2-Day Reverse Engineering Wall Street Transactions

Course Description: Reverse engineering is the process of decomposing existing work so that underlying assumptions, mechanics and functionality are understood. While primarily and engineering and software concept, reverse engineering is applicable to finance when one wants to understand a pre-existing deal. Reverse engineering financial transactions is used by investors to understand the deal they are committing money to, banks and other entities trying to understand their competition, third party data providers, and in many specialty cases such as model validation.

This course shows participants how to translate Wall Street deal documents into a dynamic model by breaking down complex legal wording and constructing formulas that recreate the meaning of the words. Strategies for efficiently working through lengthy documents are shown, while intricately worded legal statements and definitions are simply explained and demonstrated in working models. Participants will work with actual deal documentation and a completely reversed deal to understand all aspects from creation to validation and eventually to interpretation.

EXPERIENCE: *Founded by former investment banker and financial author Keith Allman, and now composed of three other trainers and support staff, Enstruct is run by people who know how to build financial models. Given this depth of knowledge, courses and materials are designed from a practitioner's point of view. You will not find yourself sitting in an Enstruct course and thinking. "How do I use what the instructor is saying?"*

ACCREDITATION:
Enstruct is committed to being the premier quantitative training institution and is going through multiple accreditation processes. Already we Enstruct is registered with the CFA Institute as an Approved Provider of continuing education programs. Our Structured Finance Analytics with VBA is eligible for 26 CE credit hours as granted by CFA Institute. If you are a CFA Institute member, CE credit for your participation in this program will be automatically recorded in your CE Diary.

AGENDA

Day 1

Morning
- Introduction to Reverse Engineering
- Defining Reverse Engineering
- Types of Information: Prospectus, Indenture, Terms Sheet, Public Data, Third Party Data
- Reverse Engineering Process
    Exercise: Planning Out the Process
- Navigating a Prospectus and Prospectus Supplement
- The Connection between Summary Information, Term Definitions, and Payment Instructions
    Exercise: Following the Flow of Information in Transaction Documentation

Afternoon
- Dates: Interpreting Documentation to Determine Important Aspects of Dates and Timing
- Differences in Dates: Deal Closing, First Payment Dates, Day-Count Convention
    Exercise: Date Interpretation and Implementation
- Cash Flow Assumptions: How to Understand Cash Flowing into a Transaction
- Asset Terminology: Terms Related to Assets and their Meaning for Cash Flow Generation
- The Modeling Assumptions Section: Differences between Read Data and Assumed Data
    Exercise: Tools to Create Cash Flow from Prospectus Data
- Asset Amortization in Detail: How Deals Summarize Assets and How to Transform that into a Model
- Connecting Assets to Liabilities

Day 2

Morning
- Basic Liability Reversing: Fees and Interest
- Liability Terminology: Terms Related to Basic Liabilities and their Meaning for Payment Priority
    Exercise: Key Word Reversal – "Excess Over", "Pro-Rata", "Sequentially", "Concurrently", etc.
- Time Dependency of Wording: How Some Sections of a Prospectus Occur Simultaneously
    Exercise: Time Dependency Using Multiple Loan Groups and Cross Collateralization as an Example.

Afternoon
- Specialized Sections: An Example Using Credit Enhancement in Structured Transactions
- Examples of Interpreting Advanced Concepts: Loss Allocation and Private Mortgage Insurance
    Exercise: Integrating Advanced Concepts – Interest Carry Forward, Net WAC Pass-Through, etc.
- Validating and Testing a Reverse Engineered Model: Using Documentation Data to Verify a Model
    Exercise: Setting up a System to Test a Model versus Deal Documentation
- Risk Disclosure: How Risk is disclosed in Deal Documentation and the Connection to a Reverse Engineered Model
    Exercise: Testing Modeling Outputs for Specific Risk defined in the Documentation

COURSE INFORMATION

Requirements
A basic to intermediate knowledge of Excel, and a basic understanding of finance. Participants will need a laptop computer with Microsoft Excel, and a CD-ROM drive.

Pricing
The fee for the 2-day training is $2,500 per person. Payments can be made directly to Enstruct, or with credit card on our website, www.enstructcorp.com. Group rates are available for two or more employees from the same company.

Logistics
Enstruct is dedicated to being the premier organization for professional finance training, and therefore restricts class size to 20 professionals. Participants will be registered in the order that they submit course fees. Such fees will cease to be refundable four weeks prior to the training. Registered participants who cancel after the four-week deadline may apply their payment to a future Enstruct course. If registration becomes full, additional interested parties will be placed on a wait list. Participants on the wait list will receive a full refund if space does not become available.

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