Options – Greeks & Risk Management

This training course is designed to introduce delegates with the risk management of options trading in general and the risk variables of options in particular.

Learning objectives

Acquiring insight and knowledge of:

- Risks in option positions
- Greek variables
- Pin risk
- Counterparty risk
- Early exercise
- Fugit

Target group

Mercurious' Options courses are particularly suitable for compliant financial and commodity community, including:

- Traders
- Analysts
- Risk managers
- Executives
- Back office staff
- Asset managers
- Investment managers
- Portfolio managers
- Financial consultants

Training

The training course will provide delegates in-depth knowledge and skills with respect to the risks involved with option positions. They learn to understand the risk parameters involved with option positions. Delegates will get a real feel for the effects of options contracts by following their proceeds using real world examples.

The training sessions have a strong interactive character whereby the involvement of participants is of utmost importance. A clear overall picture of the working of options, their markets, relevant developments, risks and other relevant issues is provided during the training sessions by means of exercises, calculations and theory.

Content

This training course covers one full day. While dealing with each subject, attention is given to the various characteristics, aspects, opportunities and risks attached to that subject.

We can tailor the course to match your specific requirements. For example, the course can be split into specific sections or used as a building block for an extended course.

Step-by-step approach to options risk

- Identification
- Measure
- Control (Accept or Hedge?)
- Reporting
- Support techniques
    - Analyzing
    - Modelling (software)
    - Procedures

Arbitrage

- Types of arbitrage
- Put-call-parity
- Risk arbitrage

Risk Parameters

- Greek variables
- Delta
    - Gamma
    - Theta
    - Vega
    - Rho
- Coherence

Options Risk Management

- Strategies and their Greeks
    - Long call, Short call, Long put, Short put
- Analysis of option combinations
- Analysis of positions including options

Other options risks

- Pin risk
- Early exercise & fugit
- Beyond the greeks

General Risk Management & Value-at-Risk analysis

- Value-at-Risk (VaR) concept
- Definition of VaR
- Methods
    - Historical simulation technique
    - Analytical method
    - Monte Carlo simulation technique
- Stress testing
- Back testing
- Reporting