

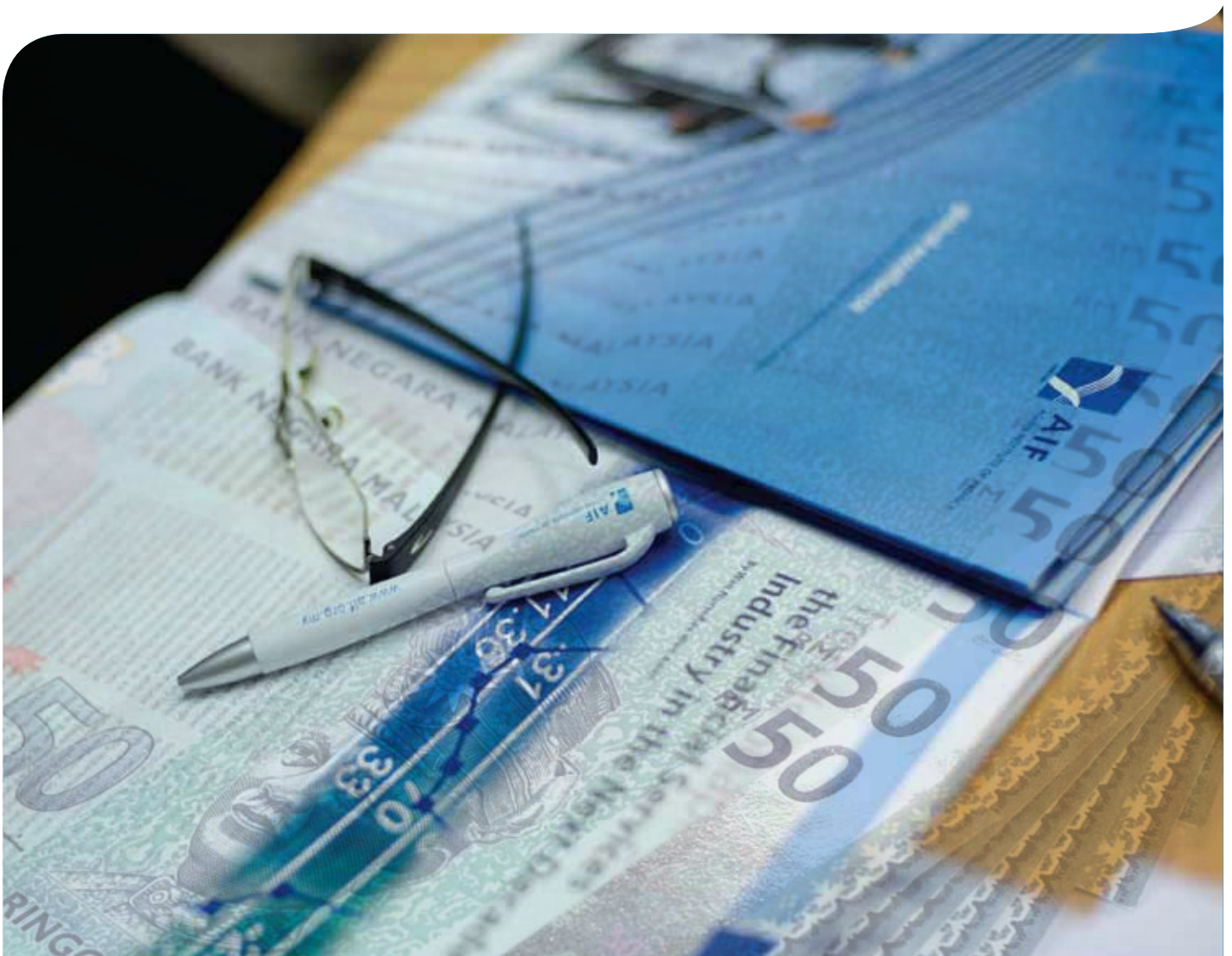


AIF
ASIAN INSTITUTE OF FINANCE

Derivative Dynamics – Forwards, Futures, Swaps & Options

Lanai Kijang,
Bank Negara Malaysia

Programme Facilitator: Yogaretnam Kanagandram



Derivative Dynamics – Forwards, Futures, Swaps & Options

The Programme

Welcome to the world of derivatives. Although they have been around for some time, in the minds of many accountants and even bankers, they are shrouded in mystery compared to ordinary cash-based products like fixed deposits and bonds. Firms engage them for their efficient hedging, arbitraging and yield pick-up qualities that are essential in today's volatile markets.

Derivatives however are double-edged swords that have humbled many great institutions. Yet they are still around and the statistics indicate their growing popularity.

Judicious use of derivatives is critical given their financially explosive nature that could turn the income statement from blue to red and vice versa in an instant.

Stay relevant – embrace them. It's an added tool that can preserve or shore up bottom lines. Avoiding them means missed opportunities and compromised risk management.

Although derivatives encompass a wide range of exotic instruments financially engineered to a high degree of sophistication, it can be broken down into its basic building blocks of Forwards, Futures, Swaps and Options.

This 2-day programme will provide a quantitative understanding of these basic building blocks – its idiosyncrasies, uses, risk-return profiles and pricing dynamics.

Benefits of Attending

Upon completion of this workshop, participants should be able to:

- Explain the fundamental features of derivatives
- Compare the features between over-the-counter and exchange-traded derivatives
- Examine the circumstances of usage derivatives
- Identify the main features of the legal documentation of over-the-counter derivatives
- Explain the mechanics of trading, arbitraging & hedging in derivatives
- Derive the fundamental value of derivatives
- Identify the inherent risks

Your Facilitator



Yogaretnam Kanagandram CA(M), FRM

Association of Chartered Certified Accountants, Member of Malaysian Institute of Accountants Financial Markets Association of Malaysia (Distinction & Prizewinner), Certified Financial Risk Manager (GARP)

Yogaretnam is the General Manager of the Risk Management Centre at the Asian Institute of Finance. He brings with him more than 16 years of banking practice. His experience ranges from accounting to auditing to regulation to risk management. He served on the board of a listed company and was the chairman of the audit committee. He is a Chartered Accountant and a GARP Financial Risk Manager.

He gives talks and conducts training workshops for bankers, fund managers, stockbrokers, regulators, consultants, lecturers and Government Auditors in the areas of Capital Markets, Risk Management, Foreign Exchange, Derivatives, Accounting and

Retirement Planning. Among the organizations which have engaged Yogaretnam as a speaker are Bank Negara Malaysia, Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants, Institute of Bankers Malaysia, Employees Provident Fund and Permodalan Nasional Berhad.

This programme is suitable for:

- Directors
- Chief Financial Officers
- Asset Liability Committee Members
- Corporate Bankers
- Corporate Financiers
- Financial Analysts
- Finance managers
- Accountants
- Fund Managers
- Risk Managers
- Treasury Dealers
- Treasury Back office managers
- Middle office personnel
- Internal auditors

Time	Day 1 Coverage
9.00 - 10.30am	DERIVATIVES OVERVIEW <ul style="list-style-type: none"> • Key Traits • Exchange-Traded vs. Over-the-Counter • Generic uses • Leverage in Derivatives • Key Statistics • Taxonomy • Legal Documentation of OTC Derivatives
10.30 – 10.45am	MORNING TEA BREAK
10.45 - 1.00pm	FORWARDS <ul style="list-style-type: none"> • Definition & Motivation • Pricing logic & valuation • Factors affecting valuation • Illustrative examples of Currency, Interest Rate & Equity forwards • Risk Profile & Mitigation
1.00 – 2.00pm	LUNCH
2.00 – 3.30pm	FUTURES <ul style="list-style-type: none"> • Definition & Motivation • Futures vs. Forwards • Cash-Futures relationship • Payoffs • Physical vs. Cash Settlement • Types of Futures • Offshore Exchanges • Arbitraging, Hedging and Trading • Portfolio Hedging of Interest Rate Risk • Basis Risk • Margins, Clearing House & Multilateral Netting
3.30 – 3.45pm	AFTERNOON TEA BREAK
3.45 – 5.00pm	<ul style="list-style-type: none"> • Putting on a Tail • Underlying Asset Type & Implications • KLIBOR Futures Interpreting, Speculating, Arbitraging & Hedging • Valuation • Risk Profile & Mitigation
Time	Day 2 Coverage
9.00 - 10.30am	SWAP INTRODUCTION <ul style="list-style-type: none"> • Broad Definition • Types INTEREST RATE SWAPS <ul style="list-style-type: none"> • Definition & Motivation • Mechanics • Quoting Convention • Hedging, Dealing & Arbitraging in Swaps • Pricing & Valuation • Risk Profile & Mitigation
10.30 – 10.45am	MORNING TEA BREAK
10.45 - 1.00pm	CURRENCY SWAPS <ul style="list-style-type: none"> • Definition & Motivation • Arbitraging • Pricing & Valuation • Risk Profile & Mitigation
1.00 – 2.00pm	LUNCH
2.00 – 3.30pm	OPTIONS <ul style="list-style-type: none"> • Nature, Definition & Terminologies • Uses & Key Benefits of Options • Common Options • Options vs. Futures • Options Variety • Basic Payoffs • Option Strategies
3.30 – 3.45pm	AFTERNOON TEA BREAK
3.45 – 5.00pm	<ul style="list-style-type: none"> • Valuation models • Risk Characteristics • Managing Options Risk

Derivative Dynamics – Forwards, Futures, Swaps & Options

Participant 1 Mr. Ms. Mrs. _____

Name (To Appear on Tag) _____

Job Title _____ Email _____

Participant 2 Mr. Ms. Mrs. _____

Name (To Appear on Tag) _____

Job Title _____ Email _____

Participant 3 Mr. Ms. Mrs. _____

Name (To Appear on Tag) _____

Job Title _____ Email _____

Company _____

Address _____

State _____ Postcode _____ Country _____

Telephone _____ Fax _____

Payment must be made before commencement of programme.

Programme fee:

* RM3,100 per pax

* **RM2,799 per pax** (First 10 to register)

* **RM2,499 per pax** (Group registration of 3 or more)

Payment:

Booking should be made on the booking form above. Following receipt of the booking form, an invoice will be issued and the booking will be confirmed on receipt of full payment of the fee. Payment should be made by bankdrafts made payable to "Asian Institute of Finance Berhad". Telegraphic Transfer can also be arranged upon request.

A 50% cancellation fee is payable for cancellation more than 2 weeks before the programme commences. The total fee is retained in the event of cancellation less than 2 weeks before the commencement date.

Kindly forward or fax the Booking Form to:

Asian Institute of Finance

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Email: training@aif.org.my



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