



Derivative Products – the Fundamentals

Derivatives markets are large, diverse, sophisticated and represent billions of dollars in trade worldwide. The market for derivatives has been financial phenomenon since the 1990s and continues to influence the shape of the markets. A contributing factor to their increased popularity is the growing acceptance of their importance as a risk management technique.

This workshop provides participants with a broad understanding of the derivatives markets and their instruments.

Through extensive use of examples and case studies, the program highlights the role of derivatives in managing and profiting from risk. It then outlines the key characteristics and basic pricing for instruments such as forward rate agreements, futures, interest rate swaps, options, caps, floors and collars.

Part of The Fundamentals Series, this workshop provides essential knowledge for anyone operating within financial markets.

This one day workshop is designed to help de-mystify derivatives. The program introduces the basics of derivative products and provides information on their characteristics, features, applications and pricing. Each of the major classes of derivatives is described and their applications explored through a series of worked examples.

THIS COURSE WILL HELP PARTICIPANTS UNDERSTAND:

1. how risk arises in the physical markets
2. how derivatives are used to manage or profit from risk
3. the characteristics, features and applications of
 - » forward rate agreements
 - » futures
 - » interest rate swaps
 - » options
 - » caps, floors and collars
4. the advantages and disadvantages of the various derivatives

The program uses a series of examples, simple calculations and case studies to highlight how financial derivative instruments can be utilised to achieve business outcomes and manage risk. Basic pricing is addressed without in-depth mathematical formulae and calculations of more advanced programs.



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UPON COMPLETION OF THIS WORKSHOP, PARTICIPANTS WILL BE ABLE TO:

- » describe the fundamentals of derivative products, including identifying their characteristics, features and applications
- » explain how the various sectors of the derivatives markets work
- » identify the difference between exchange and OTC traded markets
- » list the participants in each of the market sectors
- » discuss how derivatives can be used for speculation and insurance against risk

THIS COURSE WILL BE OF PARTICULAR VALUE AND RELEVANCE TO:

- | | |
|----------------------------|----------------------------------|
| » actuaries and trustees | » new dealers |
| » chief financial officers | » private client advisors |
| » company executives | » relationship managers |
| » compliance managers | » risk managers |
| » credit analysts | » settlement and operation staff |
| » fixed income analysts | » structured finance executives |
| » fund managers | » treasurers |
| » middle office personnel | |

WHAT TO BRING

As this is a 'hands-on' workshop participants will need to bring a calculator (financial calculator not required).

ASSUMED/DESIRED KNOWLEDGE

No specific knowledge is required. It is expected participants will have a basic understanding of the financial markets and their products to the level covered in the Financial Markets – the Fundamentals and Financial Products – the Fundamentals workshops.

ABOUT THE PRESENTER

MARK MCCARTHY, Director – Markets, AFMA

Mark is a Director in Banking, Capital Markets, Financial Markets and Financial Services who has a passion for making complex Financial Markets and Risk Management concepts easy to understand. Having worked as a investment banker with several international financial institutions such as RBC, Bank of Tokyo, Credit Suisse and ABN Amro, he has gained experience in Financial Markets, Risk Management, Exchange Traded and OTC Products, Capital Markets, Debt Issuance, Trading Platforms, Payments and Clearing. Since establishing his own company, he has developed skills in public speaking, facilitation and education by training investment banking professionals across Asia from Citigroup, Bank of America Merrill Lynch, DBS (Development Bank of Singapore), Macquarie Group, RBS, Credit Suisse, ANZ and NAB.

OTHER WORKSHOPS IN THE FUNDAMENTALS SERIES

Fundamentals of Financial Markets & Regulation (online training)
Financial Products – the Fundamentals
Risk Management – the Fundamentals

COURSE OUTLINE

1. Introduction to the financial markets

- » Physical markets
- » Derivative contracts and markets
- » Over-the-counter markets
- » Exchange-traded markets
- » Derivative market participants

2. Forward Rate Agreements (FRAs)

- » Interest rate risk
- » How FRAs work
- » Hedging with FRAs
- » Advantages and disadvantages

3. Futures contracts

- » Standardised contracts
- » Futures positions
- » Close-out trades
- » Hedging and speculating with bank accepted bill (BAB) futures
- » Hedging and speculating with SPI index futures
- » The role of the clearing house
- » Advantages and disadvantages

4. Interest rate swaps

- » How swaps work
- » Swap payments
- » Swap dealers
- » Uses of swaps
- » Advantages and disadvantages

5. Options

- » Terminology
- » Call versus put options
- » Long and short positions
- » Uses of options
- » Option prices
- » Time value
- » Advantages and disadvantages and when are they used

6. Caps, floors and collars

- » Different types – interest rate-based and how they are differentiated
- » Cap
- » Floor
- » Collar
- » How they are used and by whom

7. Group case study

8. Questions and answers

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REGISTRATION FORM

PERSONAL DETAILS

☐ Dr ☐ Mr ☐ Ms

Name _____ Surname _____

Position _____

Company Name _____

Address _____

City _____ State _____ Postcode _____

Country _____

Telephone _____ Mobile _____

Fax _____ Email _____

Are you an AFMA Member Yes / No

WORKSHOP DATES & LOCATIONS

Please refer to www.afma.com.au for latest workshop dates & times.

Preferred date: _____

FEE PER COURSE

☐ Member \$825.00 inc GST

☐ Non-member \$1,034.00 inc GST

This document becomes a Tax Invoice for GST purposes upon completion and payment. Please photocopy and retain for your records.

METHOD OF PAYMENT

Attach cheque made payable to AFMA or provide credit card details below:

☐ Visa ☐ Mastercard ☐ American Express ☐ Diners Club

Please note a surcharge applies of 2.75% for American Express and 3.72% for Diners Club.

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All enquiries and applications should be directed to:

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Posted applications should be directed to:

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- » The information in this brochure was correct at the time of publication but may be subject to change.

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