



## Treasury Risk Management Workshop

Through a combination of brief lectures and an intense simulation, this program will offer you an opportunity to experience, hands on, how today's treasurers develop and implement effective trading strategies in volatile foreign exchange and money markets.

Participants will build upon their knowledge of how all market participants hedge their currency and interest rate exposures, using derivatives markets and products.

### Targeted Audience

This course is targeted to meet the needs of a basic to intermediate level audience, including bankers with a need to know more about how market risks are originated by all market players, how corporations use derivatives products to meet their hedging needs and how banks hedge those market risks in the foreign exchange and interest rate markets.

### 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

Delegates are required to have a working knowledge of financial calculators (HP12C or HP17B preferred).

### Learning Objectives

Students will be able to:

- . Articulate and implement foreign exchange trading strategies
- . Create, report and manage cash positions, net exchange positions and interest rate gaps
- . Identify and describe the characteristics in spot, forward and cross-currency swpa contracts, as well as spot and forward yield curves
- . Perform accounting functions required to capture and manage net exchange positions and present/future cash flows
- . Calculate FX and money market profits and losses from trading
- . Present value underlying net exchange positions and interest rate gaps
- . Review options valuation theory and price sensitivities in binomial models, as well as perform basic stress testing and delta hedging techniques
- . Understand the effects of changes in the price of the underlying, volatility, time and interest rates on option premiums
- . Structure and price derivative solutions more commonly used for hedging interest rate and currency exposure
- . Perform comparative analysis between the use of forward hedges versus using options markets and products

**Level: Intermediate**

**CPE Credits: 21.5**

**Instructional Method: Group-Live**

## **Detailed Outline**

**Day 1**

**Discuss structure, players and impact of**

**Day 2**

**Review previous day's trading**

**economic fundamentals and events on foreign exchange and money markets**

**Describe conventions for quoting and positioning in FX spot contracts and markets**

**Review IR calculations, term structure of interest rates, yield curve analysis and MM gapping strategies**

**Define rationale for controlling and managing IR and currency risks**

**Global Trader Simulation rules/demonstration**

**Trading Session I: Spot FX, cash balancing and MM gapping**

**results**

**Define structure of forward FX markets, no-arbitrage pricing techniques and methods of hedging**

**Calculate forward outright prices and discuss no-arbitrage pricing techniques**

**Define correction mechanisms used to eliminate arbitrages in forward markets**

**Discuss reports and methods used for controlling and managing IR and currency risks in open and fully hedged forward positions**

**Trading Session II: Spot FX, cash balancing, MM gapping and FX forwards**

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### **Day 3**

**Identify and discuss corporate exposure to interest rate risk**

**Discuss structure, pricing methods and hedging techniques for managing IR swaps**

**Review structure, pricing methods and uses for cross-currency swaps**

**Trading Session III: Spot FX, cash balancing, MM gapping and FX forwards**

**Identify and discuss corporate exposure to  
currency risk**

**Structure corporate applications for hedging  
currency exposure using options contracts  
(caps, floors and collars)**

**Review advantages/disadvantages between  
the use of forwards vs. options contracts**

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