

# Derivatives Market

3 Days

## COURSE OVERVIEW

This course provides a comprehensive understanding of the different types of derivative instruments and their application. Participants will be exposed to common derivatives terminologies, understand the use of derivatives in hedging and speculative purposes. Although the course will not cover valuation models for the different derivatives, conceptual explanations will be provided for participants to understand the sources of value.

## LEVEL

Intermediate

## WHAT WILL I GET OUT OF IT?

- Understand how derivative instruments differ from traditional investments.
- Evaluate the return characteristics of the various derivative instruments and learn about their data issues, non-normality, and extreme risks.
- Be familiar with the basic methods used to determine investment approaches towards valuation and risk measurement.

## WHO'S IT FOR?

- Investment professionals who advise on or participate in the design and implementation of derivative hedging and trading.
- Sell-side practitioners who advise on the inclusion of derivatives and derivative-related instruments in portfolios or develop new asset management and asset/liability management solutions.
- Asset management companies, consultancies, pension funds, insurance companies, investment banks, and private banks.

## COURSE CONTENT

### Introduction to Derivatives

- What are derivatives and what is their future potential in the Asian markets?
- Types of derivatives
- Risk associated with derivatives

### Option Basics

- Different types of options
- Option terminologies
- ITM, ATM & OTM
- Put-Call Parity

- Trading volatility as an asset class
- Options arbitrage

#### **Using Greeks to Manage Options and Derivatives Risk**

- Delta
- Gamma
- Theta
- Vega
- Dynamic hedging using the Greeks

#### **Option Strategies and Applications**

- Basic option strategies
- Synthetic options
- Advanced trading strategies

#### **Exotic Derivatives**

- Exotic options – Moving away from plain vanilla
- Brief overview of the different common exotic options

#### **Futures**

- Deliverable vs. cash settlement
- Trading and common terminologies
- Margin and leverage
- Basis risk
- Beta in stock index futures

#### **Equity Derivatives**

- Equity Index & Single Stock Futures
- Equity Swaps, Warrants & Options
- Equity-Linked Notes
- Convertible Bonds

#### **Hedging FX Exposure with Options and Forwards**

- Concept of dynamic hedging
- Assessing the benefits of a hedging strategy
- Justifying options hedging in a commercial environment
- Managing the risks of written options

#### **Interest Rate Derivatives**

- Forward Rate Agreement (FRA)
- Interest Rate Futures
- Interest Rate Swaps
- Caps, Floors & Collars
- Swaptions

#### **Practical Cross-Market Applications**

- Structure Notes / Products
- Interest rate & equity markets structures

### **Introduction to Credit Derivatives**

- What are credit derivatives
- Credit-Linked Notes
- Credit portfolio securitization
- Collateralized Debt Obligations