pm)	<u>Swaps</u> • Terminology related to swap transactions • Mechanics of interest rate swaps (IRS)
(03.45 pm – 05.45 pm)	• Terminology related to IRS • Interpretation of negative and positive swap points • Selection of the appropriate IRS contract to hedge interest rate risk • Currency/FX swaps and calculation of swap points • Applicability of swaps in cash flow management

Resource person	Mr. Yasantha Jayasinghe, Former Executive Director, Head of FX and Rates Trading, Standard Chartered Bank PLC
2026.11.07 (08.30 am – 10.30 am) (10.45 am – 12.45 pm) (01.30 pm – 03.30 pm) (03.45 pm – 05.45 pm)	Module 4 - Asset & Liability Management (ALM) • Definition and general concepts of ALM • Impact of key risk factors on the asset and liability sides of the balance sheet • Treasury's role in ALM and ALM's role as a management tool within the organization • Role of ALCO and the ALCO process • Importance of an efficient organisational structure and its impact on ALM and describe the organisational and infrastructure set up of ALM in a bank: Parameters, risk identification, risk measurement, and related tolerance levels • Importance of ALM information systems, including management information systems (MIS), information availability, and accuracy • Use of maturity gap analysis for managing interest rate and duration mismatches, and application of asset and liability management techniques • Concept of funds transfer pricing as a means to ensure transparent allocation of funding and liquidity costs and benefits to respective businesses and products • Definition and importance of liquidity for a bank • Differentiation between managing liquidity through assets versus liabilities • Recognition of costs associated with maintaining liquidity • ALM function from a practical and performance-oriented perspective
Resource person	Mr. Yasantha Jayasinghe, Former Executive Director, Head of FX and Rates Trading, Standard Chartered Bank PLC
2026.11.14 (08.30 am – 10.30 am)	Module 5 - Risk Management • Various types of risks faced by banks and treasury • Types of market risk, including interest rate, exchange rate, equity, currency, and commodity risk • Risk management framework for market risk, liquidity risk, and interest rate risk

(10.45 am – 12.45 pm)	• Calculation, interpretation, and explanation of market risk measures such as Value at Risk (VaR) and Expected Shortfall • Limitations of the above market risk measures • Understanding of default risk • Management of credit risk and settlement risk in treasury operations, including explanation of limit structures • Credit risk mitigation techniques, including collaterals, cash settlements, and netting • Use of documentation such as MRA/GMRA and ISDA agreements • Definition of liquidity risk and its importance in banks • Operational risk in treasury operations and the process of operational risk management • Sources of operational risk, including systems, people, processes, and external events • Importance of a Business Continuity Plan (BCP) for treasury operations and its integration into the bank's overall BCP • Techniques for the evaluation of risk • Risk management approaches • Risk reporting and feedback loops • Interrelationships between multiple treasury risks, e.g., interest rate and foreign exchange risk • Role of treasury in identifying other key non-treasury risks • Overview of an Integrated Risk Management System • Segregation of duties • Roles, responsibilities, and reporting of front office, middle office, and back office • Dealing room physical and system controls
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Resource person	Mr. D J Perera, Senior Assistant Director, Bank Supervision Department, Central Bank of Sri Lanka
2026.11.21 (08.30 am – 10.30 am) (10.45 am – 12.45 pm) (01.30 pm – 03.30 pm) (03.45 pm – 05.45 pm)	Module 6 - Regulations and Compliance • Treasury and investment policies, operational procedures, guidelines, and internal controls • Ethics and code of conduct • Regulations on market conduct, treasury operations, and the regulatory framework • Systems for risk monitoring and controls, including limits framework • Systems for risk measurement and reporting • Policies on new products, services, and activities • Regulations on liquidity risk and its management • Regulations on foreign currency borrowings • Regulations on financial derivatives • KYC and CDR rules, and provisions on money laundering • BIS FX Global Code • Other regulations governing treasury operations • Sanctions and regulatory interventions