Currency Derivatives
Course Outline – One-day

***Date:** 24 April 2007 Sydney*

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

***Level:** Intermediate*

***Pre-Requisites:** A thorough knowledge of spot and forward currency products and markets. A strong basis in vanilla options.*
Delegates would be advised to have a calculator along for the course.

***Fee:** AUD 995*

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

***Enrolment Deadline:** Monday April 2nd 2007*

***Venue:** Details to be forwarded upon receipt of enrolment. Central Sydney CBD location.*

Course Description:

A combination of regulatory liberalisation and the globalisation of Asian financial markets will make currency risk management an aspect of growing importance in banking. In recent years, these markets have come to grips with vanilla options across a variety of asset classes. In many countries, their use is now widely allowable, and integrated markets have developed. The last five years has seen equally explosive growth of exotic options usage. Further along into the future, we can expect the increasingly rapid relief of restrictions regarding exotic options in Asia, notably barrier-types such as knock-outs and digitals.

This one-day programme is for market practitioners who wish to be armed with knowledge regarding the features, use, and trading of barriers and digitals, the most prevalent exotic options. It is led by a former practitioner, an exotics dealer in the formative years for this product type in the foreign exchange markets, who is now a technical L+D specialist.

Course Objectives:

Successfully attending this course, participants will develop

- Knowledge of product features of barrier and digital option types in the Foreign Exchange asset class
- Understanding of the value proposition posed by these products
- Awareness of the more popular end-user applications

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Session 1: Basic Barrier Options and Value Proposition

- Specification and Terminology
- Counter-party Rights and Obligations
- Path-dependency
- Pricing vis-à-vis Vanilla Option
- Choosing between Barrier and Vanilla Options
  - Hedging
  - Outlook-based Positions

Exercise: Knock-out Applications

Session 2: Digital Options

- Product Features and Specification
- European and American Digitals

Exercise: Digitals and Vanillas

- One-touch and No-touch Options

Exercise: Structuring a No-touch

Session 3: Reverse Barrier Options

- Product Features and Specification
- Barrier Placement

Exercise Cut-off

- Value and Pricing
  - Value Limits
  - Hedging Applicability
  - Outlook-based Trading
- Double Barrier Options

Session 4: Barrier Risks

- Liquidity in Underlying and Vanilla Markets
- Negative Vega
- DvegaDvol
- Delta Variability
- Delta at Barrier – Pricing Slippage
- Documentary Risk

Exercise: Documentary Barrier Control

Summary Conclusion and Question and Answer Session