



CAPITAL MARKETS SERVICES

ECONOMIC & FINANCIAL
CONSULTING

EXPERTS WITH **IMPACT**



We combine deep industry knowledge and academic research achievements: our people are not just consultants; they have contributed to the theory, traded global markets across asset classes, built and managed leading trading businesses in major financial institutions and advised on high profile litigations and transactions.

Our Capital Markets Services

In an environment of rapid change in the financial 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 combine deep industry knowledge and academic research achievements: our people are not just consultants; they have contributed to the theory, traded global markets across asset classes, built and managed leading trading businesses in major financial institutions and advised on high profile litigations and transactions.

Our expertise and experience are strengthened by the diversity and significance of the work we conduct for our clients and our constant investment in proprietary methods and technology, such as our cutting-edge and evolutive analytics and risk management system, Quantum.



Building on our strength in disputes, litigation and arbitration, we have delivered leading work in complex valuation 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 and 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, risk management and regulatory insights – across all major asset classes and products, such as:

- early termination of derivatives (ISDA)
- secured financing (GMRA, GMSLA) transactions
- competition litigation
- market abuse (e.g. LIBOR, FX, CDS, SSAs, spoofing)
- investment suitability (misrepresentations, mis-selling, mismanagement)
- negligence
- best execution
- structured products, structured finance and securities litigation

Our experts advise courts, arbitral tribunals and parties in mediation internationally. In these forums, we provide evidence on complex and critical issues facing the industry.

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.

We were 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 referring Italian BTPs. We provided technical expertise, written evidence and oral testimony, with regards to an alleged market manipulation in the EURIBOR futures market.

Arbitration Expert
FIRM OF THE YEAR 2015–2018



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 behavior involving interest-rate benchmarks, FX, CDS, SSAs)
- market disruption and market abuse (e.g. spoofing)
- disciplinary and compliance investigations
- rogue or insider trading
- corporate monitorship

As industry experts, we have extensive experience in analyzing trading patterns from an ex-ante perspective, by putting the evidence in the context of contemporaneous market conditions. Our familiarity with the trading environment and prevailing market practice helps our clients truly understand the rationale for the investigated activities and 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 to serve in some of the world's most complex corporate monitor engagements.

OUR IMPACT

We acted as advisors to a major European Bank in respect of LIBOR and EURIBOR investigations conducted by various antitrust regulators (EC, FCA, CFTC, DOJ, FBI and MAS). We analyzed 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, analyzed the automated trading algorithms and benchmarked the resulting transactions against bid-ask, transacted intraday and volume-weighted prices. We were able to establish that best execution had been achieved.

Valuation

We combine industry-leading expertise in quantitative analytics with proprietary technology to provide advanced valuation solutions covering a wide range of financial instruments across asset classes, including derivatives, in special and complex situations.

We offer:

- independent valuation opinions at the portfolio or transaction level in various contexts (transfer pricing, transactions settlement, financial reporting, restructuring, liquidation, etc.)
- valuation model design, review and validation
- valuation of financial instrument portfolios, including complex derivatives
- performance analysis and attribution 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 were retained by a US listed technology company for the valuation of a complex, contingent executive incentive stock plan. The fair value of the shares of restricted stock was calculated with a proprietary stochastic volatility pricing model, the choice of which was justified by complex path-dependent features in the stock plan as well as model calibration constraints. We provided the valuation of the plan in a detailed report and assisted with the disclosure for the company's quarterly financial statement.

Risk Management

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

- trading and investment risk advisory: strategic risk advice, design and implementation of customized trading and risk technology and analytical solutions, model assessments, implementation of best practice analytical framework
- valuation of financial instruments: valuation of financial instruments in general and derivatives, including structured products with significant complexity
- advanced risk methods: portfolio construction methods, innovative risk metrics, sophisticated portfolio stress testing and scenario analysis
- governance solution: risk platform upgrades, risk and performance report design

Our risk management services are designed to support our clients in quantifying, monitoring, reporting and managing their risk (market, credit, liquidity or operational risk) in compliance with applicable regulation either in an ad-hoc situation or on a regular basis.

OUR IMPACT

We advised the Board of Directors and executive management of a UK-regulated, Shariah-compliant investment bank on its risk management framework and corporate governance arrangements in preparation for an s166 skilled person review. Our review covered the bank's credit, market and operational risk management frameworks.

We were 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 via derivatives). We produced sophisticated stress testing for first-order Greeks and scenario analysis for a range of macroeconomic scenarios. Our analysis demonstrated that the portfolio was exposed to magnified gains and losses with no obvious downside protection strategy overall.

Transactions

We advise, in close partnership with our Corporate Finance segment, on M&A transactions, MBOs and IPOs involving financial institutions (banks, trading firms, investment managers, brokerage, etc.) 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 trading technology due diligence
- business valuation: customized valuation tools and approaches to value assets and companies tailored to the industry
- industry analysis
- ability to merge restructuring, industry-specific transformation strategies and M&A to optimize outcomes for our clients
- analysis of derivatives hedging programs, close-out of hedges
- valuation of assets & liabilities

OUR IMPACT

We advised China Molybdenum, a major global mining company, for their acquisition of Louis Dreyfus Company Metals (LDCM, now IXM), one of the largest physical base metal trading companies in the world. Our advisory services included: the analysis of the commodity trading industry and strategic options; the review of LDCM's trading book, its risk management framework and its trading systems; commercial and operational due diligence; valuation; and post-transaction strategy.

We advised a large private equity firm in the context of a distressed financing investment opportunity involving logistic assets, a leading global trading firm and a cross-asset derivatives brokerage firm. We performed operational and commercial due diligence and strategic analysis for the client.

About FTI Consulting



● FTI Consulting offices

Advisor to **96** of the **world's top 100** law firms

Founded in **1982** and **\$2.8BLN** equity market capitalization*

We combine unparalleled **expertise** and **industry knowledge** to address critical challenges for clients

Expertise across a range of industries: Real estate; energy; power and products; financial institutions & insurance; healthcare; life science; retail & consumer; and telecommunications, media and technology

We are a **global advisory** firm that provides multi-disciplinary solutions to **complex challenges** and **opportunities**

Advisor to **8** of the **world's top 10** bank holding companies

53 of the **Global 100 corporates** are clients

With over **4,600** employees and offices in **28 countries** on six continents, our breadth and depth extends across every major social, political, and economic hub **around the globe**

*Number of total shares outstanding as of October 18, 2018, times the closing share price as of October 25, 2018



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About FTI Consulting

FTI Consulting is an independent global business advisory firm dedicated to helping organizations 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.

N.B. The views expressed in this brochure are those of the author(s) and not necessarily the views of FTI Consulting, Inc., its management, its subsidiaries, its affiliates or its other professionals.

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