

**Fundamentals of Derivatives**  
**Course Outline – One-day**

**Date:** 16 April 2007 Singapore

**Duration:** One-day (0900-1700)

**Level:** Foundation

**Pre-Requisites:** No pre-course requirements

**Fee:** USD 750 + GST

**Learning in Teams:** For every 4 delegates you enroll onto this course, the 5<sup>th</sup> person attends **FREE**

**Enrolment Deadline:** Friday March 23<sup>rd</sup> 2007

**Course Description:**

This course is designed for operations personnel interested in understanding the history, characteristics and application of key financial derivatives. This interactive course comprised of lecture, exercises, and articles about topical derivatives issues, will introduce participants to forwards, futures, swaps, and options.

**Course Objectives:**

- Identify market participants who currently use derivative products.
- Identify characteristics of derivative products (forwards, futures, options swaps) and on which underlying assets these derivatives are based
- Evaluate how various market participants use derivative products
- Compare and contrast advantages and risks of derivatives

## **Fundamentals of Derivatives**

### **Course Outline – One-day**

#### **Session 1: Introduction to Derivatives**

- Overview of risk management and derivatives
- History of derivatives
- Mechanics and purpose of derivatives
- Introduction to basic types of derivatives
- Market players
  - Corporations, banks, insurance companies, institutional investors, high net worth individuals and hedge funds
- Regulations and regulatory oversight

#### **Session 2: Forwards**

- What is a forward?
  - Mechanics
  - Market dynamics
  - Risks with forwards

*Exercise*

#### **Session 3: Futures**

- What is a future?
  - Market dynamics
  - Products that underlie futures
  - Role of the clearinghouse
  - Margin
  - Risks with futures

*Article*

#### **Session 4: Swaps**

- What are swaps?
- Market dynamics
- Motivations for swap use
  - Foreign exchange and interest rate markets
- Swaps to minimize market risk
  - Interest Rate Swaps
  - Currency Swaps
  - Equity Swaps
  - Commodity Swaps

*Exercise*

- Swaps to minimize credit risk
  - Overview of credit derivatives family
  - Credit Default Swaps
  - Total Return Swaps

*Exercise*

**Fundamentals of Derivatives**  
**Course Outline – One-day**

**Session 4: Swaps Cont.**

- Risks Involved in Swaps
  - Market Risk
  - Credit Risk
  - Operations Risk
  - Liquidity Risk
  - Legal Risk

*Article*

**Session 5: Options**

- What is an Option?
  - Terminology
  - Characteristics
  - Types of options
  - Trading locations
- Different forms of options
- Options payoffs
- Factors affecting option price
- Put-call parity

*Exercise*

**Summary Conclusion and Question and Answer Session**