

Practical Derivatives Workshop

27th – 28th November 2008
Singapore

A comprehensive 2- day practical workshop designed to equip Participants involved in the Capital Markets to

- Understand derivative products and their applications
- Develop an expertise in risk mitigation, yield enhancement and structuring
- Master product pricing characteristics, risk sensitivities and marketing challenges
- Engineer and sell new structures, within market and client constraints

COURSE METHODOLOGY & LEVEL

The programme is highly interactive and will encourage participation through exercises and case studies, which the delegates will solve individually or in small work-groups. These activities are designed to allow attendees to practice and to consolidate the concepts that will be discussed during the lectured sessions of the program.

The programme will focus on the practical realities of the market, rather than taking an excessively mathematical or academic approach. A very basic knowledge of financial mathematics (time value of money), swaps and options is required.

However, as the emphasis of the course is on the practical application of derivatives to create solutions for borrowers and investors, an in-depth knowledge of option pricing theory, interest rate models etc. is absolutely not required.

Who should attend:

The programme is designed for:

- Client-facing capital markets staff
- Corporate treasurers
- Middle office staff
- Credit analysts involved in the capital markets
- Sales and distribution professionals
- Relationship Managers and Investment advisors
- Legal and compliance
- Institutional investors
- Portfolio managers
- Market risk managers

Course Times:

Each day of the course starts at 09:00 am

What is provided:

Lunch, tea and coffee
Course certificate

What is NOT provided:

Accommodation and travel arrangements should be booked by the delegate. Associated costs will be borne by the delegate.

Day One

Objectives

Derivative Products

By the end of the first day the participants will have

1. Covered
2. explored the applications and pricing of interest rate and cross currency swaps;
3. covered the practical aspects of new issues;
4. seen how derivatives can reshape cashflows.

Introduction and Programme Objectives

The Course Director will present a brief overview of the programme

Foreign Exchange

- Review of spot foreign exchange (FX) and market conventions
- Forward FX and its applications
- Non-deliverable forwards (NDF)
- Medium and Long Term FX
- Covered interest arbitrage

Exercise: Forward FX rates. Do they make sense?

Short Term Hedging

- Forward-Forwards
- Financial futures
- Forward Rate Agreements

Exercise: Calculating a short term hedge payoff

Interest Rate Swaps

- Definition of an interest rate swap
- Applications of interest rate swaps
- The terms of an interest rate swap
- Bid-offer spreads & terminology
- Market practices & conventions
- Indicative term sheet
- Example of cashflows to fix interest expense
- Daily LIBOR fixings snapshot
- How FRAs relate to interest rate swaps
- Determining swap value
 - Buyout pricing

Exercise: Calculating the buyout value of an interest rate swap

Basis Swaps & Conversion Factors

- Single currency vs. cross currency
- Screen snapshot
 - What affects price (supply / demand)
- Importance of principal exchange in cross currency basis swaps
- Applications in hedging translation exposure
 - Cashflows
 - Reasons for hedging translation risk
- Buyout Pricing / Mark to Market
- Basis Point Conversion Factors
 - Calculation
 - Importance

Day 2

Derivative Products

Objectives

By the end of the first day the participants will have:

1. covered pricing and value in cross currency swaps;;
2. seen applications of option-based structures to enhance swap value;
3. worked in groups to suggest different asset and liability product ideas according to changing market environments.

Cross Currency Swaps

- Combination of IRS + basis swap
 - Cashflows
- Importance of principal exchange (both spot & forward starts)
 - Motivation for exchange of principal
 - What is forward foreign exchange and how does it relate to cross currency swaps?
- Why and when used
- Buyout pricing
 - Impacts of FX and interest moves

Exercise: *Mark to market of a cross currency swap*

Options

- Understanding different option types
- Style: European / American, Bermudan
- Swaption cashflows and uses
- Embedding options into cash instruments
 - Dual currency deposits / loans
- What affects option prices and what strategies can we use to reduce options?

Exercise: Analysis of dual currency deposits. Payoff diagrams.

Case Studies and Review

Looking at different market situations and strategies, we will learn how to

- Spot the right opportunity for different market conditions
- See how to restructure existing positions
- Review of the course and closure

Simon Rogers

- Simon commenced his career in 1984 with Continental Illinois, working in the International Banking Division in London, Chicago and Brussels as a Relationship Banker.
- He moved to First Chicago in 1989, joining the Derivatives Group in 1990.
- He was recruited to CIBC Financial Products in 1995 in London, before joining ABN AMRO in January 1999 as Head of Derivatives Sales & Marketing for Europe, Middle East & Africa.
- He founded **Swapskills** in 2002, which specialises in derivatives training and consultancy. He has extensive experience across fixed income, equity and commodity derivatives and has covered clients in the public, financial and corporate sectors.
- Simon is the author of the Euromoney "Swaps in Practice: Products, Pricing and Applications" which was released in early 2005.

Comments from previous participants

"Absolutely brilliant - thoroughly enjoyed taking part - inspiring."

"Will be very useful on a day to day basis for me."

"Clearly an authority on this subject."

"Very clear, succinct and interesting."

"You are the first person I have met that has made the murky world of derivatives comprehensible !"

"Given me greater confidence to discuss risks and derivative solutions with clients."

"Presenters' practical experience shows in the materials and subjects covered."

"An excellent trainer."

"Enjoyable and informative."

Practical Derivatives Workshop



COURSE BOOKING FORM

TITLE

FIRST NAME

SURNAME

JOB TITLE

COMPANY

ADDRESS

.....

.....

.....

EMAIL

TEL

FAX

I wish to attend

- **Practical Derivatives Workshop** **27th & 28th November 2008**

SIGNED **DATE**

METHOD OF PAYMENT US\$ 2,999

- I enclose a **cheque** for US\$ 2,999 payable to **Swapskills Pte Ltd**
- I have made a **payment to your bankers** for US\$2,999

United Overseas Bank Ltd, 80 Raffles Place, UOB Plaza 1, Singapore 048624
Account Name Swapskills Pte Ltd
Branch 7375, A/C No. **380-304-947-3, SWIFT Code UOVBSGSG**

PAYMENT is required prior to the event. If you require an invoice, please inform us stating whether you need an original or a fax copy. Please allow a minimum of 7 days for payment to reach us and email, phone or fax us when it has been sent. Please state the event and delegate to which it relates.

CANCELLATION If you are unable to attend and let us know in writing 14 days or more before the course, an administration charge of only 10% of the course fee will be incurred. 50% of the course fee will be charged if you give between 7 and 14 days' notice. Thereafter, full payment is required, but a substitute delegate is welcome at no extra charge. This policy is necessary due to strict limitation on delegate numbers.

CONTACT US EMAIL simon@swapskills.com
TEL + 65 9236 8901
FAX + 65 6491 5687
Reg. Office **3 Raffles Place, Bharat Building #07-01, Singapore, 239192**
Reg. No. 200719856N