



Derivatives

Objectives

Derivative instruments lie at the forefront of modern financial markets. Long-established as exchange traded instruments, the world of OTC or over-the-counter derivatives is larger by value than its exchange counterpart although pressures exist today to embrace the OTC market into exchange traded structures more than ever before. An understanding of how these markets work and the products which comprise them is essential to anyone who is involved in trading and investment.

This course will explain the derivatives industry and raise the level of understanding with respect to trading, operations and the risks involved.

Course Content

1. What is a derivative? Why are they used?
2. Trading strategies and risk profiles
3. Definitions of futures, options, swaps and other derivatives
4. Examples of contract specifications and underlying assets
5. Terminology used in trading and operations within futures and options
6. Examples of types of swaps
7. Bond, equity, currency and interest rate derivatives
8. Definition of credit derivatives, structured products and exotics
9. Examples of the use of derivative products
10. Trading systems
11. Exchanges and OTC environments compared
12. Statistics showing global trading
13. The role and responsibility of clearing houses and the CCP
14. Margining - rationale and methodology, types of margin
15. Providing cover for margin
16. Close out, settlement and delivery
17. Global clearing and prime brokerage
18. Operational issues, risks and controls

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