

This training course is designed to introduce delegates with the basics of swaps and swaps trading.

### Learning objectives

Acquiring insight and knowledge of:

- Derivatives in general
- Swaps
- Contract specifications of swaps
- Swaps trading
- Swap positions

### 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 with an overview of swaps, their features, applications and the swaps market. They learn to understand the motivation of market participants to enter swaps positions (long and short) for purpose of hedging, arbitrage or speculation. Delegates will get a real feel for futures 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 swaps, 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.

# Swaps & Swap Trading – Introduction

## Derivatives

- Definitions
  - Forwards & Futures
  - Options
  - Swaps
- Comparison of futures and swaps
  - Conditional products
  - Obligations
  - Risks
  - Leverage
  - Margining
- Plain vanilla vs. exotics
- Contract specifications

## Swap Fundamentals

- Definition of a swap
- Primary elements of a swap
- Objectives of swaps
- Types of Swaps
- Pricing and Valuation Concepts
- Risks associated with swaps
- Explore the implications of FAS 133 for swaps
- Credit Exposure in Swaps
  - How is exposure measured to counterparties?
  - What type of limits are used to manage this risk?

## Interest Rate Swaps (IRS)

- The first swap ever was an IRS
- What is an IRS?
- Basic transaction
- Plain vanilla IRS
- Interpreting swap quotes
- Pricing & Valuation of IRS

## Beyond Interest Rate Swaps

- Introduction to currency markets swaps
- Introduction to commodity market swaps

