LES ÉTUDES DE L'OBSERVATOIRE

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Professions in Corporate and Investment Banking

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OptimindWinter

The Observatory on professions,
qualifications, and gender equality
in banking

Profession study

December 2014

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optimind winter

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Introduction

Backed by recognised expertise in consulting and financial engineering, Corporate and Investment Banking offers tailored solutions for large companies, financial institutions, and the public sector. Its local and international dimension makes it a key partner for all economic players. Its professions allow its employees to apply their know-how, expertise, and risk control to support a high-end customer base in carrying out their often strategic projects.

Nevertheless, the series of various crises and financial scandals since 2007 have disrupted the economic environment in which Corporate and Investment Banking had operated up until then. To adapt, each bank has had to rethink its organisation in order to reduce its structural costs and preserve or even regain profitability. Associated with limited growth, Corporate and Investment Banking now operates in a stricter regulatory environment. Even so, Corporate and Investment Banking is on the verge of a new boom, with a more "customer"-oriented organisation conducive to marketing tailored and therefore ultimately viable products and services.

Scope of the study

This study covers the entire scope of activities covered by Corporate and Investment Banking as well as its related activities: from merchant banking and hedging to securities services as well as global capital markets and asset management. Given the structural diversity of the financial institutions involved, this study primarily aims to paint a general portrait of Corporate and Investment Banking, its economic environment, its activities, and therefore its main professions. To do this, and in order to allow the greatest number of people to understand all the concepts, products, and systems, their presentation is intended to be an overview, not technical and detailed. The target audience of this study is not only banking sector professionals who wish to move towards professions in Corporate and Investment Banking, but also persons outside the banking field or young graduates wanting to move towards it and make it a career.

Methodology

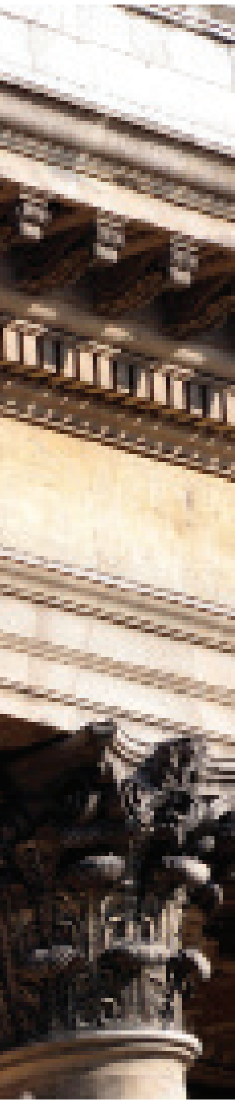
The performance of this study led to several interviews with professionals in Corporate and Investment Banking. The interviewed individuals came from human resources, oversight functions, and risk management departments as well as much more operational departments (Front Office, Asset Management, etc.). In addition, in order to ensure that the study is as representative as possible, this study was overseen by a Steering Committee made up of not only of members of the Observatory of banking professions, but also banking experts from three of the four main large banking groups in France that have a Corporate and Investment Banking activity.

Before any presentation of the professions in Corporate and Investment Banking, we felt it necessary to start by describing the framework and circumstances in which they operate. It is with knowledge of the economic and financial environment and the place occupied by these professions in financing and investment processes, particularly on financial markets, that we can understand the issues, characteristics, and expected key skills. To that end, public information about these activities was collected from the annual reports and websites of banking institutions and investment firms. Once it was cleared of its economic and commercial aspects, this information made it possible, through cross-checking, to paint a portrait of the financing and investment activities covering the largest number of observed organisations.

The presentation of the professions in Corporate and Investment Banking is built around a classification true to the organisation of the activities. This classification is consistent with the Repository of the Observatory of professions (key professions). In the end, this study presents 23 of the main professions in Corporate and Investment Banking in the form of summaries as well as development and mobility prospects, concluded with a detailed description for each of the professions involved.

Repository of professions in Corporate and Investment Banking


BOURSE



1. Issues in Corporate and Investment Banking

1.1 Origins of Corporate and Investment Banking

The term Corporate and Investment Banking [CIB[1]] originated from the needs expressed by large companies: to establish and implement an investment strategy and finance their corporate projects in the best possible way (lower cost, lower risk, and better profitability). CIB responds to the first need through market finance (Investment Banking[2] & Global Capital Markets). CIB responds to the second need through corporate finance (Corporate Banking). These needs, each with a different yet complementary purpose, are the basis of the activities of a Corporate and Investment Bank. The term "Corporate and Investment Banking" has established itself as the standard to refer to these activities[3].

CIB in itself may constitute a financial institution in its own right (independent or subsidiary of a large universal bank) or be a business division (notion of "Business Line") of a bank. In that case, it is referred to as a "Division" or "Department".

[1] For the rest of the study, the term "CIB" will be predominantly used to refer to "Corporate and Investment Banking".

[2] For the rest of the study, given that the CIB activity is widely carried out in an economic and financial environment where the international language is English, English terms utilised in the profession will be used.

[3] Société Générale and Crédit Agricole use "CIB" to refer to their Corporate and Investment Banking activities: "SGCIB" and "Crédit Agricole CIB". Note: With regard to Société Générale, SGCIB was changed to GBIS (global banking and investment services) last year.

CIB is primarily involved in a long-term financing activity. In other words, it works with its customers, on all transactions likely to affect the structure of their balance sheet, especially long-term financing: long-term uses and sources, such as equity, long-term debt, and financing over the long term (for liabilities) as well as tangible fixed assets (land, building, plant, etc.) and intangible fixed assets (patent, software, equity securities, etc.). Above all, CIB is intended for large "corporate" customers or institutional investors (banks, management companies, insurance companies).

In that case, the long-term financing transactions carried out by CIB may pertain to:

- initial public offerings;
- issues of securities (equities, bonds, etc.);
- mergers and acquisitions;
- specialised or structured financing;
- intermediation;
- execution of corporate actions.

They may involve transactions themselves or consulting activities.

The financing needs and the search for investment opportunities differ from one Corporate to another (because of its structure, its economic activity sector, etc.), but also from one geographical area to another.

That is why the organisational models of CIBs may seem complex, but are based on a matrix, "customer"-oriented, highly scalable organisation. The matrix organisation is understood as a series of sales processes applied to the main financial centres (Hong Kong, London, New York, Paris, etc.), but also by type of financial product (bonds, equity derivatives, fixed income, commodities, currencies, etc.

[4] Or "Corporate Finance"

The presentation of the major activities of a CIB is thus divided into three major functions:

Financing of large companies (Corporate Banking);

Refers to business financing. The CIB works with its customers to help them find the necessary financing for their strategic projects (structured loans, bond issues).

Investment Banking activities[4];

Refer to consulting activities in terms of investment strategy, particularly with regard to "merger & acquisition" projects, initial public offerings, capital increases, etc.

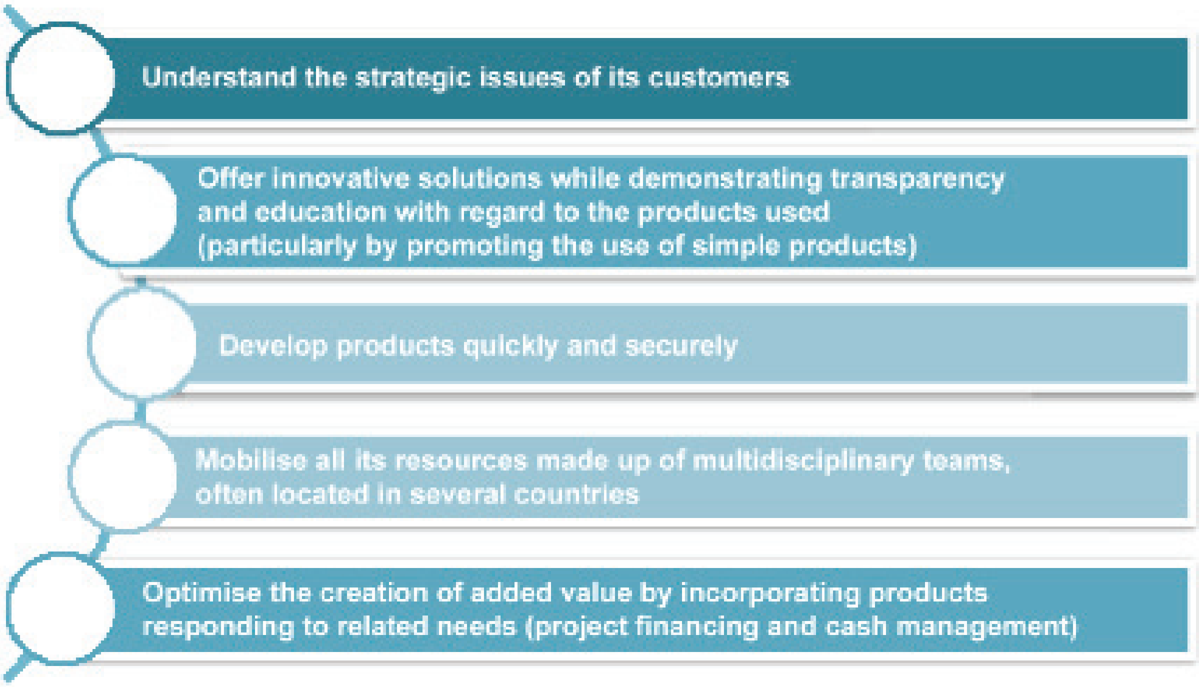
Market activities (Global Capital Markets).

Refer to all financial transactions aiming to find the best financial investments or the most profitable hedges. The CIB also serves as an intermediary for its customers to invest on financial markets.

The relevance of the CIB's responses (solutions) to its customers, and therefore its effectiveness, requires the ongoing, synchronised pooling of different, but complementary, areas of expertise.

These areas of expertise are characterised by the following business lines:

The success of each CIB therefore depends on its ability to:



1.2 Corporate and Investment Banks of today

Corporate and Investment Banking is one of the activities of the banking sector, in the same way as retail banking (geared towards individuals, professionals, and small businesses), asset management, payment method management, and, more recently, insurance activities, as well as other activities. It may therefore embody a department or a subsidiary of a large banking group (case of universal banks[5]) or, more simply, be an independent financial institution.

The activities of a CIB involve advising and supporting customers in their financial engineering needs (mergers & acquisitions, debt issues, medium-term or long-term borrowing for project financing, initial public offerings, access to financial markets). As a reminder, it is primarily intended for large companies and other institutional investors (management companies, pension funds, states, etc.).

A distinction, not to say a demarcation, is often made between investment banking (often associated with market activities) and corporate finance, an activity that would be housed within another entity of the universal bank. Yet, these activities are interdependent and complementary. That is why they are grouped together in a single structure. The term **"Corporate & Investment Banking"** (CIB) is already anchored in the French and international banking landscape.

[5] Universal banking is the general term used to refer to institutions that engage in all banking activities (business lines): retail banking, private banking, asset management, insurance, etc.

Overview of the major large French banking groups and their CIB (non-exhaustive)

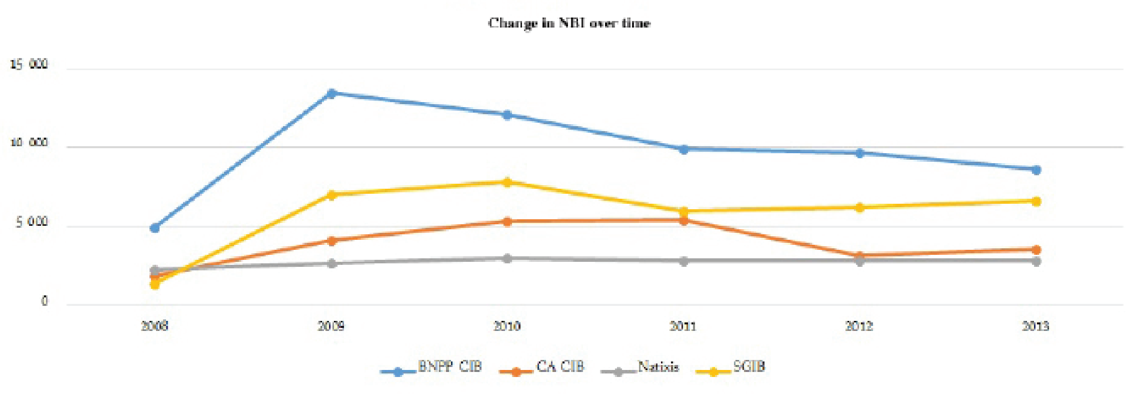
Group name	Retail banking activities	Private banking	CIB	Management company	Financial services
Groupe Banque Populaire Caisses d'Epargne	- Banque Palatine - Banque Populaire - Caisse d'Epargne	- Banque Privée 1818 - Natixis Private Banking	Natixis	Natixis Global Asset Management	Natixis Services Financiers
Crédit Agricole	Crédit Agricole Banque	Crédit Agricole Banque Privée	Crédit Agricole CIB	- Amundi - CPR Asset Management	CACEIS
Crédit Lyonnais	LCL	LCL Banque Privée			
BNP Paribas	BNP Paribas	BNP Paribas Wealth Management	BNP Paribas CIB	BNP Paribas Investment Partners	BNP Paribas Securities Services (BPSS)
La Banque Postale	La Banque Postale	La Banque Postale Gestion Privée (JV with Oddo)		La Banque Postale Asset Management	
HSBC	HSBC	HSBC Private Bank	HSBC	HSBC Asset Management	
Barclays Bank	Barclays	Barclays Banque Privée			
Crédit Mutuel CIC	- Arkéa - Crédit Mutuel - CIC	- Banque Privée Européenne (BPE) - CIC Bank Privée			CM-CIC Securities
Société Générale	- Crédit du Nord - Société Générale	Société Générale Private Banking	Société Générale CIB	- Amundi - Lyxor	Société Générale Securities Services (SGSS)

CIB & Statistics: assessment of the contraction of activities

Change in CIB NBI (in millions of euros)

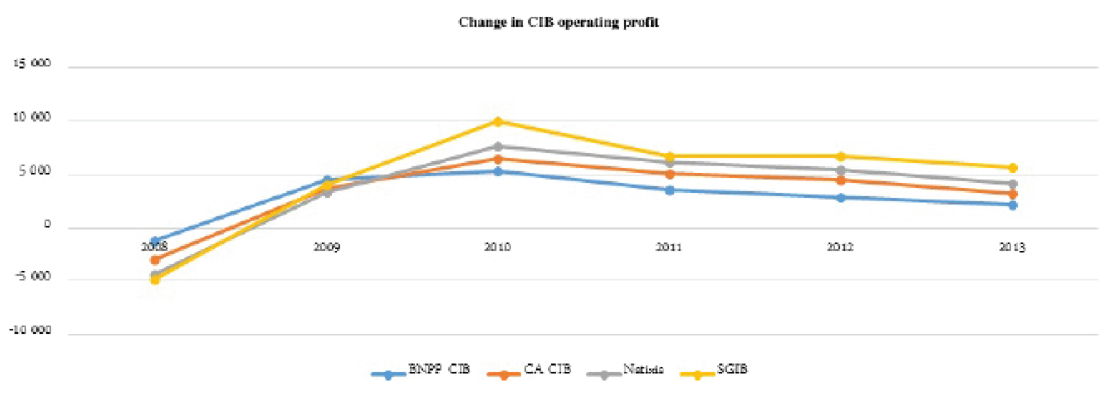
	2008	2009	2010	2011	2012	2013	Change 2008/2013	Change 2009/2013	Change 2010/2013
BNPP CIB	4 973	13 497	12 136	9 897	9 715	8 662	74%	-36%	-29%
CA CIB	1 893	4 156	5 315	5 436	3 188	3 595	90%	-13%	-32%
Natixis	2 317	2 697	3 027	2 847	2 829	2 867	24%	6%	-5%
SGIB	1 381	7 028	7 836	5 980	6 189	6 665	383%	-5%	-15%
Total	**10 564**	**27 378**	**28 314**	**24 160**	**21 921**	**21 789**	106%	-20%	-23%

Source: registration documents of BNP Paribas, CASA, Natixis, and Société Générale



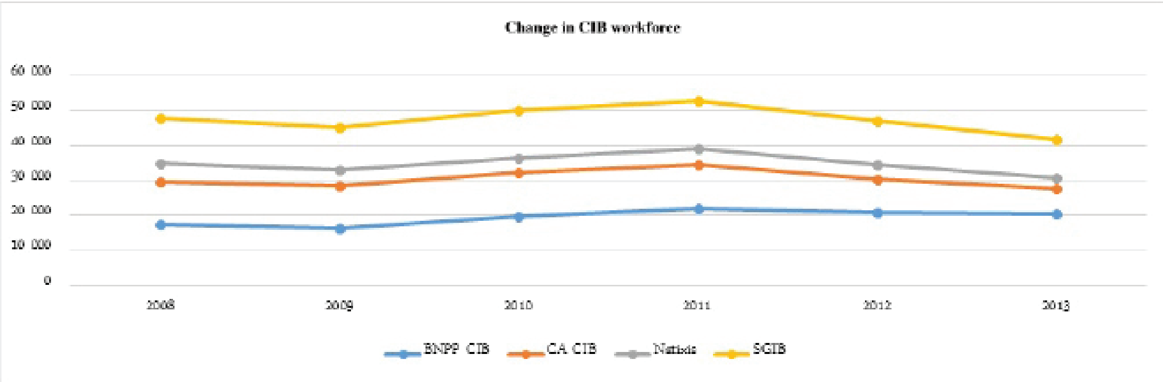
Change in CIB operations									
	2008	2009	2010	2011	2012	2013	Change 2008/2013	Change 2009/2013	Change 2010/2013
BNPP CIB	-1 215	4 446	5 286	3 530	2 913	2 172	279%	-51,1%	-99,9%
CA CIB	-1 713	-794	1 185	1 496	1 611	1 093	164%	237,7%	-8%
Natixis	-1 414	-344	1 168	1 066	852	898	164%	361,0%	-23%
SGIB	-485	727	2 362	669	1 336	1 556	421%	114,0%	-34%
Total	**-4 827**	**4 035**	**10 001**	**6 761**	**6 712**	**5 719**	218%	41,7%	-43%

Source: registration documents of BNP Paribas, CASA, Natixis, and Société Générale



Change in CIB workforce									
	2008	2009	2010	2011	2012	2013	Change 2008/2013	Change 2009/2013	Change 2012/2013
BNPP CIB	17 319	16 139	19 800	21 827	20 741	20 300	17%	26%	-2%
CA CIB	12 287	12 137	12 445	12 523	9 439	7 274	-41%	-40%	-23%
Natixis	5 448	4 675	4 362	4 582	4 328	3 269	-40%	-30%	-24%
SGIB	12 611	12 134	13 313	13 903	12 540	10 960	-13%	-10%	-13%
Total	**47 665**	**45 085**	**49 920**	**52 835**	**47 048**	**41 803**	-12%	-7%	-11%

Source: registration documents of BNP Paribas, CASA, Natixis, and Société Générale



1.3 Crises and regulations

The financial crises, starting with the one in 2008, and the regulations that followed have led to profound changes in CIB activities.

In 2007, the first signs of problems emerged. In July 2007, a US financial institution[6] announced record unrealised financial losses, because of the strong devaluation of its funds, primarily consisting of exotic financial investments (subprimes[7]). However, the 2008 financial crisis was undoubtedly associated with the bankruptcy of one of the largest US investment banks[8].

Subprime Crisis?

The crisis followed the US mortgage crash in 2007 (many US debtors found themselves unable to meet their financial commitments). The outstanding credit corresponding to these risky mortgage loans (because of the low level of borrower solvency) was securitised (transformation into multiple financial products) to be resold to other investors in the form of investment vehicles (UCITS). Consequently, many banking institutions, including large French banking groups, found themselves with financial securities that had no value, thereby triggering a general crisis of confidence in financial markets (distrust associated with the lack of visibility on the location of contaminated securities in financial products sold and, more widely, in asset portfolios). This crisis of confidence also extended to the interbank refinancing system (short-term loans between banks).

The losses caused by these positions (which found no takers on the financial markets) caused a sharp decline in the market capitalisation of banks, jeopardising their solvency. Through a contagion effect, a limited sector-specific crisis transformed into a systemic crisis (general dysfunction of the economic and financial system), so much so that several financial institutions (banks, insurance companies) including French institutions, had to undergo financial recapitalisation by the public authorities or be bought out.

In (traditional) response to these crises, the regulator wished to better govern financing and investment activities, perceived as merely speculative, unrelated to the real economy and at risk for the balance of the financial and economic system.

All the new regulations (Basel 3, Dodd-Franck Act [9], law on separation and regulation of banking activities, MIFID II[10], EMIR[11], etc.), regardless of the regulating body that issued them, share the same goal: to better control the activity of CIBs, seen as speculative and opaque according to public opinion, players in the economic system, and, as a result, the legislator. This control extends from minimum capital requirements to the protection of investors and savers as well as the management of cash reserves and restrictions on the use of certain financial products. The main regulatory developments, in response to the financial crisis, are described below.

[6] Bear Stearns: “The Bear Stearns Companies Inc.”, a former large US investment bank that went bankrupt because of the consequences of the subprime crisis and was bought out by the JP Morgan group.

[7] Risky mortgage loans.

[8] Lehman Brothers, a large US investment bank, went bankrupt on 14 September 2008.

[9] Dodd-Frank Wall Street Reform and Consumer Protection Act, published in 2010. This was the main legislative component of the financial market reform initiated by US lawmakers in response to the subprime crisis and the financial and economic crisis that followed.

[10] Markets in Financial Instruments Directive (MIFID), the reform of which was published in the Official Journal of the European Union in June 2014. In its second version, the MIF 2 directive now covers bond and derivative markets.

[11] European Regulation no. 648/2012 on OTC derivatives, published in the Official Journal of the European Union in July 2012.

1.3.1 Basel 3

One of the main regulations called into question by the economic and financial crisis of 2008 was the Basel 2 Agreements and their adaptations in the Committee on Banking and Financial Regulation (CRBF) 97-02 and the General Regulation of the Financial Markets Authority (RG AMF). On the basis of three pillars, Basel 2 provided for:

- the capital allocation to ensure the solvency of banking institutions to meet their commitments, weighted by risk level (solvency ratio);
- the monitoring and ongoing control of the quality of commitments by a risk control mechanism (which includes both governance aspects and key functions, such as risk management, internal control, and internal auditing);
- transparency and the duty to disclose, materialising market discipline. The duty to disclose is formalised by, among other things, annual reporting to the supervisory authorities and financial communication to the market.

The Basel Committee therefore reinforced its regulatory arsenal. It formulated new requirements and published the new "Basel 3" standard[12]. With Basel 3, market risks are better controlled. The minimum capital requirements to cover them are significantly higher, especially since these measures are accompanied by a restriction on eligible capital to cover market activities. Moreover, the system for calculating the capital allocation requires a more restrictive risk assessment.

In addition to the quantitative increase and the qualitative tightening of the required level of capital allocation, the main new development lies in the establishment of a liquidity ratio (LCR) with an application date scheduled for 1 January 2015. To meet this new regulatory requirement, banks will be obliged to build up a financial reserve (capital able to be mobilised in the very short term) corresponding to a proportion of net cash flows at 30 days. In doing so, if further financial crises associated with the insufficiency of short-term financing sources on the markets occur, banks will be able to mobilise this reserve and meet their commitments. Banks are also obliged to demonstrate that their established cash reserve would withstand a 30-day liquidity crisis.

In addition to the "LCR", the regulator has associated the NSFR ratio (Net Stable Funding Ratio) with it. The aim of this ratio is to refinance at more than a year assets with a remaining maturity of more than one year. In order to comply with this ratio, banks must limit and reduce their activities with business models that lay in an aggressive policy regarding bank transformation.

Lastly, "Basel 3" has also clarified the concept of equity (Tier One[13]) and taken into account securitisation techniques, at the root of the channel of contagion of the 2008 financial crisis.

1.3.2 The law on separation and regulation of banking activities[14]

For many players, the reinforcement of regulatory requirements will not be enough to structurally call into question the speculative propensity of the CIB and limit its consequences on the international economy. Then came the issue of the pure and simple separation of investment activities from commercial activities for universal banks.

[12] Gradually phased in until 2019

[13] The equity of a bank, consisting of, in particular, the share capital, retained earnings, reserves, and profits/losses not yet distributed. Tier 1 as well as Tier 2 and Tier 3 are used to calculate the capital allocation to be immobilised, corresponding to the solvency ratios.

[14] Whose entry into force (as of the date of publication of this study) is scheduled for 1 January 2015: implementing decree

In the United States, regulators included the "Volcker Rule", which aims to separate deposit activities from CIB activities, in the "Dodd Frank Act". This Anglo-American approach was reinforced by the Vickers report in the United Kingdom.

With regard to the European Union, a working group was created and resulted in the publication of the Liikanen report[15]. This report concluded with five proposals:

1	Mandatory separation of risky activities
2	Additional separation according to the requirements of the resolution plan
3	Modification of the use of bail-in tools
4	Hardening of weighted assets
5	Reinforcement of governance

The key measure of the Liikanen report thus pertains to the "mandatory separation of risky activities". Nevertheless, unlike the approaches taken by Anglo-American regulators, this measure would have only a limited structural impact. Banks will have the possibility of keeping their two activities within the same group. Their separation would be legal in nature. The CIB activity could therefore be spun off into a subsidiary by a holding company, also a foothold of deposit banking.

In fact, banks will have the possibility of keeping the two activities within the same group, provided that they are legally separated and the governance and the sources of financing of the two entities are differentiated.

In France, the parliament adopted the separation and regulation of banking activities bill in July 2013[16]. This text consists of 100 measures and can be grouped into three components:

- separation of activities helpful for investment and the use of speculative activities,
- improvement of the State's intervention mechanisms in the event of a crisis,
- strengthening of the powers of the regulatory control authority[17] to combat systemic risks.

The first component of this law therefore clearly aims to separate deposit bank activities from CIB activities. The legislative text also introduces the principle of subsidiary formation in order to segregate the speculative activities that a bank would conduct for itself on the markets.

However, the confinement of purely speculative activities, unrelated to the financing of the economy, seems more difficult to materialise, since the border is fuzzy and difficult to define. Indeed, many CIB transactions can be considered helpful to the economy.

That is why the law sets out six exceptions to the subsidiary formation obligation:

- the provision of investment services to customers;
- the clearing of financial instruments;
- the hedging of risks specific to the institution;
- market-making;
- the sound, prudent management of the group's cash;
- the group's investment operations.

(Sources: AMF)

This new law should have only limited structural effects[18]. This is especially true since the share of proprietary activities "would represent only between 3% and 5% of CIB activities, which themselves represent 15% of total bank revenues[19]".

[15] Published in October 2012.

[16] Law no. 2013-672 of 26 July 2013 on separation and regulation of banking activities, JORF of 31 July 2013.

[17] The Prudential Control Authority (ACP) has become the "ACPR" (Prudential Control and Resolution Authority). This is the administrative supervisory authority, which now has a bank resolution body responsible for imposing resolution measures on an investment firm or a credit institution in the event of proven financial difficulties (reorganisation of the structure, subsidiary formation, dismissal of the bank's leader, ban on or suspension of dividend payments, establishment of preventive resolution plans by institutions, etc.).

1.3.3 Regulatory framework for the use of "OTC" (over-the-counter) derivatives

In order to cover the counterparty risk arising from non-standardised transactions on derivatives and to implement a uniform legal framework, European lawmakers have established a central clearing system for all OTC derivatives. Accordingly, the counterparty risk will be fully transferred to clearing houses.

The EMIR (European Market and Infrastructure Regulation) imposes new constraints on the various players in derivatives markets: financial or non-financial counterparties carrying out a transaction on these markets, clearing houses[20].

This new regulation exposes CBI activities to higher costs in the use of derivatives. Aside from the transparency of transactions and the coverage of counterparty risk, the regulator's goal is to compel banks to limit the use of these products.

Bringing financing and investment activities into compliance with the new regulatory requirements will thus encourage banks to reduce their CIB activities or, otherwise, rethink their economic model. Formerly separated activities will now have much closer ties, from the offering of services (marketed by Investment Banking) to the management and optimisation of Collateral[21] (implemented by support functions or Financial Services) as well as the execution of the transaction on the markets (Global Capital Markets).

As we have just seen, regulation has an effect on the profitability of transactions and pushes CIBs to transform themselves and absorb the change in their business model – a change that must be accompanied by the development of new services as well as a regionalised customer approach (the matching – customers/products/cross-selling – is made possible only through close proximity with the customers).

1.4 The future of CIBs and factors of their development

From a complex universe (increased marketing of structured products), CIB has entered a simpler universe, now with a predominance of simple products more easily understood by customers. Although these simple products are less risky, they are also less profitable. Coupled with the overall decline in the volume of transactions and the increase in structural costs (attributable to the reinforcement of support functions, particularly those dedicated to controls), the CIB should definitively break with its past orientations.

Confronted by the stricter regulatory framework governing its activities and the deterioration of economic conditions, it must rapidly adapt or otherwise move towards an organisation centred around the least risky activities consuming the least financial resources (capital and cash) but profitable enough to maintain an attractive Return on Equity (RoE) for their shareholders.

[18] Which should only affect around 30 European banks, including France's four largest groups.

[19] Remarks by Frédéric Oudéa, CEO of Société Générale (Banque & Stratégie n°314).

[20] Sources: AMF

[21] "Collateral" refers to all assets, securities, or cash provided as a guarantee by the debtor counterparty to the creditor counterpart to cover the credit risk resulting from financial transactions negotiated between two parties. If the debtor defaults, the creditor has the right to retain the assets provided as collateral in order to compensate for the financial loss suffered (source: Finmarket).

Most players have arranged themselves accordingly, inevitably guided towards refocusing their activity, with the customer-oriented approach at its heart.

With the latest financial crisis in 2011 (Greek crisis), all institutions have sped up the reorganisation of their activities.

Economic impacts of the Basel 3 solvency ratio for French banks

In order to be in compliance, CIB has several means of action:

- Direct capital measures:

- Issues of equities or hybrid securities
- Placement of profits in reserves
- Improvement of the overall management of capital

- Reduction of balance sheet size

- Disposal of assets
- Disposal of equity interests

- Reduction of exposures:

- Reduction of proprietary activities
- Reduction of lending to the economy

For both the continuity of activity and its profitability, the CIB must look for new growth drivers, while reducing the volume of costly capital and liquidity transactions. This search results in vectors in the form of the manufacture of new products, better suited for the needs of customers whose appetite for risk has significantly reduced.

1.4.1 Reorganisation and new control systems of activities

The reorganisation of activities, made necessary and inevitable, is a real strategic change, as the golden age of an RoE above 10% seems remote. In order to ensure the sustainability of its activities, the CIB must reinvent itself.

This renewal materialises through:

- the steering of the profitability of products in an environment that now has reduced margins;
- cost control through the streamlining of industrialised processes (illustrated in particular by the trend towards off-shoring[22]);
- repositioning of the customer to the centre of the activity.

Up until then, CIBs were accustomed to a high level of profitability, generated by high-margin products. With the new business model put in place, these prospects are from another time. Now, CIBs will need to manage their profitability and activity according to industrial processes, namely the establishment of the calculation of the cost of operations, optimally adapted product pricing, a calculation of customer profitability, etc.

In addition, the necessary streamlining of costs is also prompting CIBs to examine their “cost/income ratio[23]” structural expenses and rethink their “production chain”. Also, an increasingly pronounced use of off-shoring was seen in recent years, a policy implemented to serve strict discipline in cost management.

[22] Off-shoring refers to the outsourcing of activities or even their relocation in the case of outsourcing to foreign countries, generally with low operating costs.

[23] Operating ratio.

Lastly, CIBs must reposition the customer relationship to the centre of their reorganisation so as to promote cross-selling[24]. To do this, they must enable themselves to support customers in all their needs.

1.4.2 From the "Originate and Hold" model to the "Originate to Distribute" model

In response to the financial crisis (particularly the 2008 crisis), which very strongly exposed the entire financial market to liquidity risk (absence or lack of available capital in the short term to finance its activity: investment, loans etc.), the CIB had to adapt its business model, but without completely calling it into question. The CIB's goal is to reduce the share of activities that consume too much cash and/or capital.

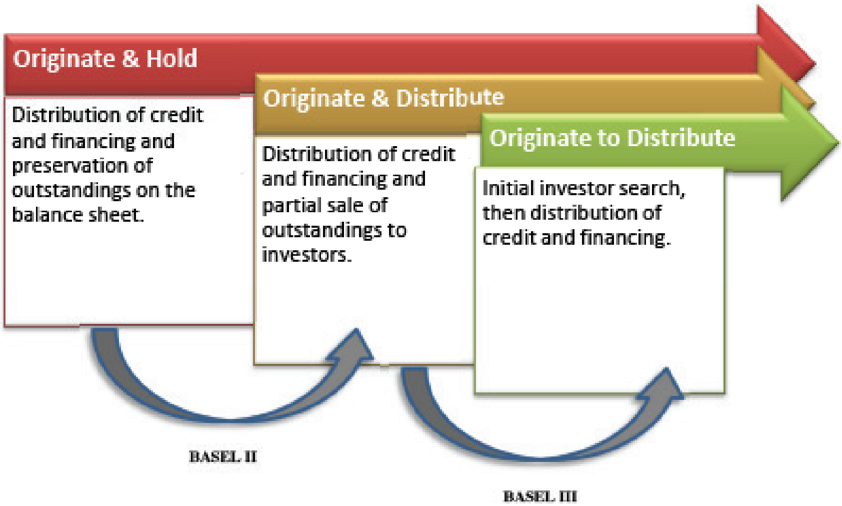
The CIB has therefore gradually[25] moved from the traditional "Originate and Hold[26]" model to the "Originate to Distribute[27]" model.

The "Originate and Hold" model

In this business model, historically "traditional", the bank grants vanilla (simple) or structured financing and retains the risk (default, market, counterparty) on its balance sheet until the end of the commitment (maturity of the loan).

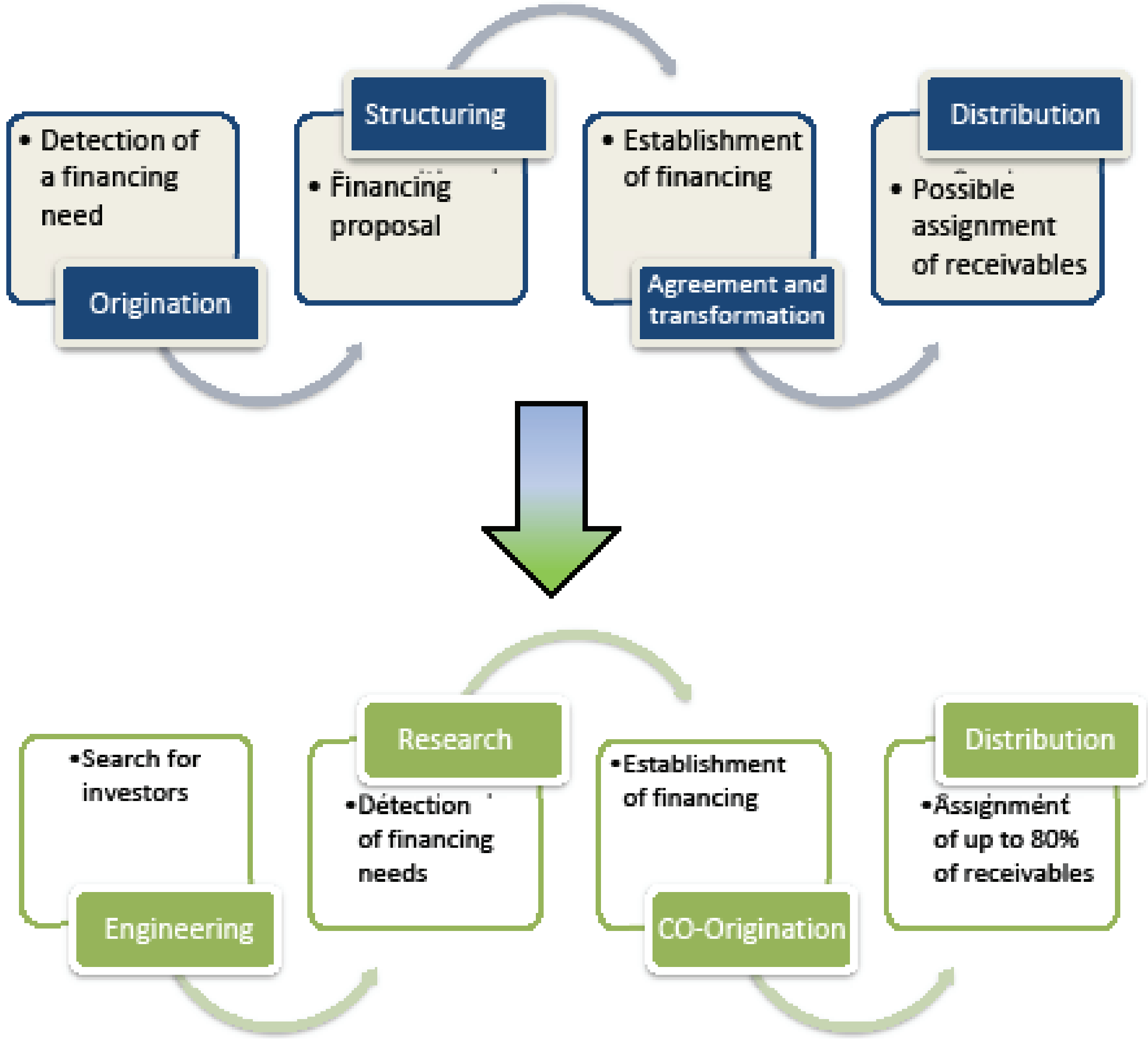
The "Originate to Distribute" model

This business model differs from the traditional model in that, after the financing is granted, the bank sells a portion of these commitments (usually up to 80%) to other banks or investors. The risks are no longer carried on the bank's balance sheet. For most investment funds, these investors are investments funds and management companies. The CIB's goal is to present a balance sheet free of toxic risks and thus meet the regulatory requirements in terms of liquidity and equity. The interest is thus twofold, as the CIB also retains its profitability, because of a volume of granted credit that is at least (in principle) constant.



This model results in a change in the customer's positioning in the origination[28] and transformation processes of financial transactions.

[24] The sale of a first service or product can be coupled with the sale of one or more complementary services/products.
[25] Transition begun in 2012.
[26] Granting (loans) and holding (keeping outstandings on the bank's books).
[27] Business model already developed in the United States since 1980: Granting with a view to selling (the riskiest assets)
[28] Process of preparing and assembling financing or investment solutions (loans, securities issues, etc.).



It is therefore understandable that this change in business model also requires changes in terms of financial engineering, financial products, but also risk management. The externalisation of part of the risk requires detailed knowledge of the nature of the commitments made (products, markets, etc.) and the counterparties with which the CIB enters into a contract (borrowers and investors).

That is why the CIB should evaluate, from its origination, the credit risk, then continuously monitor it until the end of the commitment, even if most of the risk and financing has been transferred to other investors. Similarly, from the origination of the loan, the bank must select the borrowers and ensure that the transaction is appropriate for its own interests as well as the interests of investors. To do this, it must structure the arrangement of its transactions.

As such, the adaptation of the CIB to its new economic organisation model involves internal organisation issues. This evolution is still being deployed in all CIBs, to a smaller or larger degree.

This trend will likely escalate, considering the growing complexity of economic and financial information to be used for the origination of transactions and regulatory pressure, which is also ever higher.

Disadvantages of the model

Although the goal is to transfer the riskiest lines of credit to investors in order to clear the balance sheet, the nature of such financing (particularly structured financing) is difficult to place with investors because of the lack of visibility (transparency of the financial product) and the inability to monitor the risk, which is very complex to assess.

In addition, structured financing transactions, which consume a lot of liquidity and/or capital, often pertain to major, long projects (energy, aeronautics, or shipping sectors). These financing transactions themselves require high capital resources from investors.

This is a structural change in the industry. Balance sheet streamlining strategies will increase in the coming years, resulting in a decline in profitability. Above all, the "Originate to Distribute" model allows CIBs to streamline their balance sheet (with respect to regulatory requirements), but on the other side of the coin, results in a reduction in NBI[29] or commissions.

One of the prospects for the CIB consists in reducing the least profitable and/or resource-intensive (liquidity, capital) activities. Commodity financing and leveraged real estate financing activities could therefore be favoured.

Streamlining the activity also involves cutting costs, particularly illustrated by recent support function outsourcing programmes.

1.4.3 Cost control

"To reduce operating costs, one of the first solutions mentioned is off-shoring, which is increasingly widespread in the banking sector. Support activities, IT development, and, to a lesser extent, business processes with low added value are the first cost centres affected"[30].

The lessons learned from the financial crises (transparency, simplification of products) and the new regulatory requirements (MIFID II) are prompting the standardisation of products, including those initially among the most complex (OTC derivatives, via EMIR). This standardisation is all the more accepted given that it is a corollary to the need to streamline handling processes. Cost cutting helps to protect margins, profitability, and ultimately equity.

Previously limited to the outsourcing of back office processes, BPO[31] or Off-Shoring (in case of outsourcing combined with a relocation) has now expanded to all industrialised processes no longer requiring strong expertise. Such is the case for support activities such as IT (application maintenance), Product Control (for the preparation of reports), and related activities such as financial services.

By deduction, it can be easily understood that the functions least likely to be outsourced are those corresponding to the core business of the CIB where it sought to refocus, those where expertise is most expected and generates the most added value: Senior Banker, Trader, Compliance Officer, etc.

[29] Net Banking Income, equivalent to the net operating result for an industrial company.
[30] Source: SiaPartners
[31] BPO (Business Processing Outsourcing).

1.4.4 The necessary development of activities with low consumption of financial resources

Under pressure (economic and regulatory) since the financial crisis, the trend would be aggressive to the detriment of whole areas of activities. While certain institutions have resized their scope of activities, most players have made the choice to expand the range of financial products and services offered to their customers.

Among the range of these products and services are the historical activities of "securities services", Trade Finance[32], and cash management. With regard to "cash management"[33], the resurgence of interest in this activity is double for the CIB: it consumes little in terms of financial resources and strengthens proximity with the customer. For their part, companies are finding new answers to their working capital requirements ("WCR" at the bottom of the balance sheet corresponding to ongoing operations: trade receivables, trade payables). In addition, "cash management" is easily coupled with "factoring", thus favouring "cross-selling" with low consumption of financial resources.

Focused on the least risky activities (to the detriment of securitisation, exotic derivatives, etc.), CIBs are also tending to focus on merger/acquisition consulting.

New products, new services, new customers

The consulting activity (Advisory services) is also making a comeback. Overshadowed by merger and acquisition operations, then by pure trading for many years, the consulting activity is again becoming, almost naturally or rather almost structurally, a centre of interest for the CIB. This type of activity does not require capital or liquidity. Its primary resource, in large part, is based on the expertise of highly qualified human resources. Although the consulting activity has always been part of the activity of large banking groups, through their "Corporate & Investment Banking" division, consulting specialising in financing and risk management, "Financial Services Advisory", is a new area for growth and profitability for the CIB. For the CIB, this means capitalising on its dual expertise: the arrangement of structured financing and the analysis of risks associated with these activities.

Expansion of the customer range

Up until then primarily concentrated on large-cap Corporates, or with large-cap potential, CIBs could find a new Mecca in mid-caps. Given the economic environment, several medium-sized companies (companies of the SBF 250) are seeing their financing opportunities shrink, because of the tightening of lending conditions. In order to generate new sources of financing, these companies could turn to financial markets to appeal to private investments or bond issues. CIBs will thus find another area of growth for its activities in M&A – Mergers & Acquisitions, DCM – Debt Capital Markets (arrangement of issues of debt or convertible bonds), and ECM – Equity Capital Markets (capital issue transactions particularly through an initial public offering).

1.4.5 Creating an opportunity from a regulatory constraint

The EMIR (European Market Infrastructure Regulation) governing derivatives represents a real adaptation challenge for the CIB. Considering their level of activity on fixed-income markets and their exposure to derivatives, such as swaps (interest rate), European CIBs are very sensitive to this change in rules. This reform will also increase the barriers to entry and strengthen the positions of leading play-

[32] Financing of international trade.

[33] Cash management comprises a set of techniques implemented to optimise the management of customer cash.

ers at the expense of smaller players. A concentration movement on the derivatives market is not out of the question.

In this context, CIBs, especially French CIBs, are adapting and taking advantage of the new regulatory order to develop new business lines, products, and services:

Development of specific computing platforms

↓

Development of reporting and clearing offers: Client clearing

↓

Creation of structures dedicated to the clearing of OTC products

↓

Intermediation for collateral management needs

Client clearing: an opportunity for CIBs?

Since 2014, EMIR has required the actual clearing of standardised OTC derivatives[34].

This new regulatory requirement applies to all players in the OTC derivative market, regardless of their size or structure. Among them are small management companies or hedge funds[35] that are not sized and structured sufficiently to meet the required eligibility criteria as "Clearing Members" and thus be able to clear their orders themselves.

These ineligible players must resort to a formally authorised intermediary for the clearing of their transactions. However, most CIBs of large banking groups already carry out the Clearing Member function with clearing houses (CCP). In addition, CIBs subject to this new regulatory constraint could make an opportunity out of it: a new service to be offered to a new range of customers. This growth driver is all the more interesting for the CIB since it will allow it to cross-sell related activities.

The CIB is therefore at a crossroads today, with record profitability behind it, often based on inadequately controlled risk-taking, and a new era in front of it in which "each bank must reinvent itself" with the challenge of maintaining market share and returning to profitability, in compliance with the new regulatory standards. To do this, the CIB calls on expert skills in each of its areas of involvement.

[34] The EMIR stipulates that most OTC transactions must be cleared through a CCP ("Central Counterparty Clearing House").

[35] Investment fund resulting from a private investor grouping with the sole objective of absolute profitability, sometimes to the detriment of any financial and economic orthodoxy.

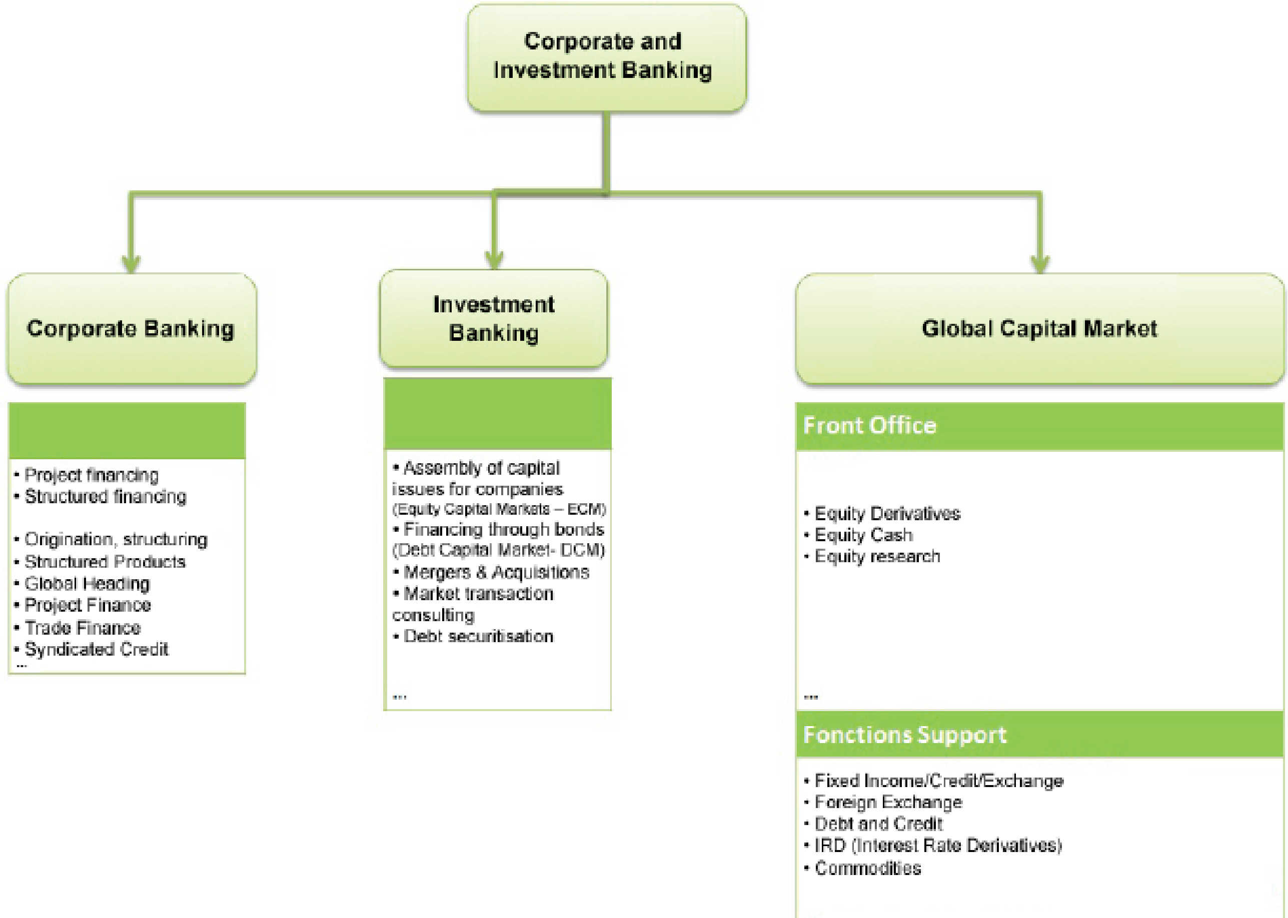
2. Corporate and Investment Banking activities

2.1 The three business lines of the CIB

The Financing and Investment activity consists of three complementary business lines:

Corporate Banking;
Investment Banking[36];
Global Capital Markets.

[36] Or "Corporate Finance"



2.1.1 Corporate Banking

Corporate Banking aims to meet the overall needs of the CIB customer base. Whether they involve project financing needs or investment needs (re-capitalisation, initial public offering), Corporate Banking is the cornerstone of the CIB.

This activity therefore relies primarily on the customer relationship. It is supported by business bankers or Senior Bankers. It involves developing and maintaining a global portfolio of business relations, targeted by economic activity sector and by geographical area. The goal is to be able to detect all opportunities for business and customer support throughout the establishment of the solution (from the preparation of the financial product to the performance of transactions as well as the hedging mechanism: Hedging). This is referred to as Financial Engineering. In doing so, Corporate Banking is able to offer its customers:

- project financing solutions, which it will develop,
- in partnership with Investment Banking, resource financing solutions (arrangement of capital issues) or investment solutions such as an acquisition or merger,
- in partnership with Global Capital Markets, financial investment solutions on the financial markets.

The Corporate Banking activity, which therefore results in the establishment of financing solutions, acts in close synergy with the Global Capital Markets activity, particularly for the preparation of interest rate and foreign exchange risk hedging solutions associated with the arranged financing (options, swaps). Similarly, it works in partnership with Investment Banking, particularly on financing aspects related to the external growth of customers, on LBOs, and on credit securitisation transactions.

As such, there is a strong interaction of the various functions or CIB activities. The success of a financial arrangement (customer solution) is always the result of a close collaboration among these different areas of expertise. These arrangements could lead to the coordinated intervention of a team of professionals, involving originators, structurers, sellers, and syndicators, from Corporate Banking, Investment Banking, and Global Capital Markets. Especially with regard to Corporate Banking, it makes project financing solutions,mainly "structured" financial arrangements, available to customers.

Project financing

This is tailored financing involving a thorough analysis of large-scale projects. Project financing is a financial arrangement based solely on its profitability (the granted financing will be repaid from the generated cash flow[37]). To do this, and in order to limit the default risk (for repayment), business bankers, supported by credit analysts and financial analysts, thoroughly examine the project's expected viability and profitability.

Corporate Banking thus supports its customers in the structuring of their projects and the optimisation of financing arrangements. This support can be formalised through the following steps:

1/ Analysis and Project Management

- determination of the key steps and factors of success of the project,
- search for partners,
- risk analysis,
- financial modelling.

2/ Financing

- identification and selection of financing sources,
- determination of the hedging strategy,
- preparation of the financing documents.

3/ Establishment of the transaction

- Operational adaptation of financing arrangements previously defined in partnership with Corporate Finance or Global Capital Markets.

Another category of financing, pertaining to more specialised projects, use a range of financing with more specific, or even more complex, financial arrangements. This is structured financing.

Structured financing

Financial engineering is implemented especially for this type of financing. The CIB will position itself as an arranger of transactions and generate commissions (for establishment) and interest (generated by the capital to be repaid) from them. Such financing is used to meet the needs of the public and private sector for which the degree of indebtedness brought about by their projects is very high and therefore at risk. It could involve projects for infrastructure development, geographical expansions, and large-scale productions in real estate, aeronautics, energy, maritime, and telecommunication sectors (acquisition, export, development of infrastructures, etc.).

In order to limit the risks, specialist bankers will develop a structure of complex financial products (creation of tailored financial assets) by introducing several financial players (pooling of risk through

[37] Cash flow is the ratio that estimates the profitable financial performance of a company over a given period. Cash flow makes it possible to assess the company's own resources to make its long-term existence sustainable.

syndication). Here we find the notions of subordination of debts, with senior debt, mezzanine, and equity. Securitisation is also one of the techniques used. It allows a non-cash asset to be transformed into a financial security (which can be placed with more investors), thereby contributing to the project's specific financing.

This activity is conducted by business officers specialising in these methods of financing. These specialists are therefore most often divided by economic activity sectors (media, telecommunications, aeronautics, industry, etc.). The Corporate Banking teams dedicated to structured financing have relays in all the major financial centres (Frankfurt, Hong Kong, London, Madrid, Milan, New York, Paris, Sydney, etc.). They work in close collaboration with the syndication teams of Investment Banking, making the best market opportunities available to customers.

These teams are involved in:

- acquisition financing;
- corporate financing associated with development projects;
- debt refinancing.

2.1.2 Investment banking, advising, and financial engineering – "Investment Banking"

The Investment Banking activity is taking the place of financial engineering within the CIB. It is in this sector where we see developments of financial arrangements mainly intended for:

the issue of equity capital for large companies,

- mergers and acquisitions for which Investment Banking also has a role of advising Corporate customers.

Arrangement of capital issues for businesses (ECM – Equity Capital Markets)

This activity focuses on Initial Public Offerings (IPO), arrangements of issues of debt or convertible bonds (DCM – Debt Capital Markets), or the arrangement of structured financing related to mergers/acquisitions and balance sheet restructuring as well as debt securitisation in connection with Corporate Banking.

This facet of financial engineering once again illustrates the interdependence of the activities: those of Investment Banking and those of Global Capital Markets. While the preparation of capital, bond, or convertible issues is actually a service provided to customers by Corporate Finance, these products are also intended to be placed on the market by the trading room teams housed within Global Capital Markets.

This interdependence is particularly illustrated by the needs for ongoing synchronisation between product structuring (offered to customers by Investment Banking) and pricing (setting of the selling price of the product obtained by the trading room) processes.

Mergers and acquisitions

A merger is defined as "a contractual phenomenon whereby several companies are replaced with a single company, in two possible variants, by incorporation of a new company in which two or more pre-existing companies join together". Mergers/acquisitions are also understood as the materialisation of an agreement between two or more companies that decide to pool their asset bases into a single asset base. It involves the joining of at least two pre-existing companies, either by the companies combining together to build a single company (merger), or by one company absorbing the other (acquisition)[38].

At the international level, this type of transaction is part of the daily news of the financial and economic sector. They are external growth transactions that aim to develop the company's activity (complementary products, markets).

They can take place in various contexts:

- establishment in a new geographical area,
- search for diversification of the activity,
- search for a significant partnership to ensure the sustainability and growth of a company,
- search for a minority financial partner to support the growth of a family group or a majority financial partner to support the management and the gradual exit of the founders,
- buyout of a competitor,
- disposal of a subsidiary, non-strategic activity, etc.

Mergers and acquisitions are conducted by banking advisers whose mission is to detect opportunities for growth for their customers and win management mandates. This activity mainly generates commissions on advising and arranging services. Nevertheless, the added value of a successful, optimised merger/acquisition involves the arrangement of specific financing solutions (raising of capital and/or borrowing), which naturally leads banking advisers to call on the know-how of not only Investment Banking, but also the trading room (Global Capital Markets).

Mergers/acquisitions follow a complex process that makes use of various skills. Several players are positioned in this market, in particular:

- firms specialising in mergers/acquisitions (M&A) or development capital companies
- universal banks (through their CIB) or investment banks
- accounting firms and lawyers

Although non-exhaustive and differing from one institution to another, a merger/acquisition can be considered to follow the main following phases:

- **Phase 1 -** identification and selection of potential sources of development;
- **Phase 2 -** structuring of the transaction: determination of the disposal, merger, or absorption structure, definition of the timetable and the disposal structure, determination of the acquisition strategy, risk assessment, formalisation of the business plan, identification of potential investors, preparation of the timetable, etc.);
- **Phase 3 -** due diligence: analysis and verification of accounting, financial, and economic information, identification of key success factors, identification and coverage of risks related to the M&A, determination of the price and financing terms.
- **Phase 4 -** final negotiations, signing of the deed, and approval by the regulatory authorities (if necessary);
- **Phase 5 -** closing: preparation of financial information, finalisation of the contractual and legal framework, execution of the buying order, settlement of the financing, etc.

[38] F. Gore and C. Dupmy "Comptabilité générale de l'entreprise industrielle et commerciale"

Investment Banking also participates in market transactions that are desired or promoted among customers. This involves giving advice on the most appropriate investment solutions as well as on the specific design of the product to be issued. Associated with Equity Capital Market (ECM) activities, financing through bonds or DCM (Debt Capital Market) is also part of the scope of activity of Investment Banking (issues of debt, convertibles, or commercial paper). Lastly, Investment Banking is involved in debt securitisation transactions.

2.1.3 Market banking or activities on financial markets – "Global Capital Markets"

Market activities or "capital markets" are the place where transactions are traded and executed on financial markets. This activity is housed within Global Capital Markets of the CIB. It is in this activity that we find one of the professions, if not the flagship profession, of the CIB: the Trader.

To provide a summary description of the market activities of a CIB, it is possible to address its structure through various areas: products, markets, financial centres, professions, etc. For the purposes of simplification, the presentation of market activities below is based on a structure by major type of financial market and related services.

Primary market

It groups together all financial assets issued for the first time and introduced on stock exchanges (financial markets). This may involve equities offered through public offerings (IPOs) or bond issues. This market allows issuers (particularly Corporates) to increase their capital for project financing or refinancing purposes.

Secondary market

Unlike the primary market, financial securities that already exist (created and issued on the primary market) and therefore listed are traded here. The secondary market and the primary market are thus very complementary. In addition, it is on this market that the greatest diversity of financial products, particularly the most complex, are found.

OTC market[39]

This is a market on which transactions are concluded directly between the seller and the buyer, outside of all the financial centres where the market is deemed to be organised (organisation of the matching of buy and sell proposals, listing of financial securities, clearing desk, etc.). Trades there are often less standardised and normalised or are performed within a less restrictive regulatory framework. For example, the currency market is essentially an OTC market: for its foreign exchange transactions, a company or bank may be in a direct relationship with another bank. Another example, sovereign debt instruments (government bonds), are predominantly traded OTC.

On each of these markets, several categories of financial products are traded, and on different financial centres. Here, "financial products" refer to all "securities" or "instruments" that may be traded on financial markets.

"Securities" cover the entire range of direct financing instruments of companies, banks, States, or public agencies. A security represents a share of short-term, medium-term (negotiable debt securities), or long-term (bonds) debt or a share of the capital of a company (equities). For the issuer of the security, it is a financing instrument. For the buyer, it is an investment instrument. Securities are traded over the counter or on organised markets (like NYSE[40] or Euronext[41]) in varying quantities, expressed in the form of integers (equities), decimals (certain UCITS units), or in a nominal amounts for

[39] Over The Counter: outside of the trading desk and therefore off-exchange.
[40] New York Stock Exchange, commonly called "Wall Street"
[41] Main financial market of the eurozone

bonds. Securities are negotiable instruments, i.e., they can change hands after they are issued, on what is called the secondary market, on the condition, of course, of finding a counterparty to make the exchange[42].

THE DIFFERENT CATEGORIES OF FINANCIAL PRODUCTS	
EQUITIES	Represent a share of the capital of a company
BONDS	Debt security with respect to a company, local community, bank (counterparty). There are several kinds of bonds, some giving access (under conditions) to the counterparty's capital. Bonds are an integral part of fixed-income products.
FIXED-INCOME PRODUCTS	These relate to all financial instruments for which the valuation and the income depend on a rate. The most representative securities of this category are bonds and negotiable debt securities.
EXCHANGE PRODUCTS	These involve the trading of international currencies on the foreign exchange market. Currencies are quoted in relation to each other, thus determining their price. Traders specialising in foreign exchange transactions are called "foreign exchange dealers".
COMMODITIES	Represent raw products (gold, oil, wheat, etc.) traded on a cash basis or most often in the form of derivatives (futures) on international markets.
DERIVATIVES	These are underlyings of traditional financial products, i.e., designed from financial instruments already created (equities, bonds, fixed-income products, foreign exchange products, etc.). They may involve equity derivatives (options, warrants), interest rate swaps (technique of trading a variable-rate security for another fixed-rate security), or credit derivatives (including CDS). Note that derivatives come from the most extensive studies in terms of financial engineering. It is therefore difficult to compile an exhaustive list. This is especially true since many of them are specifically designed for the purposes of structured financing.

In order to be able to negotiate and carry out these transactions, the market bank brings together its market participants in what is called a "trading room". This place is also commonly called the "Front Office". As its name suggests, a trading room unites all market segments (equities, fixed income, foreign exchange, commodities, currencies, etc.) and therefore gathers all the teams contributing to financial transactions together into a single place. Once they are together, the market bank benefits from:

- better dissemination of market information, for greater responsiveness from participants,
- better coordination between originator, seller, and trader, for greater efficiency in the commercial action,
- better pooling and optimisation of information systems, for greater streamlining of management costs.

Organisation of a trading room

Trading rooms are generally organised by desks, specialised by product or market segment (equities, bonds, foreign exchange products, commodities, etc.).

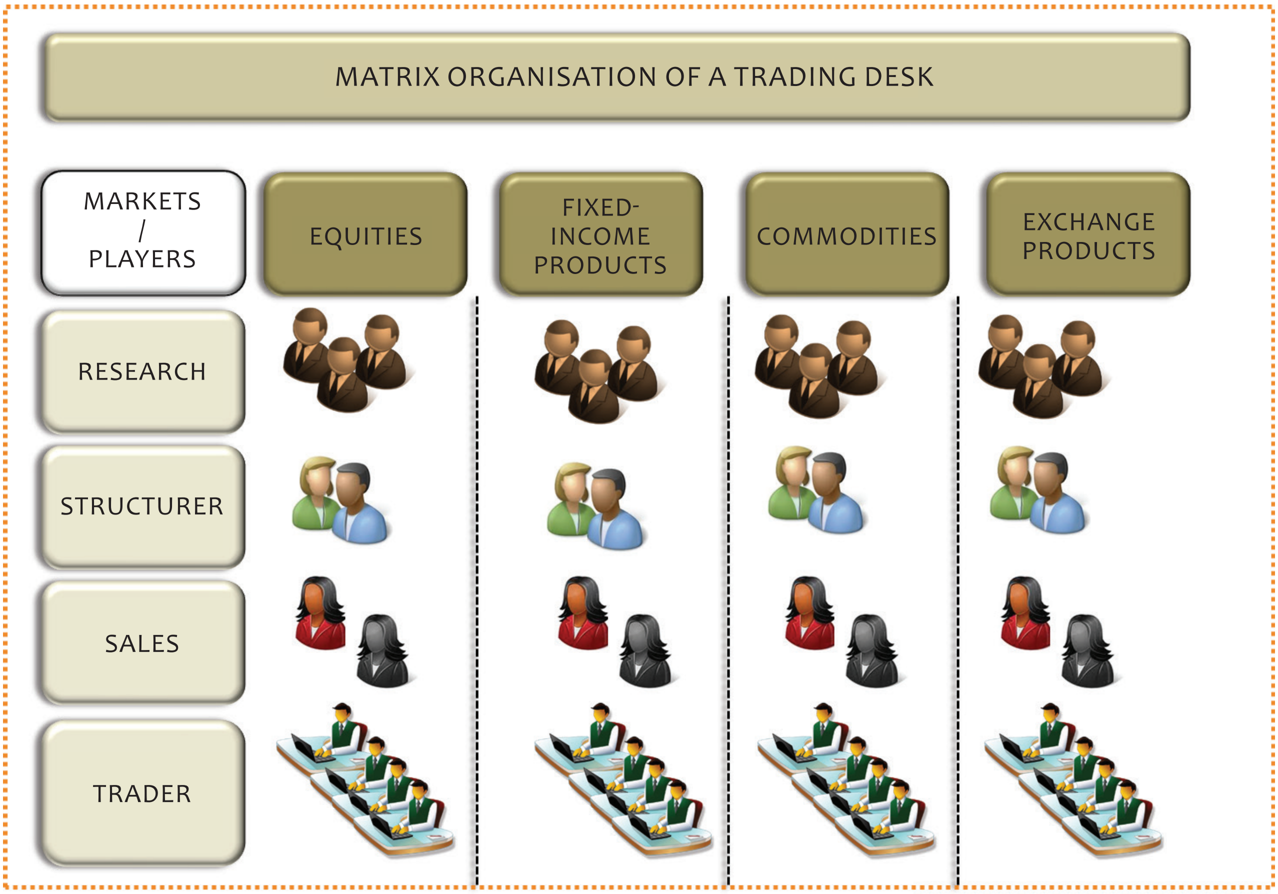
Each desk of a trading room consists of four main divisions:

- **activities on the primary market:** syndication/placement of capital issues, bonds, and structured products,

[42] Finmarket: financial products

- **activities on the secondary market:** sales of market products to investors, trading and execution (sales/trading) of customer orders in intermediation, trading: taking positions on markets.
- **structuring:** design of derivatives, synthetic products, etc., for both corporate finance and market activities.
- **analysis, in its various forms:** chartist, quantitative, fundamental, and sectoral; its purpose is to help sellers advise customers, structurers, and traders to design products and define trading strategies.

It is therefore a matrix organisation.



The major banking groups deploy this organisation across all the financial centres on which they participate (Hong Kong, London, New York, Paris, etc.).

Nevertheless, in the largest trading rooms, some participants work "off-shore", on behalf of another entity of the group (which may be another trading room) in the time zone that corresponds to it, therefore different from the time zone in which they are physically located. As such, a trading room may have traders in Paris assigned by the New York subsidiary whose work schedules are shifted accordingly.

The market participants are not the only ones to work in a trading room. The design and execution of market transactions require the contributions of several support functions, including IT and risk management (hedging of market risks, credit risks, operational risks including non-compliance risk).

Note: Although they belong to CIB, the functions, still traditionally called "middle office" and "back office", are not set up within the trading room.

Needs covered by "Global Capital Markets"

Most of a trading room's activity is intended for outside customers: corporate customers, consisting of large companies, a few SMEs, public enterprises, public treasuries, management companies, hedge funds, insurance companies, private banks, or wealth management firms. This multi-faceted customer base generally has needs for:

- refinancing and intermediation,
- placement and investment,
- hedging of risks on financial instruments.

Yet, the trading room also provides a response to internal placement and investment needs. In the case of a large universal bank, it may involve one or more of its management companies, a retail bank, or an insurance subsidiary. The CIB itself may use the trading room's services for the benefit of its customers (see the links with Corporate Banking and Investment Banking), but also for its own benefit. This is called proprietary activity. It involves transactions considered to fall within ALM (Assets Liabilities Management), refinancing of all profit centres of the bank, management of liquidity and market risks, and the search for "market" gains, by taking positions, which commits the bank's equity.

A little vocabulary...

Structuring involves creating financial products allowing investors to benefit from the performance associated with an underlying while ensuring partial or total protection of the invested capital. A structured product therefore generally includes a yield-generating bond component and an option component that ensures the protection of the capital. There is an infinite number of possible arrangements, calibrated to satisfy either a category of issuers or a category of investors.

Origination consists in developing an issue of negotiable securities in coordination with the issuer and the market authorities and producing the necessary documentation. This activity is carried out by an arranger who oversees the transaction. The origination and syndication activities are known more in the context of financing through negotiable securities but are also present in the field of bank credit.

Syndication is the next step of the issue: it consists in finding counterparties willing to participate in the placement of securities on the primary market. The leading bank builds around it a group of banks involved in the transaction in order to be sure to reach the maximum number of potential investors.

Placement involves having members of the syndicate convince investors to buy the newly issued securities. The contract with the issuer may include a clause whereby the members of the syndicate or the arranger undertakes to purchase securities that could not be placed for themselves. This is called underwriting.

Source: Finmarket

2.2 CIB and Universal Bank

What differentiates a CIB from a traditional bank whose activities are concentrated around collecting deposits and lending?

There are fundamental differences between these two types of institutions, which also engage in activities activities of quite different natures, directed to a customer base that is just as different.

In the first place, the retail bank is directed to individuals, professionals, SMEs/small and medium-sized industries, local communities, associations, etc. It provides a local service to its customers thanks to a wide network of branches. It is in charge of managing deposits, granting credit, and managing payment methods (notion of "payment provider").

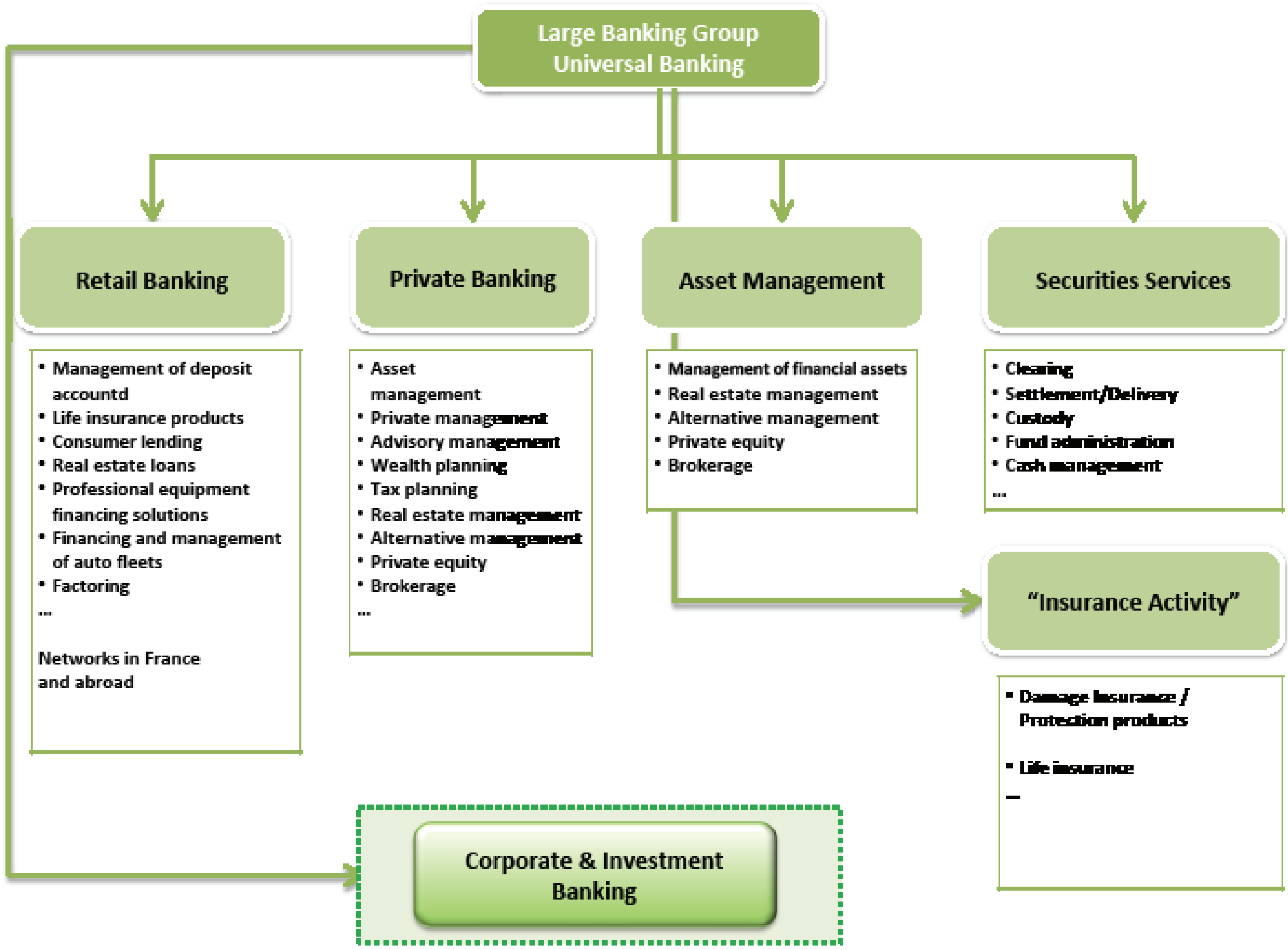
The bank's two core business activities, called "traditional activities", are therefore collecting deposits and lending. Two related services also rely on these two main services.

CIB is oriented more toward large companies and other institutional investors (banks, insurance companies, pension funds, States) seeking to either finance themselves or invests their liquid assets. It is in charge of carrying out all long-term financing transactions, with the aim of either reinforcing liabilities and therefore the sources of financing or optimising assets and therefore the profitability of investments. Its activities are therefore tied to Corporate Finance, but also to market finance. In order to finance itself, the CIB depends exclusively on the interbank market and financial markets. It therefore obtains cash from other banks of the same type or on the various financial centres.

As such, four main differences between the traditional bank and the CIB can already be noted:

- they do not target the same customer base,
- one collects deposits and transforms them into financing, whereas the other implements financial engineering to support corporates in achieving their strategic projects,
- the CIB does not open accounts so that its customers can deposit their holdings. Before its bankruptcy, it was not possible for an individual to open an account with Lehman Brothers. Today is not possible at Goldman Sachs or in France at Natixis either.
- one handles long-term financing transactions (CIB), whereas the other handles working capital transactions (commercial bank).

Although the nature of the activities and the target customer base differentiate them, the deposit bank and the investment bank are no less related. French banks have largely developed the economic model of universal banking. They thus ensure all of the bank's professions and make a broad, varied range of products and services available to their customers. In addition to the diversification of activities, the investment bank also serves the deposit bank, which is therefore among its customers (internal). The investment bank makes specialised financial services available to the deposit bank. These services consist in developing financial products that will be marketed by the deposit bank (UCITS, etc.), handing financial flows (stock market orders, etc.), and managing asset portfolios (life insurance, etc.).



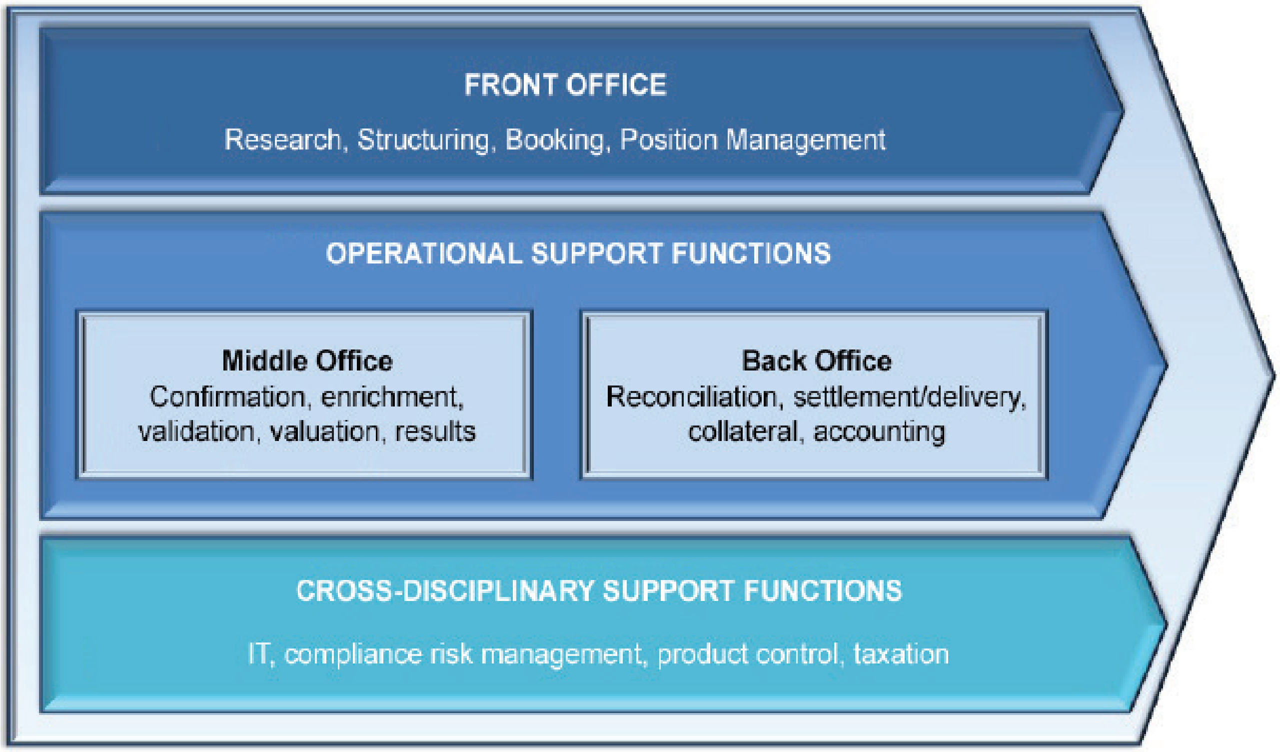
Retail banking and CIB are complementary activities. For example, by subscribing to an open-end investment fund, an individual customer indirectly makes use of the CIB's know-how. The investment strategy will be carried out by one of the managers of the management company who will send his or her instructions to traders in the internal trading room or other CIBs, etc.

2.3 Organisation of the CIB

Despite the differences in culture and structure, the organisation of a Corporate and Investment Bank is substantially similar from one institution to another.

The Corporate and Investment Bank is structured around commercial functions and support functions.

The Front Office is supported by a network of areas of expertise (risk, IT, legal, finance) in its activities and is directly involved in its performance.



"Front Office" functions

The term "Front Office" is undoubtedly associated with the trading room. Often regarded as a showcase of the CIB, the Front Office is merely one part of it. The trading room brings together traders organised by type of financial product (equities, fixed-income products, currencies, commodities, etc.) and possibly also by strategy (short term, long term).

Alongside them are the sellers, who sell the products and strategies managed by the traders. They are also divided by type of financial product.

Other players are present in the "Front Office" and work in coordination with the traders.

These include:

- **financial analysts**, who express opinions on the behaviour of the financial markets, a business sector, or a particular product.
- **quants**, who create new financial products that will be used by traders and sold by sellers to the bank's customers.

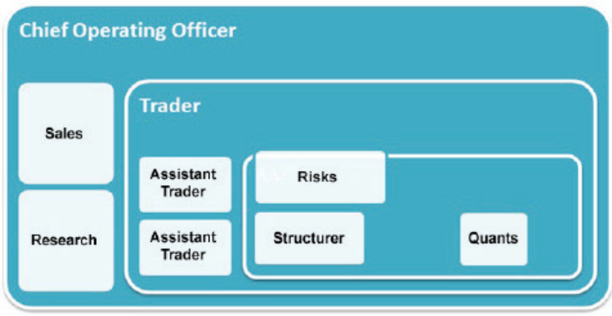


Illustration of the organisation of a front office

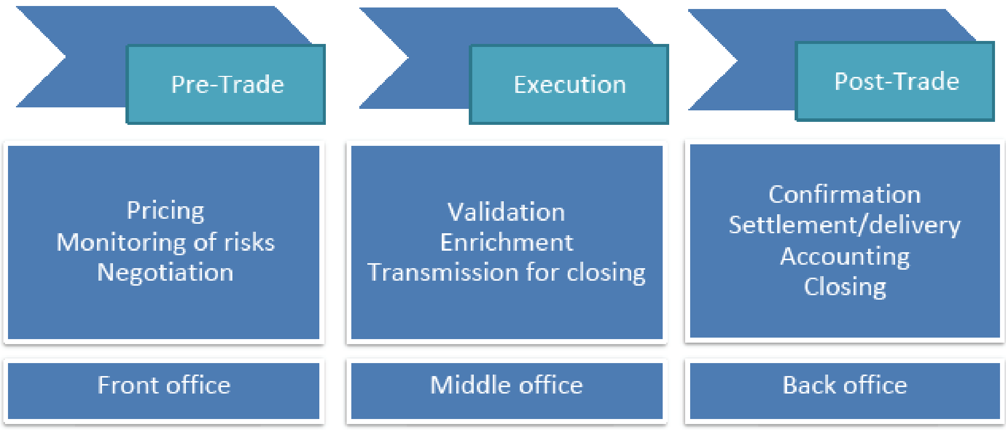
"Support Functions" for transactions carried out by the Front Office

"Support functions" include the older "Middle Office" and "Back Office" functions as well as traditional support activities, particularly the "Risk" function (in the sense of risk management or control).

The completion of a financial transaction follows a process involving several players. The first players are naturally those who originate and initiate them.

These are all the Pre-Trade sequences. Following them are the various processes necessary for the proper execution of the transactions (enrichment of the negotiated transactions, confirmation, payment, settlement/delivery, and booking) carried out after the trade (Post-Trade).

This process therefore involves the market participants of the Front Office as well as those of the Post-Trade phase (post-execution of the transaction on the financial markets): the Middle Office and the Back Office.



2.3.1 Middle Office

The Middle Office is involved in the post-trade management of transactions.

It is literally thought of as the interface between the Front Office, which initiates the transactions to be executed on the financial markets, and the Back Office, which, among other things, delivers financial securities against payment after execution.

The role of the Middle Office is to enrich (with information or data) transactions initiated by the Front Office (sellers and traders), verify their compliance (particularly with respect to investment limits enacted by the bank), and calculate/verify the economic result of the desks on a daily basis. In addition, the Middle Office is split between its duty of control and its mission of support for the Front Office: supporting it in its development by guaranteeing the security of processes, the quality of services provided to customers, and support in the development of new offerings (assistant trader).

The Middle Office's various duties are therefore the following:

- production and dissemination to the Front Office of information necessary for monitoring the activity (volumes traded, "P/L[43]" economic result): transaction entries, market data, valuation, validation of market data, etc.,
- verification that the risk limits defined by the

[43] Profit and Loss, i.e., the income statement of the activity

bank's Risk Department are not exceeded: monitoring of market and credit limits, monitoring of reserves and provisions for risks,

- verification of compliance of transactions carried out by the Front Office (they must comply with the regulations and the best practices of the financial markets),
- economic and accounting reconciliation between the Front Office and the Back Office,
- preparation of accounting procedures during the creation of new products, in collaboration with the Front Office, the Back Office, and IT[44].

This is one of main duties common to most CIBs. Nevertheless, and taking their close ties into account, the organisation and structure of the Middle Office are heavily dependent on the nature of the Front Office activity to which it is attached.

Lastly, another control activity is now assigned to the Middle Office: collateral management for the Bank on OTC operations. This activity involves ensuring the correct value of the guarantee used to hedge the credit risk incurred during financial transactions, and more specifically:

- the daily valuation of the portfolio,
- the reconciliation of positions with counterparties,
- the management of margin calls.

The Middle Office has a role of verifying the economic result of transactions carried out by the Front Office (by reconciling the result reported by the Front Office with the data in the information system). It also acts as a player in risk management (market, interest rate, liquidity, counterparty, regulatory non-compliance, and internal fraud risks). The Middle Office is thus responsible for verifying that no risky position is taken by the traders.

2.3.2 Back Office

Too often mocked, the Back Office is a dominating player in the finalisation (closing) of financial transactions carried out by the CIB. The Back Office has a role of verifying payment flows (settlement) and securities transfers (delivery) between the bank and the counterparties with which the transactions were carried out. In so doing, the Back Office also manages the administrative and accounting portion of transactions.

In detail, the Back Office processes financial transactions concluded by the Front Office after their validation by the Middle Office. To do this, it informs the relevant counterparties, performs the settlements and deliveries of securities, and books the transactions (accounting).

Also positioned post-trade, the Back Office is involved in the final verification of transactions for their closing. Unlike the first approaches, this function is not confined to administrative management of transactions carried out by the Front Office. On the contrary, the Back Office activity makes use of many technical (international trading systems, market information system) and financial (financial products and markets) skills.

Often organised by type of financial product and therefore by trading room (consistent with the organisation of a Front Office of a trading room and its Middle Office), the Back Office's main duties are to:

- ensure the reality of transactions completed with counterparties (confirmation or receipt processes or returns),

[44] Creation of products in the Front and Back Office applications, Guarantor of the product repository, Front Office support on the products of the scope, Management of new issues of derivatives, Convergence of Front/Back data, Validation of prices and price mechanisms, Creation, monitoring, and verification of procedures, and Management of cross-disciplinary projects.

- manage events related to the transaction (maturity, interest payments),
- carry out payments and deliveries of securities (settlement and delivery process),
- verify the receipt of the securities or cash as well as the positions with "the outside" (custodian, clearing house, broker, Stock Exchange, bank correspondents, etc.),
- book all settlements and deliveries of securities,
- manage reference sources (customers, products, securities),
- manage claims from counterparties.

At this stage, it is important to note that the Back Office enters virtually no transactions (manually) any more. Financial transactions are processed according to a secure process, automated end to end[45].

The Back Office is therefore the place where transactions are settled (taken over after their conclusion in the front office on the financial markets).

Prior to any transaction, a control phase takes place. This involves verifying and validating the transactions before triggering the settlement/delivery process. Of course, most controls will have been performed by the Middle Office, and data errors and inaccuracies should normally be minimal. However, the amounts involved and the cost of correcting errors are enough to justify the existence of multiple controls. Once the settlement/delivery is triggered, the funds and securities irrevocably change owners legally (transfer of ownership). As the transactions are carried out, and completely at their end, the accounting tasks take place. The Back Office is responsible for the accuracy of customer accounts, stock accounting (securities), and the monetary accounting of the bank. Because the accounting of transactions is automated, the Back Office's role is based more on verification, control, and reconciliation of accounts. It must act both internally and externally to resolve outstanding issues and respond to requests from counterparties and central clearers or custodians on transactions.

2.3.3 Other support functions

Risk management function

Risk is a ubiquitous concept in CIB because of the complexity of the transactions and the impact of possible problems. Risk is especially an integral part of the activity of a CIB. It is remunerated on risk-taking. All transactions initiated by the CIB are based on financial analyses of the opportunities for return on investment, whether for a merger/acquisition, an IPO, or a purchase/sale of securities. These financial analyses allow, for example, traders to anticipate the behaviour of a security or financial markets and invest accordingly.

Therefore, two types of risk can be distinguished:

- **market risk:** resulting from positions taken by the bank. The positions taken arise from voluntary decisions and are part of the bank's strategy. The goal is to anticipate changes on financial markets and take advantage of them. Market risk corresponds to the bank's exposure to a loss of value of its financial instruments, because of the unfavourable variation of prices of equities, bonds, interest rates, or exchange rates.

- **counterparty risk:** refers to the risk of deterioration of the financial health of the third party

[45] STP: "Straight Through Processing".

(counterparty) with which a financial transaction is performed. In this case, it may affect the borrower or the issuer of a financial instrument. If the counterparty's financial health deteriorates, its abilities to honour its commitments are reduced. Therefore, this deterioration increases the probability of default (bankruptcy, the fact that the counterparty will not be able to repay its debt on time or any other commitment).

Note: counterparty risk also incorporates settlement/delivery risk, which corresponds to either non-settlement of the transaction by the counterparty or non-delivery caused by the counterparty. This is the case, for example, with the purchase of an inventory of equities not delivered within the time frames required by the regulations.

Here, it is a risk voluntarily taken by the CIB in order to realise a financial gain. However, the CIB is also exposed to other risks, which are inevitable in principle because they are inherent to its activity. These are incurred risks.

- **operational risk:** corresponds to the risk of financial losses resulting from an inadequacy or a failure of procedures (non-compliance, missing or incomplete check), its staff (error, malice, and fraud), internal systems (computer failure, etc.), or outside events (flood, fire, etc.). In other words, it is more or less merely the risk that a human error or computer malfunction (for example) will disrupt the normal conduct of the processing of a transaction and thus exposes the bank to financial (capital losses), reputation (deterioration of the brand image, particularly caused by cases of internal fraud reported extensively in the press), or even legal and regulatory consequences. Regarding this last point, operational risk also includes non-compliance risk, which relates to failure to comply with the legislative and regulatory requirements applicable to the bank, the CIB.

Legislators and regulators: oversight and safeguards

The profound transformation of the role of financial intermediation among companies, particularly Corporates, explains the preponderance of risk within the CIB. The bank no longer intervenes exclusively as an economic player as a lender on funds (financing of the economy by granting credit), but now also as an arranger of capital raising and optimisation of capital and cash. This evolution has significantly changed the nature and criticality of risks not only taken by the bank, but incurred by the entire financial and economic system. Today, the bank, through the CIB, is a major player on financial markets, where it uses financial instruments particularly made up of derivatives and structured products so as to augment the leverage (capacity for gains on a financial transaction). Investment and hedging strategies are multiple and complex. The increasing sophistication of financial instruments has made the use of mathematical models necessary to measure the risks and their behaviour over time.

Furthermore, the risk management strategy of the CIB also relies on a process. This process, in various forms, remains valid regardless of the nature of the risk to be anticipated (market, counterparty, operational, etc.).

Risk assessment

Risk assessment consists in analysing the impact of risks, i.e., identifying events that generate the risk (cause(s) of the risk) in order to deduce and estimate a probability of occurrence. The risk analysis consists in assessing its potential consequences if it were to occur, particularly as regards financial losses.

The assessment methods vary depending on the type of risk analysed. For example, the analysis of market risk is carried out at different levels of aggregation (by portfolio, profit centre, department, branch, etc.), whereas operational risk is assessed in the light of a repository of processes and a standardised repository of risks[46].

These risk analyses are often orchestrated by Risk Managers, who, after the assessment phase, also determine the type of technique or method of handling the risk to be put in place.

"The risk assessment must be carried out first in absolute terms, without taking into account any applied preventive or corrective measures. It is very important to be able to assess the potential impact of the risk, as it must be looked at against the cost of the preventive or corrective measures that will be applied. It would not be rational to apply costly measures to prevent a low risk".

Source: Finmarket

Risk control

Once the level of risk exposure is defined, the measures necessary for its coverage should be put in place. Among them are the risk limits[47] indicated especially in the bank's investment policy. This policy describes the limits of market activities in terms of investment ceiling by product, financial centre, or portfolio. Beyond this limit, it is no longer possible, for example, for a trader to invest in a product, counterparty, or business sector without hierarchical validation, or even without the approval of the head of permanent control of investment services.

Compliance with its limits is verified by the Middle Office. Other checks, complementary to these first checks, are performed. Outside of any operational checks (self-checks carried out by market participants or controls implemented in the information systems), there are checks performed a dedicated, independent unit. This is the Internal Control function. The checks carried out by these teams relate to the reality, compliance (with respect to internal procedures), and lawfulness (legislative and regulatory compliance) of the transactions carried out throughout the processing chain.

The analysis and treatment of risks therefore arise from the combination of actions of various areas of expertise. The various levels of risk assessment and treatment do not coincide exactly with the "risk professions".

Risk analysis is primarily situated in the Front Office. It is based on the in-depth understanding of the products by their designers, structurers, and quants. The establishment of new products is validated by independent risk controllers in an often complex process. Multidisciplinary teams are involved so that beyond the purely financial aspects, all IT, accounting, regulatory, and technical issues (back office) are examined. The financial products used must be able to meet to acceptance and quality criteria, from both a financial (economic interest) and risk coverage (taken and incurred) point of view.

Risk management according to the functions

Risk management takes place at the support function level, both in the Middle Office/Back Office and within specialised functions such as Risk Management, Compliance, and Taxation (Legal).

- Risk management carried out at the Middle Office and Back Office level aims to ensure that the risks taken by traders are taken in compliance with the defined limits. Data and reports are provided to the front offices, as much in real time as possible, in order to assist them in decision-making.
- The risk management performed by the inde-

[46] The Basel Committee has thus adopted a classification that lists the various risk events in seven categories.
[47] Observation thresholds, limits on outstandings, duration, sensitivity, etc.

pendent specialised functions of the operational activities aims to continuously verify the compliance of the transactions carried out, the securing of processes, as well as the relevance of the fixed limits and any authorisations to exceed limits.

These functions perform analyses and reviews of risks according to the principles of sound risk management, which must include very visible measures reflecting the commitment of governance in risk control. This type of independent review makes it possible to further develop the CIB's risk policy and thus continuously adapt it to changes in not only the activity, but also in the risk environment (particularly legislative and regulatory).

Compliance

The main goal of Compliance is to define the scope of the various regulatory obligations in relation to the institution's ethics and moral code.

This is an independent function that identifies, assesses, and checks the institution's non-compliance risk, defined by the Basel Committee as the risk of judicial, administrative, or disciplinary sanctions, significant financial loss, or harm to the reputation, arising from failure to comply with provisions specific to banking and financial activities, whether they are legislative or regulatory in nature, or whether they involve professional and ethical standards or instructions of the executive body. It also has a role of informing, training, and advising both the staff and the management of the institution.

In the case of a Corporate and Investment Bank, the Compliance function therefore aims to prevent non-compliance risks such as risks of money laundering, financing of terrorism, violation of embargoes, market abuse, conflict of interest, or failure to advise.

Compliance includes three main components:

Financial security consists in protecting the bank against external actions. It is based on a regulatory foundation. The body of reference at the international level, the FATF (Financial Action Task Force), makes recommendations that must be respected in each of the areas of expertise affected by the Financial Security of institutions:

- combating money laundering,
- combating the financing of terrorism,
- respect for commercial and financial embargoes,
- supervision of market transactions.

The principle of market supervision is applied in order to verify that the institution does not take advantage of its power on the markets to the disadvantage of its customers. It encompasses the following activities: detection of insider trading, best execution of stock market orders, price manipulation, and conflicts of interest.

Customer protection took a central role in the Compliance function during the transposition of the MIF (Markets in Financial Instruments) directive into French law. This directive imposed disclosure and customer knowledge obligations on institutions so that they can offer customers products that are appropriate for their situation. Two major areas of expertise are covered by the MIF directive:

- investor protection (which consists in guaranteeing each customer the same level of attention as well as protection appropriate for the customer's investment level),
- the legal framework for competition.

Ethics refer to the ethical principles and rules that guide a professional activity. It therefore involves protecting the institution and its customers against internal actions. It is based on two main areas of expertise:
- prevention of market abuse,
- prevention of conflicts of interest.

The four recent crises that struck the international economic and financial system – the subprime crisis (2007), the Kerviel case (2008), the Madoff case (2008), and the eurozone crisis (2010) – prompted legislators to toughen compliance and internal control obligations. The SOX Act (USA) and the Financial Security act (France) are two good examples of this.

Symptomatic of a lack of compliance, these events pushed regulators to force the establishment of an independent compliance function with sufficient resources within institutions. The CIB therefore incorporated Compliance as a major area to control risk of all kinds and maintain their reputation.

Conformity therefore evolved to become a major component of the mechanism for controlling operational risks. It also plays a role in the protection of market integrity and guarantees the primacy of customer interests by now becoming a key function serving responsible, controlled commercial growth.

Product Control

The Product Control function was developed within banks following the 2007 financial crisis. Whatever its form, centralised and placed under a single responsibility (American model) or distributed among various departments (European model), its purpose is to analyse, produce, and summarise the results of market activities on a daily basis. It is therefore a key factor for the CIB in its ability to evaluate its positions, results, and risks (of financial losses).

While the reference model of the Product Control function seems to be the model coming from United States, the CIB has long groped around to give Product Control a visible place in its organisation. Out of the many tested models, there are two that appear to be the best suited to cope with the current economic environment:
- the "unified" model, which involves placing the function's major responsibilities under a single authority (Financial Department, Operational Direction, or Risk Department),
- the "global" model, which places the Product Control function at all levels of the organisation and where each identified function is attached to a group Product Control function.

The CIB's performance levels are arousing the interest of control authorities, who generally evaluate the Product Control function on six main components. Each of the components is evaluated on very specific criteria, which are also their major characteristics:

- **the Culture and Governance component** must guard the integrity of the Product Control function by ensuring its sufficient independence in order to challenge the Front Office on certain areas of expertise,
- **Staffing** ensures that the Product Control function is not outsourced to excess in order to avoid incurring a training risk and a risk of lack of skills,
- **the Daily Economic Result component** must ensure that time is shared equally between the production and the analysis of results. It must be an effective tool for detecting anomalies,
- **the valuation framework** is the independent price review process,
- **model risk and validation** is the process aiming to quantify the model risk and inform internal decision-makers of the materiality of the uncertainty created with regard to valuation as well as to formalise the model risk appetite,
- **Post-Trade control** ensures that certain "basic" controls are carried out in an appropriate manner. This component also ensures the involvement of the Product Control function during the process of analysing the result and the balance sheet when it is necessary to make a link between the two.

In addition to these six main components, the Product Control function is structured around three major areas of expertise. Each of the three areas may be part of one or more components of Product Control.

Certification - Completeness of the balance sheet and the result	Certification - Validation of the result	Certification - Accuracy of the balance sheet
Culture and governance	Daily economic result	Valuation framework
Staffing		Post-Trade Control
Model risk and validation		

Following the financial crisis of 2008 and the ensuing refocusing on the core business, the CIB reassessed the sizing of its Product Control function. While different models are still opposed, the unified model and the global model tend to be spreading within banking institutions because of the overview that they provide, permitting a better individual understanding of activities.

2.3.4 Information System (IT)

Other players are present and involved in supporting the "Front Office". They include dedicated IT professionals necessary for the development and maintenance of all tools, software packages, and applications (Information System) of the trading room.

A partner inseparable from front office, the Information Systems Department (generic name used to refer to all IT functions) holds a prominent place in the CIB. It is one of the support functions, if not the main support function, without which the CIB would not be able to carry out its activity, given the complexity of the transactions and the necessary responsiveness (transaction execution speed). As such, the Information Systems Department covers a wide area of expertise and involvement, ranging from the front office to the back office, whilst ensuring the security of transactions.

At the end of the 1980s, the banking sector was characterised by significant changes, such as the creation of futures markets, where transactions are settled at a future date, and the introduction of negotiable debt securities on the markets. The bank's professions therefore had to evolve, as certain tasks carried out manually up until then were computerised. This was particularly the case with traders and administrative teams. Traders were equipped with a decision-making tool, and the back office therefore used tools allowing it to process the rapidly growing volume of transactions.

In the early 1990s, software packages were made available through segmented offerings in order to meet a regulatory requirement: Front Office and Back Office functions must now be separated. The notion of "Risk Management", which emerged during this period, encompasses these two types of functions. As transactions became more complex, banking institutions had to adapt their risk management. That is why VaR[48] became increasingly used, making it possible to measure the market risk of a portfolio of financial instruments, as well as ALM[49]. At the same time, ERM[50] tools able to can handle large volumes of data appeared.

In particular, the MIF directive, published in 2004, permitted the opening of European stock markets to competition. The needs in terms of applications therefore evolved: the number of electronic trading and direct market access platforms increased, and multilateral trading systems were created. In parallel, the market's main players chose to put in place an application for systematic internalisation of orders. Among the sector's developments, the notion of "straight-through-processing" became widespread in most banking institutions. This principle, which consists in processing transactions as they come, without interruption or delay, entailed the improvement of applications used. The mechanism then made it possible to rely on referential data management systems as well as steering systems. Referential data management systems emerged to improve the quality of data used by banking institutions. Steering systems were improved to cope with each regulatory development.

At the same time, the arrival of EAI (Enterprise Application Integration) software required the use of relatively advanced flow exchange and message transformation technologies. Such software proved to be operational risk factors by virtue of the flows between the applications, the heterogeneity of the technologies used, as well as the scarcity of related documentation. It contributed to the integration of Information Systems and the establishment of Business Activity Monitoring applications.

One of the major changes from an IT point of view for banking institutions in 2000 was bandwidth. Groups with subsidiaries abroad were able to upgrade the Information Systems of their subsidiaries very quickly thanks to the drop in the cost of transporting information.

[48] "Value at risk".
[49] "Asset and Liability Management".
[50] "Enterprise Risk Management"

Distinction between Front and Back systems

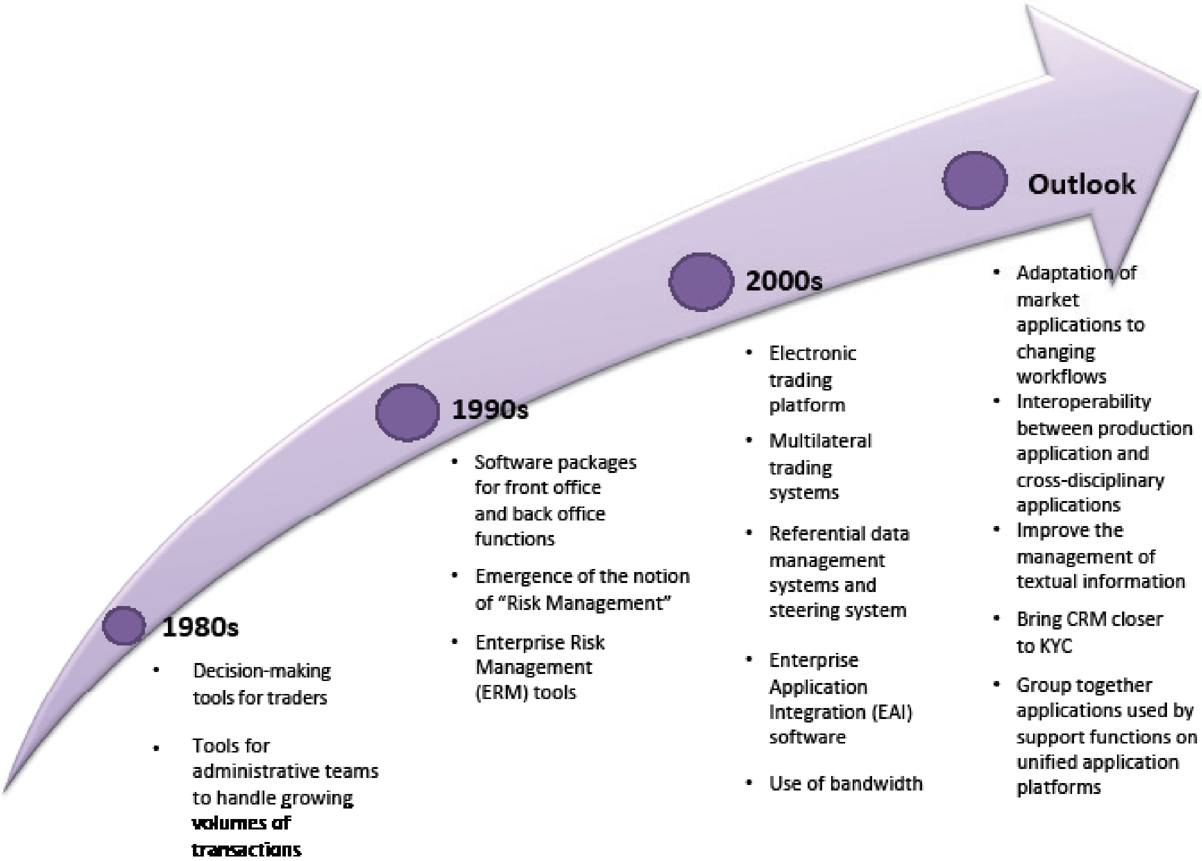
Front	Back	Valuation	Security of Information System
Position holding, transaction management	Validation cycle: entry, confirmation, payments, events (fixing)	Daily calculation and storage: one price per contract (or by position)	Authorisation management: Identification and Authorisations
Management of balancing payments and result/spread transfer tools	Cash, calculation of interest (in value), reporting	Closing of the day (no possibility of correcting a valuation)	Securing of data transfers (file encryption, secure payments, and dematerialisation, etc.)
Event management: exercise, fixing	Valuation, economic and accounting result	New techniques: IRR (amortised cost), intrinsic value, elimination of discounting	Recording of conversations, portable devices banned
Monitoring of risks and results	Reconciliations: different presentations of the result, flexible formatting	Calculation of provisions	Back Up (DRP: Disaster Recovery Plan

IT in the banking sector still has many development prospects:

- improve the adaptation of market applications to changing workflows,
- permit better interoperability between production applications and cross-disciplinary applications,
- incorporate a monthly close function in Front Office applications in order to avoid certain anomalies, such as synchronisation problems between databases,
- improve the management of textual information in order to use it for credit analysis or even financial analysis,
- redefine the place of CRM within Information Systems, particularly in order to bring it closer to the Know Your Customer (KYC) tool,
- group together applications used by support functions on application platforms that can be outsourced.

Although Information Systems will need to become more industrialised, this will also be done under the constraint of operational efficiency.

Summary diagram of computing developments:



2.4 Activities related to CIB

The CIB's scope of activities extends from Capital Financing (issue of debts and bonds: financing products and long-term equity products) to related activities such as asset management. The CIB is in constant contact and interaction with the other business lines of the Universal Bank, more specifically with three of them, from which they particularly receive instructions for trading and execution on the financial markets.

The three main activities related to CIB

- Asset Management
- Private Banking
- Securities Services

2.4.1 Asset Management

Asset Management refers to the "AM[51]" activity. This activity is mainly carried out by management companies. These management companies may be independent financial institutions (usually specialised on a limited number of asset classes) or belong to a banking group.

The Asset Management activity mainly consists in managing portfolios of financial assets made up of:

- products marketed by the commercial bank (deposit bank, private bank: UCITS[52], etc.) formalised particularly by ranges of funds,
- financial products from related activities (insurance, collective savings products).

Three types of management:

Collective management

Management of financial products marketed by financial institutions as specified above.

Management under mandate

Management of one of the portfolios including one or more financial instruments entrusted by a customer governed by a "management agreement" called a "management mandate[53]". This activity therefore corresponds to the third-party portfolio management service, management done in a discretionary and individualised manner. Management under mandate therefore corresponds to a full delegation of the management of a customer's portfolio securities by the customer.

Advisory management

Activity that involves providing personalised recommendations to a third party, either at its request or at the initiative of managers. Managers are therefore proactive on the desirability of one or more transactions pertaining to financial instruments. They may not take direct action on the client's portfolio on their own initiative. Clients (investors) retain their decision-making powers.

Asset Management therefore offers targeted investment strategies adapted to the needs and constraints of its customers. To do this, Asset Management must implement clear, rigorous investment processes based on quantitative and qualitative analyses. Everything is governed by strict verifi-

[51] Management of financial assets

[52] Undertaking for Collective Investment in Transferable Securities (open-end investment funds and mutual funds)

[53] This delegation is expressed by the signing of a management mandate. In order to carry out appropriate management consistent with the needs and the risk level to which the customer wishes to be exposed, an investor assessment is performed ("customer discovery file"). The investor assessment provides an up-to-date look at the customer's net wealth as well as the investor's horizon and investment objectives. The goal is to protect the bank from possible disputes that may involve inadequacy of the management decisions taken with regard to the customer's profile or investment horizons.

cation of compliance with not only regulatory requirements but also limits, either defined by the customer or defined by the Governance.

Asset Management is thus essentially "third-party management": management of cash entrusted by third parties.

The main customers of management companies therefore consist of many financial entities ranging from institutional investors and large companies to distributors:

- Corporate large companies,
- Pension Funds,
- financial institutions (banks, insurance companies, hedge funds, etc.),
- Real Estate Wealth Management Advisors,
- Individuals (most often through wealth management).

The target customer base of Asset Management is therefore more or less similar to that of the CIB. The distinction lies in the expertise offered. Asset Management most often responds to a standardised offering with a medium/long-term investment horizon, whereas the CIB responds to a demand for customisation and large-scale, long-term financing transactions with a short-term investment horizon.

Initially, Asset Management and CIB represented one and the same structure, as their core activities are complementary. The separation of these two activities, at the end of the 1990s, was due to the development of regulations.

That is why similar functions and professions are found in these two business lines. Managers in Asset Management came from the trading rooms. Since then, the professions have evolved. Ties between Managers and Traders have much less close, because Asset Management, possibly belonging to the same banking group as the CIB, works with a broad customer base consisting of other banking groups, private banks, or other management companies. The CIB with which Asset Management of the same banking group is affiliated may represent only 25%[54] of its NBI[55]).

On certain products, the CIB and Asset Management may even be in competition. CIB increasingly deals with intermediation. Also, for example, the CIB's certificates of deposit compete with Asset Management's monetary UCITS. As another illustration of the close ties existing between the CIB and Asset Management, on alternative management, the techniques used are those of the trading rooms applied to Asset Management.

However, apart from on this activity, the roles of managers and traders are quite different. They do not operate in the same time frame. Asset Management fits into a more macro-economic view (medium/long-term) investment strategy, whereas the CIB has more strategic goals in the short term (particularly illustrated by high-frequency, intraday, or even overnight trading).

[54] Share of the NBI communicated by a large French banking group (BNP Paribas)

[55] Net Banking Income (equivalent to turnover for an industrial companies)

2.4.2 Securities services

Invisible to the general public, this activity is no less vital to most large banking groups. The customers are therefore generally financial institutions that are insufficiently sized or wish to "subcontract" all or part of this activity.

Complementary to market activities (Global Capital Markets), the securities activity is involved in the continuity of operations and the transactions carried out in them. The securities activity begins once a financial transaction is concluded on the financial markets. It is called a "Post-trade" activity.

This activity, which initially consisted in ensuring mainly the delivery of financial securities sold by an investor, the settlement of financial securities purchased by the counterparty, as well as account-keeping, has expanded considerably in recent years. Now it is no longer a question of a simple "securities business line" or back office of trading rooms, but real financial services offered not only to the affiliate banking group, but also to a range of external customers. These financial services range from settlement/delivery to transfer agent services as well as, naturally, account-keeping, custodian services, clearing services, fund administration, and issuer services. That is why the securities activity is now called "Securities Services".

Origin: Settlement/Delivery

Settlement/delivery is the process whereby financial securities traded on the financial markets are delivered against their settlement (payment). The settlement/delivery instruction is issued by the clearing house[56]. If the financial transaction was carried out on a regulated market, the settlement/delivery instruction (order) is issued by the clearing house. If the financial transaction was negotiated over the counter, settlement/delivery instruction is issued by the investor (buyer). The instruction is then closed at the central custodian: the securities are credited to the account of the buyer's affiliate and debited from the account of the seller's affiliate.

The central custodian is the body where financial securities are recorded by financial intermediaries (bank or broker). These financial intermediaries may hold these securities either in their own name or on behalf of their customers. These financial intermediaries are affiliates of the central custodian.

Once they are recorded at the central custodian, the affiliates ensure the Account-Holding and Custody of their customers' financial securities. The custody account-keeping of financial securities involves recording financial securities in the account opened in the name of their holder. The custody account-keeper is responsible for holding financial assets, managing flows of securities and cash, and reconciling transactions between each counterparty[57].

Illustration

Mr Dupont holds 100 securities. They are deposited in Mr Dupont's securities account held by bank A. The holdings corresponding to these 100 securities at the central custodian are to be "booked". The central custodian opens an account with A that materialises this custody in the form of a mirror account.

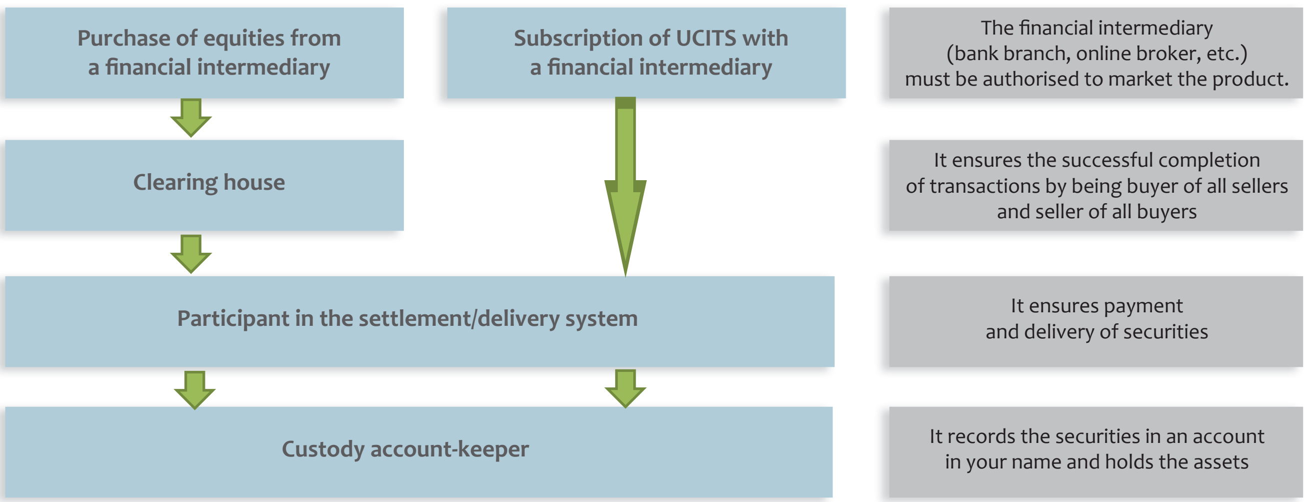
[56] A clearing house is a national or international body that calculates the net amounts payable and the securities to be delivered after consolidation of all the financial transactions carried out at a date T.

[57] Acknowledgement of the holder's rights to said securities and custody of the corresponding assets, according to the terms specific to each issue of securities (COSOB regulation no. 03-02 of 18 March 2003).

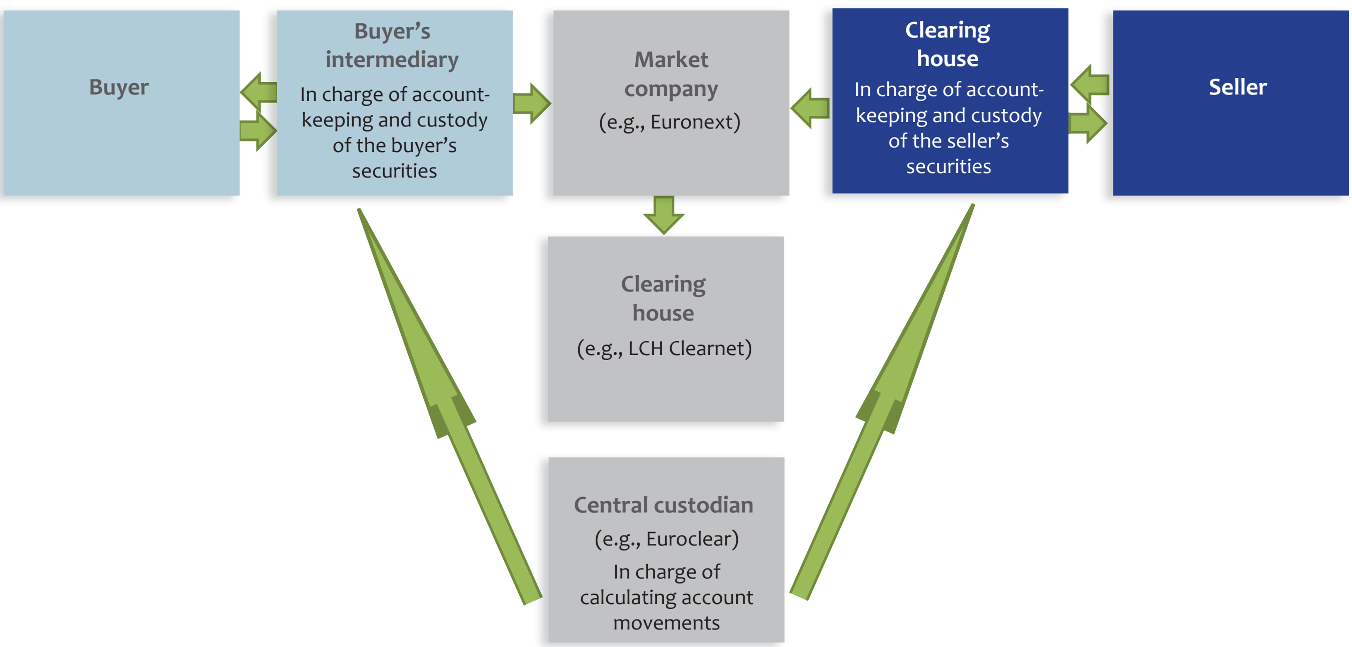
> Custody account-keeping is not an investment service strictly speaking. It is a service "related" to investment services. The performance of this related service by credit institutions or investment firms requires an authorisation issued by the Prudential Control Authority (ACP) as part of the approvals granted to these institutions or businesses to provide one or more investment services. Only establishments that have at least €3.8 million in capital may be authorised to provide this related service.
>
> Source: AMF

Each player has its role in the processing chain of a transaction on a security, from purchase to delivery, following a particular scheme.

What is the processing chain of a security?



Players of the organised market



The bank, if it engages in this activity (custodian/ account-keeper), will most often do so through a dedicated subsidiary structure.

The global custodian is in charge of managing, on behalf of customers (investors), all "post-market" transactions related to their portfolios of securities, i.e., the processing of the transfer of ownership and financial flows after completion of a security purchase/sale. It also passes on and incorporates the impact of events occurring over the life of securities (coupons, corporate actions, redemptions, etc.) on customer securities portfolios.

The custody account-keeping activity is governed by the General Regulation of the AMF (Book III Chapter II), which specifies the conditions for performing this activity with regard to:

- resources and procedures to be implemented (human resources, IT, etc.),
- relationships to be maintained with customers,
- relationships to be maintained with providers,
- controls to be put in place,
- combating money laundering and the financing of terrorism.

The custody account-keeping activity consists in crediting the acquired financial securities to the account of the holder, who therefore becomes their owner. As a result, the obligations of the custodian account-keeper mainly relate to the procedures for keeping these accounts: double-entry bookkeeping, particularly precise accounting classification, computer system with a high level of security and equipped with a secure backup system.

Also, the main duties of Securities Custody focus on:

- allocation of orders,
- settlement/delivery transactions,
- management of Corporate Actions,
- payment of dividends and coupons,
- Custody of assets and their return,
- Account-Keeping,
- the custodian Function of the group's UCITS.

The primary "customers" of Securities Custody are:

- Management Companies;
- Private Banks;
- other financial institutions (the CIB's trading room or even insurers as part of the management of life insurance contracts).

External customers are mainly:

- CIBs of medium-sized or modest institutions or French entities of foreign CIBs (large "brokers dealers[58]") wishing to entrust the clearing and/or the custody of certain products to operators that have best local logistics in France,
- institutional investors, such as insurance companies and pension funds, which have traditionally favoured the subcontracting of their securities custody needs,
- and especially asset management companies, representing around half.

For easier understanding of the activity, it is possible to break it down into two parts:

- flow management (processing of stock exchange transactions),
- inventory management (administration of financial securities held in the portfolio).

Flow management

This includes the processing of stock exchange orders (purchases and sales of financial securities) previously carried out on the financial markets in order to allocate them to customer accounts. As part of this, monitoring of settlement/delivery instructions related to purchases and sales of financial securities is also conducted.

[58] A natural person, company, or other organisation that engages in the business of trading securities for its own account or on behalf of its customers

A particular distinction must be made on the processing of transactions on UCITS[59]. The processing of UCITS flows involves the management of purchase and sale orders for UCITS units. These transactions are specifically called "subscriptions" for purchases and "redemptions" for sales. This activity involves receiving subscription/redemption orders, checking them, and sending the orders to external centralisers. Upon receipt of the net asset values of the UCITS concerned (listing of the market value of the UCITS), the settlement/delivery instructions are issued, and the orders are allocated and assigned (recorded) to the accounts of the customers involved.

Inventory management

This activity refers to the management of all events that can occur during the entire custody duration (life) of a financial security in the Custodian/Account-Keeper's accounts. These events may correspond to the annual payment of coupons (remuneration of dividends of an equity or interest for a bond) or a tax deadline.

Management of the inventory of securities thus includes the main following duties:

- manage the payment of coupons on French and foreign financial securities,
- manage corporate actions,
- reconcile and justify any difference between the positions held in the bank's books and those held with the central custodian (e.g., Euroclear),
- ensure the issue account-keeping of UCITS for which the bank is the custodian,
- administer the accounts of holders of registered securities,
- carry out securities transfers (incoming/outgoing),
- ensure the tax treatment to be applied to financial securities in custody (processing of tax returns, exemption cases, recovery cases),
- manage general meeting files.

[59] For subscribers, UCITS funds will result in the holding of securities, not directly but through a legal framework (open-end investment fund, mutual, etc.).

3. Professions in Corporate and Investment Banking

3.1 The main CIB professions

Corporate and Investment Banking groups together professions that are at the heart of financing the global economy. It covers a full range of professions, ranging from those with direct contact with large customers and financial markets to experts in financial engineering, financial analysis and risk management. In France and internationally, the professions in Corporate and Investment Banking are diverse, complementary and demanding.

In 2013, of the 372,000[60] employees in the banking sector, a little more than 18,000[60] worked in CIB, approximately 25% of whom belong to the Front Office. Traders, although representing the "Star" profession of CIB, are only the tip of the "CIB" iceberg. Most CIB employees work either in Support Functions or in related activities such as securities services.

[60] Sources: Survey by Fédération Bancaire Française (French banking federation)

All the CIB professions presented in this study are referenced in the "key professions" grid by the Observatory of professions. This grid is provided in the form of a repository of professions where the main functions can be found: Back Office Manager, Risk Analyst, Periodic/Permanent Controller, Large Company Customer Manager, Wealth Adviser, Market Operator, Designer and Adviser for financial transactions and products, IT Specialist, Legal Expert/Tax Specialist.

Key professions of the bank

Sales Force	Retail Customer Representative
	Counter and Customer Services Representative
	Commercial Unit Head/Leader
	Wealth Adviser
	Professional Customer Representative
	Corporate Customer Representative
	Designer and Adviser in financial transactions and products
	Market Operator
Transaction Processing	Back Office Manager
	IT/Organisation/Quality Manager
	Bank Transaction Specialist
	IT Specialist/Quality Officer
	Head/leader of bank processing unit or activity
Support Functions	Risk Analyst
	Administrative Manager/Secretary
	Periodic/Permanent Controller
	Specialist/Head of Marketing/Communication
	Specialist/Head of Human Resources
	Specialist/Head of Accounting/Finance
	Logistics/Real Estate Technician
	Human Resources Technician
	Management Controller
	Legal Expert/Tax Specialist
	Unit Head/Leader or Logistics Expert
	Accounting/Finance Technician
	Marketing/Communication Manager

These key professions result from a repository of CIB professions, which is the ultimate objective of this study.

The main CIB professions are identified by activity type on the basis of this repository.

KEY PROFESSIONS	EXAMPLES OF TYPICAL JOBS
Back Office Manager	Middle Office Head, Middle Office Manager, Back Office Head, International Back Office Manager, Market Back Office Manager, Cash Manager, etc.
Risk Analyst	Credit Risk Analyst, Market Risk Analyst, Country Risk Analyst, Operational Risk Manager, Portfolio Analyst, etc.
Periodic/Permanent Controller	Financial Security Officer, Permanent Control Officer, Compliance Head, etc.
Corporate Customer Representative	Corporate Business Officer, International Commercial Relationship Officer, Institutional Customer Adviser, etc.
Wealth Adviser	Portfolio Manager, Private Customer Adviser, Financial Wealth Adviser, etc.
Market Operator	Market Product Sales, Market Product Trader, Originator, Market Desk Head, etc.
Designer and Adviser in financial transactions and products	Financial transaction trader/arranger, Consulting Engineer, Financial Engineer, Mergers & Acquisitions Officer, Financial Market Research Engineer, Specialised Financing Officer, etc.
IT Specialist	Project Manager, Studies Manager, Programmer Analyst, Information System Technician, IT Security Officer, etc.
Legal Expert/Tax Specialist	Legal Research Officer, Tax Research Officer, etc.

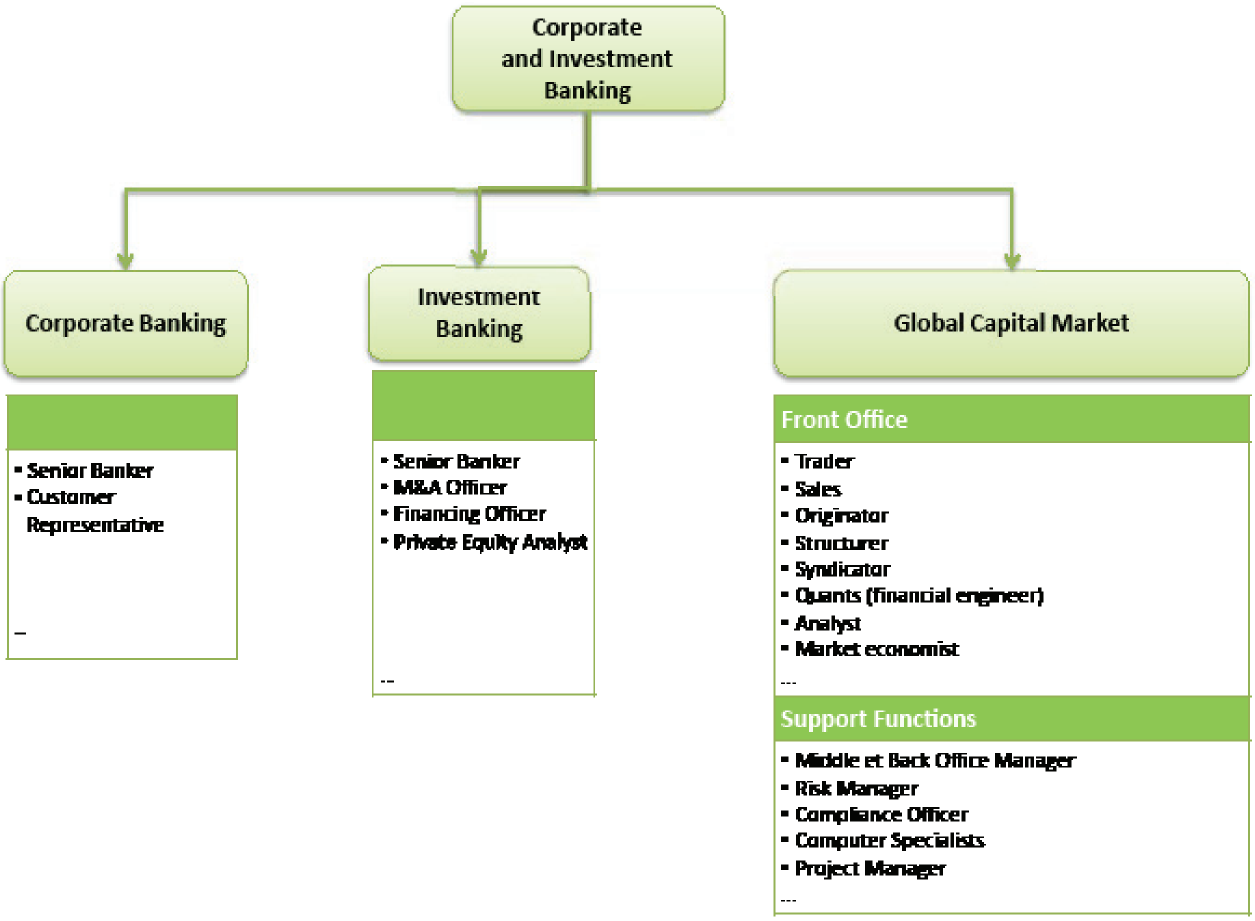
Source: AFB – Collective bargaining agreement for the banking sector

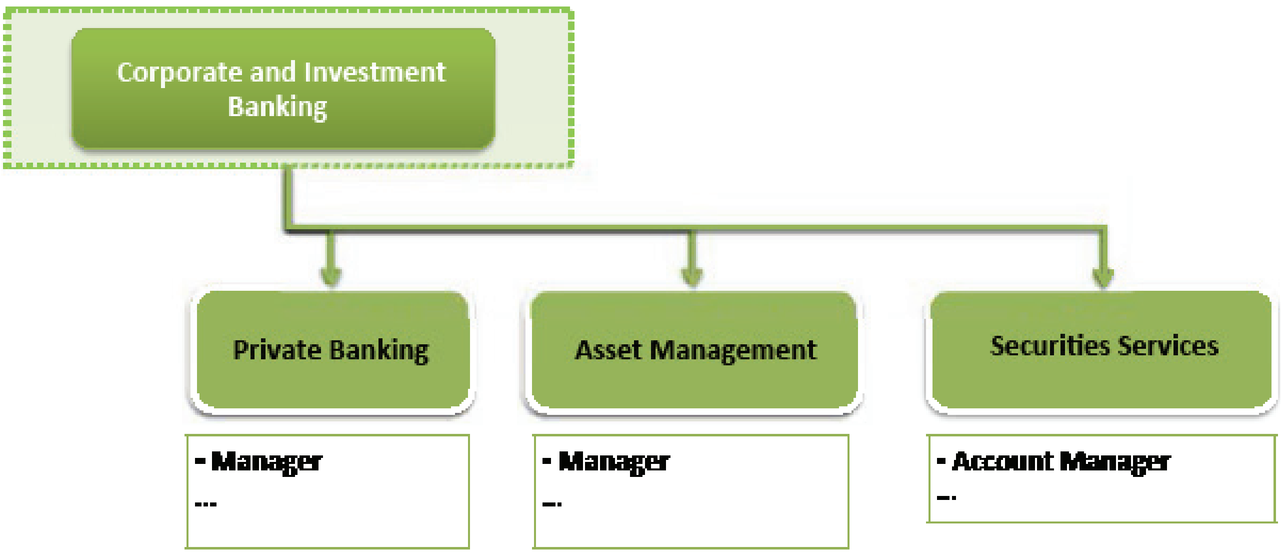
The typical jobs are presented, by family of activity:

- Corporate Banking;
- Investment Banking;
- Global Capital Markets;
- Asset Management;
- Private Banking;
- Securities Services;

Each of these professions has a summary sheet and a detailed description (available in the appendix) in line with the repository of the national collective bargaining agreement for the banking sector. The summary sheet highlights 10 key skills which are more or less crucial depending on the profession in question.

In total, this study presents 21 CIB professions and related activities.





3.1.1 Professions in Corporate Banking

- Large Company Customer Manager
- Customer Research Officer

a/ Large Company Customer Manager

Within a corporate bank, large company customer managers are the generalists of the customer relationship. They are central to the relationship with large customers and promote all of the bank's products and services to them (large companies, institutionals). Close to their customers, they inform them of everything that could affect their economic situation. Their mission is therefore to thoroughly understand the major issues for their customers.

Their added value lies in their expertise in a particular economic sector. They have full mastery of the bank's financial products and services and serve as experts for their customers. To do this, they analyse the needs of customers and propose consistent commercial strategies. They work in coordination with customer representatives who have more junior profiles. These junior employees will assist them for credit and sector analyses as well as for recurring execution operations.

Job Family	Corporate Banking
Profession	**Large Company Customer Manager**
Other names	Account Manager
Repository of key banking professions	Head/Leader of bank processing unit or activity

Main duties

- Responsible for a portfolio of customers in a given sector
- Helps define the bank's strategy on a given sector in relation with the business lines
- Promotes and sells bancassurance products and services to businesses (e.g. foreign exchange hedging, factoring)
- Approves credit lines under his or her delegation and monitors risk exposures in relation to his or her customer knowledge
- Detects the needs of customers and proposes financing (credit) or savings (placements) solutions
- Coordinates the international network through internal and external customer reviews
- Manages anomalous transactions or overdraft facilities (debtor accounts, authorised overdrafts, etc.)
- Controls the risks of the granted financing and the managed savings by analysing balance sheets, net wealth, and growth prospects (tax fraud, money laundering, default, bankruptcy, etc.)
- Contributes to the bank's internal customer rating
- Is in charge of monitoring counterparty risks together with senior bankers
- Supervises and manages a team of customer representatives

Key skills*		1	2	3	4	5
	Mathematical skills	■				
Know-how	IT skills	■	■			
Know-how	Analytical skills	■	■	■		
Know-how	Regulatory and legal skills	■	■	■	■	■
Know-how	Writing skills	■	■	■	■	
Know-how	Specific profession/process skills	■	■	■		
Know-how	Culture, sensitivity to risk management	■	■	■	■	
Know-how	Knowledge of markets and financial products	■	■	■	■	■
Behaviour	Interpersonal skills (oral expression, listening and advice, strength of conviction, ability to remain firm on positions and flexible in dialogue)	■	■	■	■	■
Behaviour	Business skills	■	■	■	■	■

*These skills appear more or less important depending on the profession in question, with 1 corresponding to the least important skill level. **Skill level legend: 1**: skill is required a little or not at all for the profession; 2: skill that contributes slightly to the profession; 3: skill that may reinforce the skills necessary for the profession; 4: skill necessary and essential for the profession; 5: prominent and essential skill for the profession.

b/ Customer Research Officer

Customer research officers have a more financial role than large company customer managers. They are at the centre of the hedging department (hedging and monitoring of large customers). They analyse the needs of customers and propose commercial strategies. They review commercial records, together with senior bankers (customer managers) and analyse customer profitability (projections, calculation of profitability forecasts, etc.). Customer research officers work closely with customer representatives by assisting them in the customer relationship (management of commercial information, monitoring of transactions, etc.).

Job Family	Corporate Banking
Profession	**Customer Research Officer**
Other names	-
Repository of key banking professions	Professional Customer Representative

Main duties

- Assists the customer representative teams in their relationship with customers and with all business lines
- Manages commercial information and monitors customer transactions
- Monitors the profitability generated by customers
- Estimates customer profitability on the basis of projections
- Calculates expected profitability of new transactions
- Initialises the transaction during the establishment of credit transactions and monitoring of the related regulatory capital
- Ensures compliance with procedures related to risks including operational risks

	Key skills	1	2	3	4	5
Know-how	Mathematical skills					
	IT skills					
	Analytical skills					
	Regulatory and legal skills					
	Writing skills					
	Specific profession/process skills					
	Culture, sensitivity to risk management					
	Knowledge of markets and financial products					
Behaviour	Interpersonal skills (oral expression, listening and advice, strength of conviction, ability to remain firm on positions and flexible in dialogue)					
	Business skills					

3.1.2 Professions in Investment Banking

- Senior Banker
- Mergers & Acquisitions Officer
- Structured Financing Officer
- Private Equity Analyst

a/ Senior Banker

The role of the Senior Banker has grown in recent years with the development of a banking model increasingly geared towards customers. Senior Banks are thus key players in relationship-focused banking. They are responsible for relationships with large accounts, i.e., strategic customers in terms of potential activity volume but also the diversity of services that the bank is able to offer them. Senior Bankers therefore act as the interface between the company and the customer. They are also responsible for developing their portfolio of major accounts through prospecting. To do this, they must know how to anticipate and advise their customers transparently to build a lasting relationship. They are both the initiator and the facilitator of transactions. Senior Bankers allow their customers to have access to the entire range of CIB services as well as other bank services.

Job Family	Investment Banking
Profession	**Senior Banker**
Other names	Hedging Bank, Banking Adviser, Investment Banker, Global Relationship Manager
Repository of key banking professions	Corporate Customer Representative

Main duties

- Develops the relationship with customers and compiles their needs
- Proposes solutions and/or products most suitable to the customer
- Continuously analyses the impacts of sectoral developments
- Provides customers with not only corporate banking solutions meeting their financing needs from day to day, but also investment banking solutions, focusing more on strategic transactions
- Assesses the financial health of each of his or her customers
- Ensures that previously set financial and commercial goals are achieved
- Provides reports to the sales department
- Acts as arbitrator between different lines of business in the event of a conflict

Key skills		1	2	3	4	5
Know-how	Mathematical skills					
	IT skills					
	Analytical skills					
	Regulatory and legal skills					
	Writing skills					
	Specific profession/process skills					
	Culture, sensitivity to risk management					
	Knowledge of markets and financial products					
Behaviour	Interpersonal skills (oral expression, listening and advice, strength of conviction, ability to remain firm on positions and flexible in dialogue)					
	Business skills					

b/ Mergers & Acquisitions Officer

The mergers and acquisitions officer profession is recognised as one of the most prestigious professions in Corporate and Investment Banking, but also one of the most difficult. The primary duty of this type of profession is advising. The mergers and acquisitions officer advises companies in order to establish complex financial arrangements (e.g. company buyout, sale, merger, or IPO). When a company is trying to grow by absorbing other players on the market, the M&A officer will evaluate target companies and support the customer during the entire acquisition phase. Most of the time, M&A officers specialise in a business sector where they are most able to analyse the situation, assess the risks of a transaction, and present a coherent strategy. Therefore, it is a profession that combines strategy, financial analysis, and business skills. This profession is very informative and generalist and opens many doors in Corporate and Investment Banking.

Job Family	Investment Banking
Profession	**Mergers & Acquisitions Officer**
Other names	M&A Officer, Merger/Acquisition Adviser, Merger/Acquisition Analyst
Repository of key banking professions	Designer and Adviser in financial transactions and products

Main duties

- Directs the transaction in its entirety (origination and execution)
- Conducts market studies
- Advises companies in putting together complex financial packages
- Specialises in a business sector
- Closely follows financial news to detect business
- Analyses target companies
- Values target companies through financial models
- Meets with potential customers to share ideas
- Monitors the execution of the transaction from A to Z, when his or her proposals are accepted
- Supervises and manages all steps of the deal, from the negotiation phase to the implementation of the terms of the transaction (origination and execution)
- Prepares the legal and financial documents of transactions
- Participates in customer meetings and makes marketing presentations to them

Key skills		1	2	3	4	5
Know-how	Mathematical skills					
	IT skills					
	Analytical skills					
	Regulatory and legal skills					
	Writing skills					
	Specific profession/process skills					
	Culture, sensitivity to risk management					
	Knowledge of markets and financial products					
Behaviour	Interpersonal skills (oral expression, listening and advice, strength of conviction, ability to remain firm on positions and flexible in dialogue)					
	Business skills					

c/ Structured Financing Officer

Structured financing officers are at the crossroads of credit and market activities. They advise high-end customers in order to obtain tailored financing for them. To do this, they determine, market, and assemble financial packages that are often complex and innovative (syndicated loans, acquisition and project financing, optimisation and asset financing). They model the project's financial flows and define a comprehensive, cross-disciplinary approach to financing using risk and credit analyses. Their main contacts are most often financial departments, business leaders, as well as lawyers and tax specialists. The challenges of this profession are the consideration of risks for both the customer and the bank as well as the financial and legal implications, often in an international context.

Job Family	Investment Banking
Profession	**Structured Financing Officer**
Other names	Structured Financing Analyst/Manager, Project Finance, Project Financing Structurer, Project Financing Officer
Repository of key banking professions	Designer and Adviser in financial transactions and products

Main duties

- Proposes financing solutions (related to commodities, exports, infrastructure, LBOs, or securitisation) to his or her portfolio of customers
- Identifies business opportunities on portfolios under his or her responsibility
- Identifies cross-selling opportunities within the bank
- Ensures and checks financial modelling and profitability calculations
- Prepares and participates in the presentation of offers
- Conducts discussions and negotiations in order to define the structure and carry out the research necessary for command of all constraints and risks related to the project
- Negotiates the legal documentation with the borrower together with the legal experts
- Ensures coordination with the concerned entities for the validation of risks
- Drafts a summary of the contract or the main points (term sheet)
- Ensures the complete transmission of information needed for the file's management to the back and middle office

Key skills		1	2	3	4	5
Know-how	Mathematical skills	■	■	■	■	
	IT skills	■	■			
	Analytical skills	■	■	■	■	
	Regulatory and legal skills	■	■	■	■	■
	Writing skills	■	■	■	■	
	Specific profession/process skills	■	■	■		
	Culture, sensitivity to risk management	■	■	■	■	
	Knowledge of markets and financial products	■	■	■	■	■
Behaviour	Interpersonal skills (oral expression, listening and advice, strength of conviction, ability to remain firm on positions and flexible in dialogue)	■	■	■	■	
	Business skills	■	■	■	■	■

d/ Private Equity Analyst

Private equity analysts are investors in capital. They participate in the management of investments and funds. and are generally responsible for an investment strategy. Underwriters entrust their funds to them so that they can yield a profit through investment in promising companies. The aim is to resell the company at a price better than the purchase price. There are different target companies: start-ups (seed capital), innovative start-ups (venture capital), and developing companies (development capital). Their due diligence tasks include travelling to meet with the target company. As part of an investment, they will have an organisational role with the various parties (auditors, bankers, lawyers). The profession is quite versatile and combines strategy, entrepreneurship, and financial techniques.

Job Family	Investment Banking
Profession	**Private Equity Analyst**
Other names	Capital Investment Analyst, Investment Capital Officer, Private Equity Officer
Repository of key banking professions	Designer and Adviser in financial transactions and products

Main duties

- Assesses investment opportunities
- Analyses business plans (valuation of businesses, modelling)
- Participates in strategic due diligences tasks (research on the market, products, competitors, business sector, etc.)
- Executes investments (financial packages, negotiating with third parties: bankers, mezzanine investors, lawyers, auditors)
- Monitors stakes (participation in various negotiations, financial monitoring of stakes, research on possible target companies as part of an LBO, etc.)
- Researches and studies the best exit scenarios

Key skills		1	2	3	4	5
Know-how	Mathematical skills					
	IT skills					
	Analytical skills					
	Regulatory and legal skills					
	Writing skills					
	Specific profession/process skills					
	Culture, sensitivity to risk management					
	Knowledge of markets and financial products					
Behaviour	Interpersonal skills (oral expression, listening and advice, strength of conviction, ability to remain firm on positions and flexible in dialogue)					
	Business skills					

3.1.3 Professions in Global Capital Markets

- Trader
- Sales
- Originator
- Structurer
- Syndicator
- Quantitative analyst (Quants)
- Financial Analyst
- Market Economist

a/ Trader

Traders play a fundamental role in a trading room. They are considered the production "machine" of the CIB Front Office. Their role consists in taking open but limited, short-term and long-term positions on different products. They continuously adjust their positions in order to balance their profits and losses. Their activity involves significant risk. This activity is therefore very controlled today, and positions are taken within strict limits. To hedge themselves and manage the level of risk brought about by the positions that they take, they have a range of financial instruments. There are several types of traders with distinct activities: Prop Trader, Market Maker, Vanilla Product Trader and Structured Product Trader. Traders work in relation with sellers and negotiators.

Job Family	Global Capital Markets
Profession	**Trader**
Other names	-
Repository of key banking professions	Market Operator

Main duties

- Carries out financial transactions, on behalf of a customer or for own account, generally generating profits
- Often specialises in a product type (vanilla, derivatives on interest rates/exchange/credit/commodities, etc.)
- Analyses transactions
- Provides a price (for the customer or for Sales)
- Executes the transaction (sale or purchase)
- Manages financial risks on financial transactions carried out and ensures hedging of positions taken

Key skills		1	2	3	4	5
Know-how	Mathematical skills	x	x	x	x	x
	IT skills	x	x	x	x	x
	Analytical skills	x	x	x		
	Regulatory and legal skills	x	x	x	x	
	Writing skills	x	x	x		
	Specific profession/process skills	x	x	x		
	Culture, sensitivity to risk management	x	x	x	x	x
	Knowledge of markets and financial products	x	x	x	x	x
Behaviour	Interpersonal skills (oral expression, listening and advice, strength of conviction, ability to remain firm on positions and flexible in dialogue)	x	x	x		
	Business skills	x	x	x		

b/ Sales

Salespeople, or sellers on financial markets, are intermediaries between traders and their customers. Their task is to convince investors to place trade orders through their financing bank. They play a "pre-sales" role in the brokerage function. To do this, they need to establish and manage a sustainable relationship with a set of investors. They therefore have good knowledge of the needs of customers and their resources. They handle the entire commercial relationship with the customer and request confirmation of the purchase or sale price from the market maker (trader) before confirming the transaction. Salespeople also have an informing and prospecting role since they are responsible for keeping their customers informed of new products and investment strategies that may meet their needs. Unlike traders, they engage in an activity without taking risks.

Job Family	Global Capital Markets
Profession	**Sales**
Other names	Sellers on financial markets
Repository of key banking professions	Market Operator

Main duties

- Develops a customer base through prospecting
- Has up-to-date knowledge of the regulatory, accounting, and tax constraints that govern the sector in order to better understand and respond to customer issues
- Is attentive to customers in order to establish a close contact, build their loyalty, and identify their needs
- Advises his or her customers and finds financial packages to meet their expectations
- Internally provides financial flows to the trading desks, especially on products on which traders have taken positions.

Key skills		1	2	3	4	5
Know-how	Mathematical skills	■	■	■		
	IT skills	■	■			
	Analytical skills	■	■	■	■	■
	Regulatory and legal skills	■	■	■	■	■
	Writing skills	■	■			
	Specific profession/process skills	■	■	■		
	Culture, sensitivity to risk management	■	■	■	■	
	Knowledge of markets and financial products	■	■	■	■	■
Behaviour	Interpersonal skills (oral expression, listening and advice, strength of conviction, ability to remain firm on positions and flexible in dialogue)	■	■			
	Business skills	■	■	■	■	

c/ Originator

In an international environment and on various business lines, originators devise credit proposals and the financial structures of the companies that are customers of investment banks. They are specialists in a product and are deal makers on this product. Their role is therefore to arrange a transaction, i.e., identify, negotiate, and conclude it. Originators do not structure these transactions (structurer and syndicator part) but handle the entire marketing, commercial, and advising part. They also coordinate discussions with the supervisory authorities. Within a Corporate and Investment Bank, originators may specialise in different activities: export credit, financing of projects, aeronautics, real estate, etc. Originators may also have a dual role and carry out the syndication task. In this case, they are referred to as originator/syndicators. The customers are generally multinationals seeking high amounts of financing.

Job Family	Global Capital Markets
Profession	**Originator**
Other names	-
Repository of key banking professions	Market Operator
Main duties	

- Defines a commercial strategy in order to ensure strong positioning for the bank with its major customers
- Advises his or her customers on financing on the basis of market trends
- Ensures active monitoring of market trends
- Actively participates in the structuring of the mandates obtained
- Oversees and coordinates all transactions together with Syndication and the distribution teams in order to ensure that transactions are completed properly
- Internally provides financial flows to the trading desks, especially on products on which traders have taken positions.

Key skills		1	2	3	4	5
Know-how	Mathematical skills					
	IT skills					
	Analytical skills					
	Regulatory and legal skills					
	Writing skills					
	Specific profession/process skills					
	Culture, sensitivity to risk management					
	Knowledge of markets and financial products					
Behaviour	Interpersonal skills (oral expression, listening and advice, strength of conviction, ability to remain firm on positions and flexible in dialogue)					
	Business skills					

d/ Structurer

Structurers are at the crossroads of several professions (sales, trading, and legal department). They design tailored solutions and participate in the calibration of “structured products” (design and manufacture of the financial product) in order to meet the needs of customers. They thus define the best possible financing plan, while taking into account the cash flows generated by the Corporate and Investment Bank and all types of risks accompanying the financing process. Several types of structurers exist: corporate finance structurer, financing activity structurer. This highly technical profession requires excellent knowledge of statistics and mathematics, which is why junior profiles are often engineers specialising in finance.

Job Family		Global Capital Markets
Profession		**Structurer**
Other names		Financial Engineer
Repository of key banking professions		Market Operator

Main duties

- Designs, markets, and manages structured products
- Identifies new ideas for products or proprietary underlyings in collaboration with Trading and Sales
- Constructs investment solutions in collaboration with Trading and Sales in response to customer requests
- Performs studies on transaction structuring, price calibration, and legal and tax feasibility of the transaction (budget)
- Produces the legal documentation of transactions and, in particular, the financial part (description of algorithms)
- Participates in the creation of sales and marketing materials in collaboration with Sales

Key skills		1	2	3	4	5
Know-how	Mathematical skills	■	■	■	■	■
	IT skills	■	■	■	■	
	Analytical skills	■	■	■		
	Regulatory and legal skills	■	■	■	■	
	Writing skills	■	■	■		
	Specific profession/process skills	■	■	■		
	Culture, sensitivity to risk management	■	■	■	■	
	Knowledge of markets and financial products	■	■	■	■	■
Behaviour	Interpersonal skills (oral expression, listening and advice, strength of conviction, ability to remain firm on positions and flexible in dialogue)	■	■	■	■	■
	Business skills	■	■	■	■	■

e/ Syndicator

The syndicator's task is to advise the bank as well as its customers on the structure and prices of financing according to market conditions. This profession requires excellent knowledge of the market and excellent placement abilities. It brings together several associated financial partners in order to make a common form of financing available to customers. Thanks to various indicators (spreads, sector, bond prices on the secondary market, CDS), syndicators will "price" the bond that the originators will then propose to their customer. Bank syndication is typically reserved for large loans that a single bank does not want to assume because of the risk. At least two types of syndication exist: the credit syndicator (specialising in export financing and project financing) and the syndicator of bond issues or negotiable securities (placement with the market, issues arranged by originators for their issuing customer).

Job Family	Global Capital Markets
Profession	**Syndicator**
Other names	-
Repository of key banking professions	Market Operator

Main duties

- Ensures active monitoring of market trends in financing thanks to close contact with investors
- Contributes to the determination and execution of the commercial strategies of the bank's financing teams
- Contributes to the development of commercial offers and participates in presentations to customers
- Prepares syndication memos/notes containing recommendations on the financing terms
- Becomes actively involved in the negotiation of the conditions of mandates and term sheets with customers and lawyers in collaboration with originators
- Prepares information memos to be distributed to potential investors before syndications are launched

Key skills		1	2	3	4	5
Know-how	Mathematical skills					
	IT skills					
	Analytical skills					
	Regulatory and legal skills					
	Writing skills					
	Specific profession/process skills					
	Culture, sensitivity to risk management					
	Knowledge of markets and financial products					
Behaviour	Interpersonal skills (oral expression, listening and advice, strength of conviction, ability to remain firm on positions and flexible in dialogue)					
	Business skills					

f/ Quantitative analyst (Quants)

There are many jobs related to the Quant function: Actuary, Risk Manager, etc. The Quantitative Analyst, also called a "Quant", must perform analyses on the bank and financial studies (market, risks, products, economic restructuring, etc.) intended for market operators or governing bodies by using mathematical analysis models based on probability calculations with commercial, accounting, and financial data. In a volatile environment, Quantitative Analysts help to define the behaviours of financial instruments and develop and program trading strategy and hedging models. In other words, they are experts in quantitative finance, mainly present in market activities, with the ultimate goal of monitoring the risk/return profiles accepted by the bank.

Job Family	Global Capital Markets
Profession	**Quantitative analyst (Quants)**
Other names	Actuary, underwriter, financial engineer
Repository of key banking professions	Risk Analyst

Main duties

- Evaluates the bank's market, credit, etc. risks and proposes hedging and underwriting solutions
- Monitors the bank's value at risk (calculation of value at risk)
- Analyses the economic and financial information having an impact on markets
- Produces forecast models for the examined banking or financial product

Key skills		1	2	3	4	5
Know-how	Mathematical skills	■	■	■	■	■
	IT skills	■	■	■	■	■
	Analytical skills	■	■	■	■	■
	Regulatory and legal skills	■				
	Writing skills	■	■			
	Specific profession/process skills	■	■	■	■	■
	Culture, sensitivity to risk management	■	■	■	■	■
	Knowledge of markets and financial products	■	■	■	■	
Behaviour	Interpersonal skills (oral expression, listening and advice, strength of conviction, ability to remain firm on positions and flexible in dialogue)	■	■	■		
	Business skills	■				

g/ Financial Analyst

Financial analysts have a role as "informer" for the bank. They examine the situation of companies and conduct financial analyses in order to express recommendations and summaries assisting in the decision (they may also analyse financial assets). To do this, they monitor the specialised press and developments in stock markets, obtain financial information, and reviews, analyses, and summarises balance sheets. They make qualitative, forward-looking judgements and increasingly specialise in a business sector or in a number of companies to be monitored. Lastly, they assess risks with the aim of advising potential investors or stock market operators about strategies to be adopted. A distinction is made between sell-side analysts, who work with the trading rooms and advise traders about the financial markets, and buy-side analysts, who are positioned alongside investors to encourage them to make investments or not.

Job Family	Global Capital Markets
Profession	**Financial Analyst**
Other names	Buy-Side Analyst, Sell-Side Analyst, Corporate Analyst
Repository of key banking professions	Specialist/Head of Accounting/Finance

Main duties

- Collects a wide range of quantitative and qualitative information (for a company, for example: results, development, competition, changes in the regulatory environment)
- Constructs and/or updates a financial projection model that will allow him or her to value the company/asset
- Makes investment recommendations
- Is in regular contact with the analysed companies
- Must understand the financial aspects, activities, and quality of the management of the analysed companies
- Formalises his or her research by issuing one of the following four recommendations: buy, accumulate, reduce, or sell

Key skills		1	2	3	4	5
Know-how	Mathematical skills					
	IT skills					
	Analytical skills					
	Regulatory and legal skills					
	Writing skills					
	Specific profession/process skills					
	Culture, sensitivity to risk management					
	Knowledge of markets and financial products					
Behaviour	Interpersonal skills (oral expression, listening and advice, strength of conviction, ability to remain firm on positions and flexible in dialogue)					
	Business skills					

h/ Market Economist

In the world of finance, the economist function is special because of the skills that this profession requires and the diversity of its practice. The economist's role is to provide a macro-economic view of a business sector, in contrast to the financial analyst, who focuses on a defined number of companies to be evaluated. Economists therefore have an advisory role.

They analyse structural trends affecting the future of the economy. They issue forward-looking opinions on the possible course of economic indicators that could affect the bank's activity (interest rates, growth rates, unemployment rates, etc.). They must assess the financial impact of changes in their various indicators (long-term task). They also make short-term forecasts in order to allow traders to position themselves before the announcement of statistics and data that are supposed to divert the market in one direction or the other. To do this, these experts use econometrics: a discipline that uses statistical methods to establish correlations between certain economic variables. In banking, many economists go on to work in more operational professions.

Job Family	Global Capital Markets
Profession	**Market Economist**
Other names	Strategist, Macro-economist
Repository of key banking professions	Designer and Adviser in financial transactions and products

Main duties

- Examines statistics, press articles, reports, summaries, and surveys
- Builds tools for valuing and predicting market developments
- Analyses structural, economic, and regulatory reform programmes
- Analyses budgetary and public debt policies
- Complies, selects, interprets, and analyses data
- Drafts studies or reports that will be used by the various economic players in order to take strategic investment decisions

Key skills		1	2	3	4	5
Know-how	Mathematical skills	■	■	■	■	■
Know-how	IT skills	■	■	■	■	■
Know-how	Analytical skills	■	■	■	■	■
Know-how	Regulatory and legal skills	■	■			
Know-how	Writing skills	■	■	■	■	
Know-how	Specific profession/process skills	■	■			
Know-how	Culture, sensitivity to risk management	■	■	■		
Know-how	Knowledge of markets and financial products	■	■	■	■	
Behaviour	Interpersonal skills (oral expression, listening and advice, strength of conviction, ability to remain firm on positions and flexible in dialogue)	■	■	■	■	
Behaviour	Business skills	■	■			

3.1.4 Front Office Support Functions

- Middle Office Manager
- Back Office Manager
- Risk manager
- Compliance Officer
- Project Manager
- IT Specialist
- Business Analyst/Project Owner

a/ Middle Office Manager

Middle office managers work closely with the back and front office functions. Their role is to create a strong link between the front office and the back office. They act as the interface between these two professions by intervening upstream in support of the trading rooms, then post-market in a control and verification role. The profession of middle office managers is strongly linked to the pace and activity of the front office with which they are affiliated. Middle office managers enter the transactions carried out by the Front Office in a database, check and analyse the results of the trading rooms, assess the risks taken for each transaction, and calculate the Front Office's gains and losses on a daily basis. They must also verify that all transactions are sent properly in the front-to-back systems and must regularly optimise internal processes. They work in a very sophisticated technical environment and are in contact with many internal and external stakeholders. Their role has evolved considerably in recent years with controls and validations increasingly present at all levels of processing of a transaction.

Job Family	Support Functions
Profession	**Middle Office Manager**
Other names	Middle Office Agent, Middle Office Operator, Financial Market Transaction Manager, Head of Middle Office, Middle Office Expert
Repository of key banking professions	Bank Transaction Specialist

Main duties

- Produces and disseminates financial analyses necessary for monitoring the activity (volumes traded, risk limits, P/L)
- Verifies that the risk limits defined by the Risk Department are not exceeded
- Processes, checks, and validates transactions carried out by the Front Office
- Manages market events on products handled by the Front Office
- Participates in economic and accounting reconciliation between the Front Office and the Back Office
- Establishes administrative processing plans (accounting, legal) for new products, in collaboration with the Front Office, the Back Office and IT.

Key skills		1	2	3	4	5
Know-how	Mathematical skills	■	■	■	■	
Know-how	IT skills	■	■			
Know-how	Analytical skills	■	■	■	■	
Know-how	Regulatory and legal skills	■	■	■	■	■
Know-how	Writing skills	■	■	■	■	
Know-how	Specific profession/process skills	■	■	■		
Know-how	Culture, sensitivity to risk management	■	■	■	■	
Know-how	Knowledge of markets and financial products	■	■	■	■	■
Behaviour	Interpersonal skills (oral expression, listening and advice, strength of conviction, ability to remain firm on positions and flexible in dialogue)	■	■	■	■	
Behaviour	Business skills	■	■	■	■	■

b/ Back Office Manager

Since 2010, the banking sector has undergone profound changes, which has led to an evolution of the back office profession. This profession is thus transforming, taking on a richer, more complete, more versatile dimension. Its powers have therefore expanded. For example, market activity back office managers today must have a number of technical abilities, such as computer (VBA, macro), financial (UCITS, derivatives, etc.) and language skills. On an everyday basis, back office managers primarily have a role of monitoring transactions and administrative activities. Managers must record financial transactions carried out by Front Office employees and ensure that they are properly put in place and comply with the established procedures and channels. The role of Back Office functions is also to ensure that deadlines are scrupulously respected.

Job Family	Support Functions
Profession	**Back Office Manager**
Other names	Back Office Operator, Back Office Officer, Financial Market Transaction Manager, Back Office Agent, Back Office Expert
Repository of key banking professions	Back Office Manager

Main duties

- Ensures all or part of the processing of transactions, from negotiation to accounting production
- Is specialised by activity/product: market (cash, currency exchange, derivatives, structured, securities, etc.), banking (methods of payment, commitments), stock exchange transactions, electronic money, factoring, asset management, etc.
- Carries out settlements and deliveries of securities
- Supervises the processing of transactions
- Verifies proper application of the department's operating standards, procedures, and controls
- Contributes to the improvement of lead times, quantity in accounting terms, yield, and security of processes

Key skills		1	2	3	4	5
Know-how	Mathematical skills	■	■			
Know-how	IT skills	■	■			
Know-how	Analytical skills	■	■	■		
Know-how	Regulatory and legal skills	■	■	■	■	■
Know-how	Writing skills	■	■	■	■	
Know-how	Specific profession/process skills	■	■	■		
Know-how	Culture, sensitivity to risk management	■	■	■		
Know-how	Knowledge of markets and financial products	■	■	■	■	■
Behaviour	Interpersonal skills (oral expression, listening and advice, strength of conviction, ability to remain firm on positions and flexible in dialogue)	■	■	■	■	
Behaviour	Business skills	■	■			

c/ Risk Manager

Today, the risk manager function has become key in all large companies. The risk manager job does not meet a standard definition. In a Corporate and Investment Bank, the risk manager's role will be more particularly related to the management and control of market, operational, and fraud risks (rogue trading). Risk managers must also have very good knowledge of banking regulations and financial markets (Basel, CRB 97-02, standard and internal methods, etc.). As the covered scope is very broad, there is often a sub-division of the profession by risk type (credit, counterparty, market, operational, etc. risk analyst) in a corporate and investment bank.

Unlike a risk analyst, who will focus primarily on the identification and assessment of risks, the Risk Manager is an orchestra leader who brings together all the players in the risk management system to solve a problem.

It is up to the risk manager to inform the senior management of measures to be taken to avoid a risk and establish relations with insurance companies or brokers to negotiate hedging contracts.

Job Family	Support Functions
Profession	**Risk manager**
Other names	Risk Manager, Risk and Insurance Manager, Risk and Insurance Manager
Repository of key banking professions	Risk Analyst

Main duties

- Identifies, prioritises, and assesses the risks within each activity and banking process
- Plays an advisory role on risks with the bank's operating staff
- Ensures internal training on risk management and insurance: train a network of risk correspondents in order to report incidents
- Monitors the prevention policy
- Is attentive to the evolution of the bank's risks: consideration of financial and economic fluctuations
- Participates in the establishment of standards to be used to assess risks and maintains a relationship with the Management in researching the optimal limits to be put in place

Key skills		1	2	3	4	5
Know-how	Mathematical skills					
	IT skills					
	Analytical skills					
	Regulatory and legal skills					
	Writing skills					
	Specific profession/process skills					
	Culture, sensitivity to risk management					
	Knowledge of markets and financial products					
Behaviour	Interpersonal skills (oral expression, listening and advice, strength of conviction, ability to remain firm on positions and flexible in dialogue)					
	Business skills					

d/ Compliance Officer

The objective of Compliance Officers, who report to the Compliance Head, is to implement a global non-conformance risk management process within the bank. They may also report to the Permanent Control Director or the Head of Internal Control. They are in constant collaboration with operating staff and business experts of each banking activity. Today, this profession is changing, with an issue increasingly present in banks (regulations, supervisory authorities, embargoes, anti-money laundering, etc.). In a Corporate and Investment Bank, the compliance function encompasses three main activities: financial security (implementation of customer due diligence, anti-money laundering, compliance with embargoes), the fight against fraud (both internal and external) and ethics (prevention of market abuse, conflicts of interests, etc.).

Job Family	Support Functions
Profession	**Compliance Officer**
Other names	Compliance Manager, Compliance Officer
Repository of key banking professions	Permanent Controller

Main duties

- Identifies and ensures monitoring of the compliance scope
- Produces a mapping of the non-compliance risks in order to identify the risk control mechanisms and the action plans to be put in place
- Carries out the transposition of regulatory provisions related to compliance into the bank's tools and internal procedures
- Implements a control plan specific to non-compliance risks
- Performs control tasks on customers ("Know Your Customer" studies)
- Establishes procedures to combat money laundering and the financing of terrorism

Key skills		1	2	3	4	5
Know-how	Mathematical skills	■				
	IT skills	■				
	Analytical skills	■	■	■	■	
	Regulatory and legal skills	■	■	■	■	
	Writing skills	■	■	■	■	
	Specific profession/process skills	■	■	■	■	
	Culture, sensitivity to risk management	■	■	■	■	
	Knowledge of markets and financial products	■	■	■	■	
Behaviour	Interpersonal skills (oral expression, listening and advice, strength of conviction, ability to remain firm on positions and flexible in dialogue)	■	■	■	■	
	Business skills	■				

e/ Project Manager

The current issues in the banking sector have strengthened the consideration of organisational problems. Many corporate and investment banks now find themselves in an environment of internal restructuring and cost control. These changes require strong support, a role carried by the project manager. Project Managers are the guarantors of a project's success. They must permit an optimal result consistent to the repository established in terms of costs, quality, performance, and time. The activity of the project manager may vary depending on the type of structure, the specialisation or reporting line, the size of the teams, and the complexity of the projects as well as the composition of the teams. The profession is closely associated with the business analyst/project owner and is sometimes represented by the same person within the company. The project manager's role is to meet goals by ensuring the content, budget, schedule, and resources and to assess the risks, whereas the role of the Business Analyst/Project Owner is to define the goals and specify the project's target.

Job Family	Support Functions
Profession	**Project Manager**
Other names	Project Administrator
Repository of key banking professions	IT/Organisation/Quality Manager

Main duties

- Identifies and formalises the project's goals
- Proposes a methodology, schedule, and the associated means, taking contextual elements and constraints into account
- Performs the diagnostic analysis, conducts the necessary interviews, and identifies the priority working areas
- Identifies the players and methods for promoting the smooth operation of the project
- Proposes relevant solutions, ensures their feasibility, and adapts them on the basis of any new contextual elements
- Ensures communication with the various stakeholders on the goals and stages of development in order to ensure their proper contribution
- Defines the methods and the deployment schedule
- Ensures and/or supports the project's implementation

	Key skills	**1–5**
Know-how	Mathematical skills	3
Know-how	IT skills	3
Know-how	Analytical skills	3
Know-how	Regulatory and legal skills	2
Know-how	Writing skills	2
Know-how	Specific profession/process skills	5
Know-how	Culture, sensitivity to risk management	3
Know-how	Knowledge of markets and financial products	2
Behaviour	Interpersonal skills (oral expression, listening and advice, strength of conviction, ability to remain firm on positions and flexible in dialogue)	4
Behaviour	Business skills	1

f/ IT Specialist

The bank is one of the primary users of IT services. IT specialists therefore now have a key role in Corporate and Investment Banking. They help to ensure that the bank's IT systems are up to date depending on the strategic goals as well as technological and regulatory developments. To do this, they automate processes and ensure the reporting of flows, the security of online transactions, etc. They find IT solutions adapted to the various financial products while demonstrating vigilance with regard to the management of risks related to the use of IT. They can intervene at different levels. Depending on their specialisation and the bank, they may be assigned to the department in charge of online banking, computer security in the trading room, or a major strategic project. IT specialists are in constant contact with all the departments of the bank.

Job Family	Support Functions
Profession	**IT Specialist**
Other names	-
Repository of key banking professions	IT Specialist/Quality Officer

Main duties

- Conducts IT projects by making sure to obtain an optimal result consistent with the expectations of the profession from a point of view of quality, performance, cost and time
- Informs, advises, and assists users on computer tools
- Implements the various stages of the project: compiles and analyses needs with the profession and, in collaboration with project ownership assistance, defines the project progress schedule, and evaluates the necessary human and technical resources
- Ensures maximum performance and the availability of IT and trading tools
- Coordinates the various technical stakeholders
- Ensures the achievement of goals within the allocated budget and on time

Key skills		1	2	3	4	5
Know-how	Mathematical skills	■	■	■	■	■
	IT skills	■	■	■	■	■
	Analytical skills	■	■	■		
	Regulatory and legal skills	■	■	■		
	Writing skills	■	■			
	Specific profession/process skills	■	■	■	■	
	Culture, sensitivity to risk management	■	■	■		
	Knowledge of markets and financial products	■	■			
Behaviour	Interpersonal skills (oral expression, listening and advice, strength of conviction, ability to remain firm on positions and flexible in dialogue)	■	■	■		
	Business skills	■				

g/ Business Analyst/Project Owner

Business Analysts/Project Owners are the interface between operational staff, IT specialists, and project managers. They usually act as a liaison between the bank's end users and the internal and/or external service providers. They assist the Corporate and Investment Bank and help to define and implement optimal solutions to cover their needs considering the various constraints. A CIB's information systems are very complex, and their task often involves the implementation of new features in computer processing. Business Analysts/Project Owners can intervene at two levels: Macroscopically, to define and clarify the desired changes within the bank, and most often in a more detailed manner, to define, analyse, and monitor changes in structure, process, or scope. To do this, they are responsible for analysing the needs of their users, in order to transcribe the need to IT. Their role can be defined in four steps: definition of the methodology, expression of the need, specifications, testing, and change support.

Job Family	Support Functions
Profession	**Business Analyst/Project Owner**
Other names	Project Ownership Manager
Repository of key banking professions	IT/Organisation/Quality Manager

Main duties

- Contributes to and/or conducts information system tool upgrade projects to meet the needs of a department or activity
- Identifies the functional requirements (diagnostic analysis, identification of user needs, drafting of technical specifications) of the activity
- Participates in selections of solutions: establishment of a new tool, upgrading of the existing solution
- Drafts functional specifications
- Leads or participates in project monitoring meetings
- Interfaces with IT teams and solution providers

Key skills		1	2	3	4	5
Know-how	Mathematical skills					
	IT skills					
	Analytical skills					
	Regulatory and legal skills					
	Writing skills					
	Specific profession/process skills					
	Culture, sensitivity to risk management					
	Knowledge of markets and financial products					
Behaviour	Interpersonal skills (oral expression, listening and advice, strength of conviction, ability to remain firm on positions and flexible in dialogue)					
	Business skills					

3.1.5 Related activities of CIB

- Manager (management company, private bank)
- Account Manager (financial services)

a/ Manager (management company, private bank)

Managers exclusively manage a portfolio of securities (equities, bonds, etc.) within a management company. These funds come from investors, businesses, or institutions. Customers put them in charge of managing their portfolio on their behalf. Their role is to optimise the valuation of the investments of its customers through a strategy determined upstream. In addition, they generally specialise in an asset class (equities, convertible bonds, money market, private equity, etc.).

Depending on the various modes of management, managers may be asked to manage collective interests (multiple customers in a single portfolio where the offered products are generally UCITS) or individual interests (management under mandate). Lastly, managers ensure external relations with stock market and financial intermediaries such as brokerage companies, institutionals, brokers, etc.).

Job Family	Asset Management, Private Banking
Profession	**Manager**
Other names	Asset Manager, Portfolio Manager, Fund Manager, Portfolio Manager
Repository of key banking professions	Wealth Adviser

Main duties

- Participates in company presentations
- Participates in discussions on various investment strategies with the research and analysis teams
- Analyses economic and political events that could affect his or her portfolio
- Constructs the investment strategy as part of collegial management
- Participates in various management committees and is responsible for them
- Prepares summaries and recommendations

Key skills		1	2	3	4	5
Know-how	Mathematical skills	■	■	■	■	
	IT skills	■	■			
	Analytical skills	■	■	■	■	
	Regulatory and legal skills	■	■	■	■	■
	Writing skills	■	■	■		
	Specific profession/process skills	■	■	■		
	Culture, sensitivity to risk management	■	■	■	■	
	Knowledge of markets and financial products	■	■	■	■	■
Behaviour	Interpersonal skills (oral expression, listening and advice, strength of conviction, ability to remain firm on positions and flexible in dialogue)	■	■	■	■	
	Business skills	■	■	■	■	■

b/ Account Manager (financial services)

The main role of Account Managers or Relationship Managers is to propose to their existing or potential customers outsourcing services aimed at optimising their Back Office operations on financial markets. A number of players prefer to outsource certain activities in order to concentrate on their core business and thus put their trust in specialists of the related departments. These customers may be banks (CIB), insurers, or management companies (among which the population of Hedge Funds). Account Managers work in close collaboration with the Back Office (Operations) teams, the Administered Fund Valuation teams, and the IT departments. They have regular contact with customers by telephone or during in-person meetings. The special external contacts of Account Managers can be persons responsible for "Support" or directly the Front Office at certain Asset Managers.

Job Family		Securities Services				
Profession		**Account Manager**				
Other names		Relationship Manager				
Repository of key banking professions		Back Office Manager				

Main duties

- Participates in Settlement, Delivery, Securities Custody, and Clearing transactions (locally and globally)
- Administers funds: Middle Office and/or Back Office outsourcing, performance measurement, transfer agent, custodian bank
- Participates in Lending/Borrowing of securities
- Constructs the investment strategy as part of collegial management
- Provides services to shareholders, securitisation, and financing products

	Key skills	**1**	**2**	**3**	**4**	**5**
Know-how	Mathematical skills		X			
	IT skills		X			
	Analytical skills			X		
	Regulatory and legal skills					X
	Writing skills				X	
	Specific profession/process skills				X	
	Culture, sensitivity to risk management			X		
	Knowledge of markets and financial products					X
Behaviour	Interpersonal skills (oral expression, listening and advice, strength of conviction, ability to remain firm on positions and flexible in dialogue)				X	
	Business skills					X

3.2 The main trends in CIB professions

At the global level: between January and June 2014, across all geographic markets, the CIB workforce declined overall, by 4% from one year to another. In the first half of the year, CIB Front Office functions employed a total of 51,800 persons, versus 54,200 a year earlier. This new contraction confirms a strong trend in investment banking: in the first half of 2010, the total headcount at the global level was 63,000. [61] In France, since 2008, the workforces of French CIBs have continued to decline. However, this trend varies between each CIB and is disparate depending on the professions.

Different trends from one CIB to another

These trends, sometimes divergent, are explained in part by different strategic policies. Some institutions have concentrated only on their cost-cutting efforts, mainly on the CIB activity, when others have made staff reductions across all business lines as part of a global restructuring plan.

From disenchantment with banking professions...

The crisis years that followed the 2008-2009 period, associated with the financial scandals, significantly deteriorated the image of the banking sector and more specifically the image of CIB activities. Today, this trend is still highlighted by the decreased attractiveness of CIB with respect to students at *grandes écoles* (prestigious secondary schools). Overall, the number of students in specialised master's degree programmes (MS) in finance has decreased[62]. Competition between the technology industry and CIBs, currently moderate in France, will intensify around young French graduates hesitating between experience in a hi-tech companies and a bank[63].

Yet, the stakes are high for the CIB, which, in the coming years, will rebalance its age pyramid by hiring young professionals: young graduates or juniors with one or two years of experience.

...towards new momentum

Despite a trend that appears negative, some signs are encouraging, especially on the French market. CIB professions are naturally adapted to the new business model of their activity. The Front to Back chain, based on an "Originate to Distribute" strategy, leads to either the strengthening of existing departments (customer relations, syndication) or the creation of new divisions such as the "financing distribution department" in the Front Office or concerning data quality control by a Data Quality Management department within the Middle Office. In this sense, all lines with direct relationships with customers (M&A, coverage, private equity, sales) have been boosted. Similarly, cross-disciplinary and support functions (compliance, risk management) are excellent prospects for employment or career advancement, because of the foreseeable stiffening of regulatory standards and risk hedging techniques.

3.3 Prospects for growth towards or within CIB professions

The prospects for growth of the professions are quite diverse. The historical professions (Trader, Sales, Senior Banker, and other market operator positions) are stabilising (replacement of departures) or being streamlined.

Eligibility conditions

This trend is especially true given that with the successive financial crises, the Corporate and Investment Bank has scaled down its recruitment plan overall. However, in order to incorporate it, the eligi-

[61] AGEFI: August 2014

[62] AGEFI: Michel Baroni, department head of the financial techniques MS at Essec.

[63] According to Michael Ohana, founder and leader of AlumnEye, a company specialising in preparation for finance and consulting interviews (AGEFI)

bility conditions remain rather traditional: business or engineering *grandes écoles*, an education level equivalent to at least five years of higher education (Bac+5) for most professions, with the exception of Back Office professions. CIB professions, whether they are in the Front Office or in support functions, are extremely specialised and require a high level of expertise, targeted by area of expertise.

Main skills expected

- **English, the professional standard**

In addition to the very obvious and essential business skills, considering a career in Corporate and Investment Banking requires using English with ease. Geared toward international business, the working environment is primarily Anglo-American. Most of the professional vocabulary is in English.

- **Commercial interpersonal skills**

Market operators now serve customers: whether as part of a financing project or an investment project, customers now purchase a product and a service. The Front Office professions must thus understand and anticipate the needs of customers while supporting them and informing them throughout the performance of the transaction, including in the post-trade phase. As such, the Front Office professions are, for example, also evaluated on their ability to transform contacts into business volume.

- **Risk culture**

A factor essential to the development of the activity in a controlled environment: each player in the Corporate and Investment Bank must identify the risks taken or incurred for each of the steps of a financial transaction in order to ensure the best hedging and the best suitability between the customer's expectations and the inherent risks. Each of the players is thus in a position to be able to explain the terms of a financial transaction and measures or safeguards taken, whether with the customer, the Risk Managers, or the regulator.

Evolution & Mobility gateways

- **From other business lines** (retail banking, private banking, asset management) **towards CIB**

As previously discussed, one of the core skills expected and sought by the CIB lies in business knowledge: financial products and markets. That is why incorporating CIB from other business lines is proving complicated, although still possible in absolute terms. This type of mobility will find more legitimacy for employees working in activities related to CIB who have at least knowledge of financial markets.

- **From support functions towards the Front Office**

Once possible, this type of mobility is no longer feasible. Experience from the recent financial scandals has given birth to "Back To Front Policies" that set out the obstacle course that candidates for Sales or Trader provisions must conquer. If it proves to be accepted, employees from support functions will still not be able to aspire to work in a front office function on their mirror desk (e.g., a former Middle Office manager who presided over the commodities desk will not be able to work in the Front Office on this activity).

- **Intra-CIB mobility**

This type of mobility is the most common. It allows particularly the control and risk management functions to recruit employees who have solid professional skills, conditions for success for a constructive dialogue with market operators. These mobilities are therefore done essentially from one support function to another. Also note that mobilities abroad are very open and desired on this type of profession.

Compliance, the profession of the future

This is the case with all professions related to risk management, particularly operational risk, and especially those aiming to protect the CIB from non-compliance risk. The compliance function, placed under the spotlight by the advancement and reinforcement of the regulatory framework of CIB activities, is perhaps the profession seeing the strongest development for which profiles are in high demand. Compliance Officers valued by the CIB do not have merely a solid legal and regulatory background, but also rather detailed knowledge of the operation of financial markets and complex transaction arrangements.

Conclusion

In conclusion, it is important to note that the CIB job market is quite intense. France has four large international CIBs. CIB professions are exciting and socially useful for financing the economy. The choices and possibilities for career advancement are both vast and varied. Opportunities still exist in Debt Capital Markets, for advancement/replacement of a Front Office position, as well as on professions seeing strong growth like Compliance. Furthermore, the skills developed within the CIB make these professions springboards of choice for accessing positions of responsibility within other business lines of the universal bank.

Appendices

Job descriptions

The job descriptions below take into account information communicated by the Observatory of professions and the Statistics unit of the AFB. The training requirements indicated for the various professions are presented for information purposes. In no case may this training be enforceable against a bank, which has its own recruitment criteria. Similarly, the related career paths and professions providing access the Corporate and Investment Bank professions are only illustrative and not exhaustive.

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The Observatory on professions,
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