

Capital Markets Services

ECONOMIC & FINANCIAL CONSULTING



EXPERTS WITH IMPACT™



————— We bring industry knowledge, hands-on experience and deep insight:
————— Our people have worked in trading and risk management functions in major financial institutions and energy companies, and have advised clients on high-profile transactions, restructurings/reorganisations, disputes and investigations.

Our Capital Markets Services

In an environment of rapid change in the financial, energy and commodity trading industries, FTI Consulting's Capital Markets Services helps clients by designing expertise-led and technology-enabled solutions for their most complex problems.

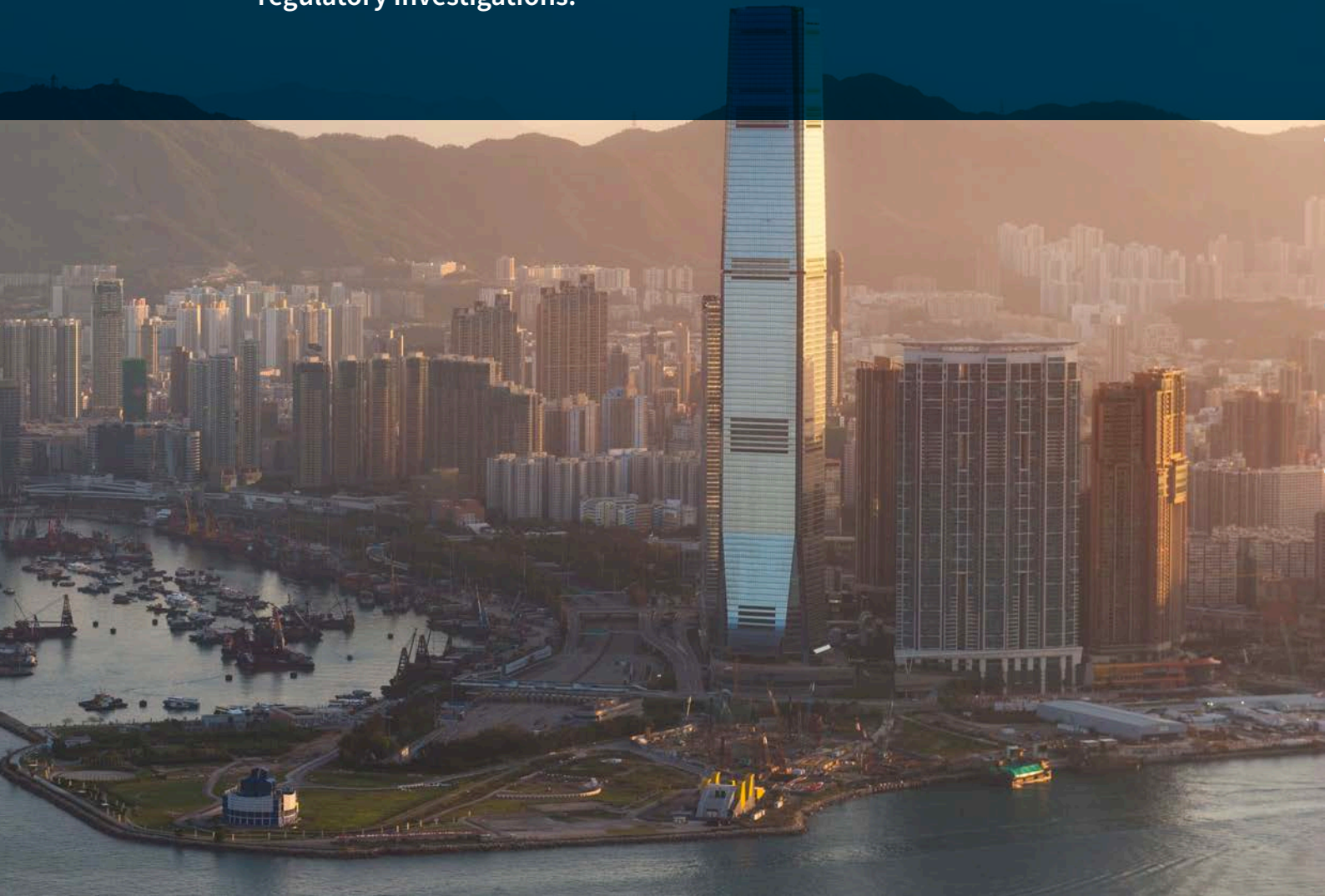
We provide innovative, analytical and strategic solutions at critical times for our clients. Our support enables them to overcome current and future challenges and to identify and capture new opportunities.

Our team cumulates decades of experience in trading, investment management, risk management, quantitative analytics and financial technology. We have significant expertise across asset classes and financial instruments, with a particular focus on derivatives. We bring industry knowledge, hands-on experience and deep insight: our people have worked in trading and risk management functions in major financial institutions and energy companies, and have advised clients on high-profile transactions, restructurings/reorganisations, disputes and investigations.

Our expertise and experience are strengthened by the diversity and significance of the work we conduct for our clients and our investment in proprietary methods and technology, such as our adaptive valuation and risk management system, Quantum.



Building on our strength in disputes, litigation and arbitration, we have delivered leading work in complex valuation, restructuring and transaction advisory, as well as in the context of disciplinary and regulatory investigations.



Our Capabilities

We have an established track record of providing financial markets, trading, valuation and risk management industry expertise across asset classes in special and complex situations.



Disputes, Litigation & Arbitration

Our independent experts deliver comprehensive and objective evidence with impact.

We provide rigorous and transparent analysis to support our independent expertise and testimony – by leveraging our trading, investment management, valuation, and risk management insights – across all major asset classes and products, such as:

- early termination of derivatives (ISDA)
- secured financing (GMRA, GMSLA) transactions
- competition litigation
- commercial arbitration of energy commodity supply contracts (e.g. price review arbitration for natural gas supply contracts)
- market abuse and market manipulation (benchmark manipulation, spoofing)
- investment suitability (misrepresentations, mis-selling, mismanagement)
- investor protection (best execution, negligence, front-running, minority shareholder squeeze-outs)
- structured products, structured finance and securities litigation

Our experts advise parties and assist courts, arbitral tribunals and mediations internationally by providing expert evidence on complex systemic or specific issues facing the industry.



Consulting: Firm of the Year 2016-2022
Arbitration Expert Firm of the Year 2015-2022

Our impact

An FTI Consulting expert was appointed as testifying expert by a leading law firm representing a large structured credit fund in a multibillion-dollar investment management negligence dispute brought by the liquidator of a RMBS and bank loans structured investment vehicle against its former directors. We replicated the fund's asset and liquidity position in multiple counterfactual scenarios to assess whether certain actions from the directors could have prevented the liquidation of the fund.

An FTI Consulting expert was instructed by counsel representing a large European investment bank in civil and criminal proceedings over an alleged accounting fraud in the restructuring of an investment vehicle which contained a complex collar equity swap referencing shares of an Italian bank, restructured into a long term repurchase agreement referencing Italian Treasury Bonds (BTPs). We provided technical expertise, written evidence and oral testimony, with regards to an alleged market manipulation in the EURIBOR futures market.

Investigations

We conduct independent investigations on behalf of financial institutions, regulatory bodies or competition authorities in various contexts, such as:

- competition investigations (e.g. alleged anti-competition behaviour involving interest-rate benchmarks, FX, CDS, SSAs)
- market disruption and market abuse (e.g. spoofing, front-running, pump and dump)
- disciplinary and compliance investigations
- rogue or insider trading
- corporate monitorship
- Cum-Ex, dividend arbitrage, tax investigations

With our experience with trading systems, market environments and practices, our experts are well positioned to assist institutions with (i) sourcing and extracting the information necessary to respond to internal or regulatory requests, and (ii) analysing the information in light of the investigated activities to form a view on the merits of the allegations they are subject to.

Our record of integrity and investigative independence lead our team of experts to be selected and serve in some of the world's most complex corporate investigative engagements.

Our impact

We acted as advisors to a major European bank in respect of LIBOR and EURIBOR investigations conducted by various governing bodies, financial regulators and government agencies (EC, FCA, CFTC, DOJ, FBI and MAS). We analysed the bank's contributions to the interest rate benchmarks using various statistical techniques, including extreme value theory, correlation, clustering and co-integration. We quantified the impact of potentially suspicious contributions and helped the legal team and the regulators understand the interest-rate derivatives and cash markets, financial intermediaries, competition dynamics and the rationale for bilateral communications.

We assisted the Singapore branch of a US investment bank to investigate market manipulation and failure to achieve best execution of clients' orders on the Singapore stock exchange in the context of a margin call (with large volume to sell versus daily liquidity). We reviewed the prevailing market information, extracted the relevant bank data from the bank's systems, analysed the automated trading algorithms and benchmarked the resulting transactions against bid-ask, transacted intraday and volume-weighted prices.

Valuation

We provide valuation expertise covering a wide range of financial instruments across asset classes, including derivatives and complex illiquid financial instruments. We use proprietary methods, such as FTI Quantum, or off-the-shelf valuation tools from software providers or develop ad-hoc models where needed.

We offer:

- independent valuation opinions at the portfolio or transaction level in various contexts (e.g. transfer pricing, transactions settlement, financial reporting, restructuring, liquidation)
- valuation model design, review and validation
- valuation of financial instrument portfolios, including complex derivatives
- valuation of options embedded in commercial contracts (e.g. flexibility in natural gas, LNG, coal supply contracts) or option-like structures (e.g. share-based payment schemes with structured payoffs)
- risk-return analysis and benchmarking at transaction or portfolio level for investment management activities

Our impact

We advised the board of a large bank in Cyprus on the market value and purchase of a loan book (containing performing and non-performing loans) of €3.2 billion in the context of a sale transaction contemplated by another Cypriot bank. We designed and implemented a loan valuation model, using both probabilistic and non-probabilistic methods.

We assisted a major gas producer in the valuation of supply flexibility embedded in long-term gas supply contracts in price review arbitrations. We analysed the key costs for hedging future gas volumes in the market, and valued the flexibility features using several methods including using Least Square Monte Carlo models, benchmarking to the value of European gas storages, and comparing the contract price against prices of hub traded products that do not embed flexibility.

Risk Management

We advise on a wide range of risk management and quantitative solutions, such as:

- trading and investment risk advisory: strategic risk assessment and advice, review or validation of risk management models, best practice in analytical frameworks
- stress-testing and risk analysis of financial instruments: from vanilla instruments to derivatives, including structured products with significant complexity
- advanced risk methods: portfolio construction methods, innovative risk metrics, sophisticated portfolio stress testing and scenario analysis

Our risk management services are designed to support our clients in quantifying, monitoring, reporting and managing their risk (market, credit, or liquidity risk) in compliance with applicable regulations and internal processes and policies.

Our impact

A European government expected an impending bankruptcy of a trading company of oil, gas, power and carbon operating in Europe due to severe stresses in energy markets. We analysed the company's trade book, LNG optimisation and hedging strategy to evaluate potential impact to the various affected parties under different market scenarios and proposed intervention measures.

An FTI Consulting expert was retained by an ultra-high-net-worth individual to advise on the market risk in a diversified, multi-asset class portfolio of investments (held directly and in parallel through derivatives). We produced sophisticated stress testing for first-order Greeks and scenario analysis for a range of macroeconomic scenarios. Our analysis focused on the leveraged gains and losses due to derivatives, and the (lack of) downside protection strategy of the portfolio.

Transactions

We advise, in close partnership with our Corporate Finance segment, on M&A transactions, restructurings, reorganisations, or insolvencies/ liquidations involving financial institutions (e.g. banks, trading firms, investment managers, brokerage) and energy and commodity firms (including traders, upstream, midstream and downstream operators).

We are also actively involved in restructuring engagements within the same financial, energy and commodity ecosystem.

Our transaction advisory services include:

- integrated due diligence: commercial, operational, trading, risk management, and risk management due diligence
- valuations: valuing options or option-like structures embedded in contracts
- industry analysis and evaluation of market entry and exit strategies
- ability to merge restructuring, industry-specific transformation strategies and M&A to optimise outcomes for our clients
- analysis of derivatives hedging programs, close-out of hedges
- valuation of assets & liabilities

Our impact

We advised a large European bank on its Russian exposure in regards to the sanctions imposed on Russian individuals and businesses following the invasion of Ukraine in February 2022. We reviewed the bank's processes for identifying Russian nexus in collateral assets, clients and counterparties within its investment banking, private and corporate banking, and global wealth management arms. We also assessed how the bank mitigated its exposure to Russia by proactively managing risks and, where reasonable, closing out transactions.

A European government was considering nationalising a global physical energy trader operating in natural gas, power, LNG, gas storages, and environmental products. We performed a due diligence review of the trading book and physical supply contracts, focusing on the market, credit and liquidity risks that the energy trader was exposed to. In addition, we commented on whether any risks were unusual in the context of the severe disruptions of European energy markets. We successfully delivered our due diligence report to the national regulator and government within a tight deadline.



A Leader Among Leaders

31

Countries

1982

Year Founded

7,500+

Employees

NYSE:FCN

Publicly traded

\$4.9B

Equity Market Capitalisation*

59

59 of Fortune Global 100 corporations are clients

9/10

Advisor to 9 of the world's Top 10 bank holding companies

98/100

Advisor to 98 of the world's top 100 law firms

*Number of total shares outstanding as of October 20, 2022, by the closing price per share on October 27, 2022.

BRUNO CAMPANA

EMEA

+44 7912 560 198

bruno.campana@fticonsulting.com

ESTHER MAYR

EMEA

+44 7967 781 375

esther.mayr@fticonsulting.com

DENIS DESBIEZ

EMEA

+44 7989 233 324

denis.desbiez@fticonsulting.com

EXPERTS WITH IMPACT™

FTI Consulting is an independent global business advisory firm dedicated to helping organisations manage change, mitigate risk and resolve disputes: financial, legal, operational, political & regulatory, reputational and transactional. FTI Consulting professionals, located in all major business centers throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges and opportunities.

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