

This course forms an outstanding basis for those of you who are new to trading and the trading environment, as well as for those who are interested in completing the dealing room puzzle. Traders, risk managers and back office employees use a lot of words that are not commonly used in private life. Therefore they can make you wonder what they actually mean. At work it is rather helpful to know what it is about, especially when you support the trading environment in a certain way, or if you are professionally related to this scene in any sense. This course will help you gathering insight in the meaning of specific words, terms and slang. This course is extremely practical. Participants play trading games, and have to solve exercises. A steep learning curve and an increase of both knowledge and skills will be the result.

Learning objectives

Acquiring insight and knowledge of:

- The working of processes in the trading environment
- Markets, market participants & their roles
- Trading & trading techniques
- The reasons for trading (the whys, hows, and what fors)
- Products traded in the markets
- The working & applications of those products
- The dynamics of pricing
- Spot markets/prices vs. forward markets/prices
- Risks connected to trading & risk management
- Dealing rooms and trading floors
- Organization of a trading firm
- Front, mid & back office and their roles
- The role of ICT, Finance & Control, and the Legal department
- Operations & processes

Target group

Mercurious' "Trading for non-traders" training courses are particularly suitable for:

- Executives & Managers
- HR staff, ICT staff, Legal Staff
- Back office employees
- People from the Finance & Control department
- Consultants & Regulators
- Journalists

Training

This course is designed to provide participants with an introduction to trading and the trading environment. Therefore focus is on markets, market participants, market fundamentals, products, pricing, risk, and risk management. Additionally, a broad practical insight regarding traders and trading strategies is provided. The training sessions has a strong interactive character whereby the contribution of participants is of utmost importance. A picture of relevant developments, risks and other relevant issues are given during the training sessions by means of questions, theory and theses.

Content

This course covers one (1) full day. The course can, of course, be adapted to specific sections, and we can tailor the course to your specific requirements. While dealing with each subject, attention is given to the various characteristics, aspects, opportunities and risks attached to that subject.

1-DAY TRAINING COURSE: TRADING FOR NON-TRADERS

Program:

▪ Trading & Trading environment

- Dealing room (Trading floor) and its organization
- Front, Mid & Back office
- Treasury department

▪ The reasons for trading:

- Physical need
- Hedging
- Optimization
- Arbitrage
- Speculation

▪ Pricing, markets & execution of deals

- Two prices: Bid and Offer
- The role of brokers
- Clearing (house & member)
- Market participants (Hedgers, Arbitrators, Speculators)
- Long versus short
 - Short selling
- Market efficiency

▪ Market & products

- Spot market vs. forward market
- Financial products vs. physical products

▪ Transactions

- Deal capturing, deal entry & deal confirmation

▪ OTC trading vs. exchange trading

- Counterparty (credit) risk
- (Price) transparency
- Regulation
- Anonymity
- Standardization vs. tailoring
- Netting

▪ Legal

- Master agreements (ISDA, EFET)
- Credit lines - Credit support annex (CSA)

▪ Pricing

- Spot price vs. forward price
- Bid-Ask spread
- Liquidity
- Benchmarks & indices

▪ Clearing & Settlement

- What is a clearing house and a clearing member?
- Collateral & Margin (initial & variation margin)
- Physical delivery vs. cash settlement
- Cascading

▪ Products

- Asset classes
- Physical vs. financial products
- Spreads

▪ Derivatives

- What are derivatives
- What are their primary features?
- What kinds of derivatives are there in the markets?
 - Futures & Forwards
 - Options (Put option & Call option) & Swaps
- Forward curves
 - Contango & Backwardation
- Greeks (Delta, Gamma, Vega, Theta, Rho)
- Principle, Notional, Underlying Value

▪ Risk management

- Value at Risk (VaR) & Stress Testing
- Volatility & Correlation coefficients

▪ Position & Financial reporting

- Portfolio & Exposure, Book structure

▪ Finance & Accounting

- Valuation: Historical cost, Mark-to-Market, Mark-to-Model
- Hedge accounting & Own use
- End of Day (EOD) procedure

▪ ICT

- Infrastructure: Trading platform & Trading screens
- Applications & Processes (Straight through processing (STP))
- TRM system, Book structure, P/L reporting & Margin accounts
- Trading screens & software

▪ Regulation, Laws & Legislation

▪ Manipulation, Front-running & Insider trading

▪ Chinese walls

Exercises

Practical exercises being used in this course help you to understand 'why' and 'how'. This assures that you will improve your skills, besides from the increase of knowledge, by means of facts and theory. Exercises used in this course

- Auction versus Continuous trading
- Hedging emotions
- Price drivers

Trading Game

Participants of the course will play trading games. This objective of this is to make attendees familiar with the psychology, pressure and stress of trading (though in a fun way this time). And also to make participants aware of the trading systems traders use, being offered by exchanges, or players in the OTC market. Last but not least by this practical workshop you will be able to implement vocabulary and terminology with respect to trading.