



## Derivatives in Emerging Markets

Banks in the emerging markets are increasingly using derivatives products. An understanding of the types of derivatives being used and how close the banks are to meeting Basel II requirements is essential for any professional working with banks in emerging markets. The course focuses on the top emerging markets in Latin America, Eastern Europe, Southeast Asia, and Africa. Attention is also paid to the capacity of central banks in those countries to examine those players in their home countries.

### Targeted Audience

Risk managers, country managers, emerging markets professionals, bankers, and analysts.

### 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

A basic understanding of Derivatives

### Learning Objectives

Students will be able to:

- . Evaluate supervisory capacity in emerging markets financial sector
- . Identify key differences in hedging needs between developed and emerging markets
- . Identify the main instruments used in emerging markets
- . Compare and contrast risks in the use of derivatives in emerging markets

## **Alumni Comments**

*"This course was very useful."*

*"The instructor's knowledge of Emerging Markets and derivatives was a strength of this course."*

## **Follow-Up Courses**

Accounting for Derivatives & Hedging

Credit Default Swaps: From Vanilla to Exotic - Evening

**Level: Intermediate**

**CPE Credits: 14.0**

**Instructional Method: Group-Live**

## **Detailed Outline**

### **Day 1 - Emerging Market Banks and their Risks**

#### **Overview of Emerging Markets**

##### **Characteristics**

- . Overview
- . Economics - Effects of Latin American, Asian and Russian crises
- . Politics - Influence of recent elections and political changes on emerging market financial markets

### **Day 2 - Popular Derivatives and Strategies in Emerging Markets**

#### **Non-Deliverable Forwards**

- . Mechanics of non-deliverable forwards (NDFs)
- . Relationship between NDFs and regular forwards

#### **Credit Derivatives**

- . Mechanics of credit derivatives used

- . Technical
- . Banking sector challenges

### **Supervisory and Regulatory Capacity in Emerging Markets**

- . Compliance vs. Risk based supervision approach at central banks
- . Central banks' ability to examine banks in emerging markets
- . Regulation of derivatives in emerging markets
- . Foreign government and multilateral banks involvement with foreign central banks

### **Emerging Markets and Basel II**

- . Readiness of emerging markets to comply with Basel II
- . Implications of Basel II on choice of derivatives

### **Overview of Derivatives Use in Emerging Markets**

- . Size of derivatives markets in different emerging markets
- . Financial, corporate, government, and multilateral actors in the emerging markets derivatives
- . Regulators in the markets

in emerging markets

- . Central bank challenges with credit derivatives

### **Options and Structured Products**

- . Mechanics of options and structured products used in emerging markets
- . Central bank challenges with credit derivatives

### **Emerging Market Sovereigns and Multilateral Banks**

- . Countries and multilateral banks' use of derivatives in emerging markets

### **Risks in derivatives use in emerging markets**

- . Credit
- . Market
- . Liquidity
- . Legal
- . Operations

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