



Derivative Products II

Students drill down into the world of derivative products using computer software designed specifically for capital markets and derivatives training.

Targeted Audience

Traders, sales and business development professionals, backoffice staff, financial analysts, auditors and compliance 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

Derivatives 1 or equivalent knowledge, 2 - 3 years financial markets experience working for a bank or brokerage firm who is currently in the derivatives business. You will need a financial calculator with the following specific functions: 1.) The $e(x)$ (the Exponent e) function; 2) The \ln (the Natural Logarithm) function

Learning Objectives

Students will be able to:

- . Price a swap rate, build a swap curve and understand forward rates
- . Explain how option pricing models work and how to use them in practice
- . Apply and use the products of caps, floors, collars & swaptions.
- . Demonstrate how asset managers and the investment community are using the derivative markets today.

Alumni Comments

"The instructor was very knowledgeable."

"The instructor used practical examples in class."

Level: Basic

CPE Credits: 7.0

Instructional Method: Group-Live

Detailed Outline

YIELD CURVES

- . Different Types Of Yield Curves
- . What is the par swap curve
- . Par Swap Curve
- . The Spot Curve (Term Structure Of Interest Rates)

CALCULATING SPOT RATES & FORWARD RATES

- . Calculating Spot Rates (Bootstrapping Method)
- . Calculating Forward Rates

CALCULATING SWAP RATES

- . The Eurodollar Contract Specifications (Review)
- . Discount Factors (Time Value of Money)
- . Calculating Adjustments for Different Day Count Conventions
- . Calculating Swap Rates Using The Eurodollar Futures
- . Calculating The Net Present Value Of Swap

OPTIONS

- . Basics Of Option Contracts (Review)
- . Inputs Into Option Pricing Model
- . Volatility: Types Of Volatility & Probability
- . Normal & Lognormal Distribution
- . Option Pricing Models: Black-Scholes & Binomial Pricing Models
- . Option Pricing Models & The Real World
- . Managing Options Risk - The Greeks

INTEREST RATE OPTIONS

- . Define Caps, Floors, Collars & Swaptions (Review)
- . Pricing Caps, Floors, Collars & Swaptions
- . Applications of Caps, Floors, Collars & Swaptions

SWAP USERS IN TODAY'S MARKETS

- . Uses By Corporations (Asset-Liability Management, Bond Issuance)
- . Uses By Asset Managers (Leveraged And Non-Leveraged Uses)
- . How a Corporation Might Use Swaps
- . How an Unleveraged Asset Manager Might Use Swaps
- . How a Hedge Fund Might Use Swaps

Equity Linked Notes

- . Define the structure of an equity linked note
- . Examine a specific structure

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