

Options Markets - Evening

Options Markets is a basic to intermediate level program that provides participants with an extensive, in-depth introduction to today's options markets. The program begins with a review of option contract basics: fundamental aspects of puts and calls; terms and definitions; factors influencing option values. Presentation will address the risk/return characteristics of individual contract positions in addition to their use in various directional, volatility and arbitrage trading strategies. Subsequent discussion will introduce pricing models (Black-Scholes and binomial), their use in quantifying pricing dynamics (the geeks) as well as trading and risk management applications. The program will apply these issues to a range of different options (equity, futures, interest rate, currency, etc), financial instruments with embedded options (convertible securities and structured notes/deposits) and exotic options (barrier, look-backs, ratchets, etc).

Targeted Audience

Floor and compliance personnel, trade support staff seeking advancement and marketing staff.

Special Offer

Clients who register for this course will receive a complimentary 4-month subscription to FT.com. The Financial Times is the world's most respected financial newspaper, providing a broad assessment on finance, business and the industrial sector. The move to the electronic version follows an ongoing review of our environmental responsibilities as a global business and as part of the Pearson group. FT.com also has features that are not available in hard copy, such as: Special Reports, Alphaville, editor blogs, education sections and much more! Subscriptions will start within 6-8 weeks of the start of class and are limited to one subscription per client. (Please note: as of May 1, 2011, the electronic subscription replaces the hard-copy 3-month Financial Times subscription.)

Advance Preparation

No advance preparation required.

Prerequisites

Financial calculator required

Learning Objectives

Students will be able to:

- . Recognize and correctly interpret option related terminology
- . Explain the risk/return characteristics of long and short put and call positions
- . Describe the characteristics, basic assumptions, inputs and applications of widely used options pricing models (Black-Sholes and binomial)
- . Recognize typical directional, volatility and arbitrage trading strategies, as well as the risk/return characteristics and implied market view of each

Alumni Comments

"A+ to the instructor - very high caliber!"

"This course was enhanced because of the instructor's knowledge of the subject matter."

"It covered a broad range of topics with enough in-depth discussion."

"The material covered was very relevant to my job."

Level: Basic

CPE Credits: 20.0

Instructional Method: Group-Live

Detailed Outline

SESSION 1

- . Introduction to Options
- . Option Basics
- . Option Market Terminology
- . Types of Options
- . Trading Strategies and Risk Management
- . Buying Options

SESSION 2

- . Selling Options
- . Selling Calls
- . Selling Puts
- . Option Selling Strategies
- . Basic Stock and Option Strategies
- . Covered Writing

- . Buying Calls
- . Buying Puts
- . Option Buying Strategies

- . Writing Covered Calls
- . Hedging with Long Options
- . Protective Put Buyng
- . Collar

SESSION 3

- . Option Markets
- . Exchange Traded (Listed) Options
- . Over-the-Counter (OTC) Options
- . American, European and Other Styles of Options
- . Option Pricing Basics
- . Factors Impacting Option Prices
- . Valuation Relationships
- . Put/Call Parity

SESSION 4

- . Types of Options
- . Equity Options
- . Fixed Income Options
- . Interest Rate Options
- . Futures/Forwards Options
- . Currency Options
- . Exotic Options
- . Option Pricing Dynamics
- . Option Pricing Models
- . Black-Scholes
- . Binomial Pricing Models

SESSION 5

- . Option Spread Trading
- . Directional Strategies
- . Bull Spreads
- . Bear Spreads
- . Volatility Trades
- . Straddles
- . Strangles

SESSION 6

- . Volatility Trades (Continued)
- . Ratio Spreads
- . Reverse Ratio Spreads
- . Butterfly Spreads
- . Reverse Butterfly Spreads

SESSION 7

- . Arbitrage Strategies
- . Conversions
- . Reversals (Reverse Conversionss)
- . Box Spreads

SESSION 8

- . Option Pricing Revisited
- . The
- . Delta
- . Gamma

- . The Market as a Bank
- . Credit Boxes = Borrowing from the Market
- . Debit = Investing in the Market

- . Theta
 - . Rho
 - . Vega (Kappa)
 - . Option Pricing Models
 - . Trading and Valuation Applications
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SESSION 9

- . Exotic Options
 - . Barrier Options (Knock-ins and Knock-outs)
 - . Digital (Binary or Bet) Options
 - . Look Back and Modified Look Back Options
 - . Mid Atlantic (Bermudan) Options
 - . Asian Options
 - . Ratchet and Cliquet Options
 - . Caps, Floors and Collars
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SESSION 10

- . Options and Financial Engineering
- . Convertible Bonds
- . PERCs, DEC's and other Mandatory Convertible Securities
- . Structured Products
- . Capped Notes
- . Equity Linked Notes and Deposits

Scheduling Note

There will be no class session on Wednesday, November 23, 2011 due to the Thanksgiving holiday.

For more information regarding administrative policies such as complaints and refunds, please contact our offices at 212-641-6616.