

Introduction to Derivatives

April 4-5, 2011, Oslo

April 4, 2011

09.00 **Welcome and introduction**

09.15 **1. Introduction to Derivatives**

- What is a derivative?
- Primary/secondary financial instruments
- Risk components
- Use of derivatives

10.30 **2. Futures and forwards**

- Definitions and terminology
- Hedging and speculation
- Where and how are the products traded?
- Pricing methods

12.00 **Lunch**

13.00 **3. Repos**

- What is a repo?
- Motivation for repo trading
- Special and general collateral
- Quotation and practical trading aspects

14.00 **4. Options**

- Definitions and terminology
- Profit/loss diagrams
- Quotation of options
- Intuition behind option pricing
- Motivation for options

16.00 **End of day**

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09.00 **Recap**

09.30 **5. Forward Rate Agreement (FRA)**

- What is an FRA?
- Motivation for FRA trading
- Forward rates
- Settlement and fair value calculations

10.30 **6. Swaps**

- Why trade swaps?
- Definitions and conventions
- Interest rate and cross currency swaps
- Building blocks

12.00 **Lunch**

13.00 **7. Interest Rate Options**

- Interest rate guarantee (IRG)
- Caps, Floors and Collars
- Swaptions

14.00 **8. Credit Derivatives**

- Credit risk trading
- The credit derivative family
- Credit Default Swap (CDS)

15.00 **9. Alternative use of derivatives**

- Hedge Funds
- Structured Products

16.00 **End of course and evaluation**

Price

The price for the course is NOK 14.000. The price includes course material, lunch and refreshments but is exclusive of VAT