



## **Dealing Certificate Physical Classroom course – 5-day schedule**

### **Day 1 Financial Markets and Rates 1**

- Role of the key players in the real economy and in the financial markets
- Submarkets
- Cash instruments versus derivative instruments
- Pricing and efficient markets hypothesis
- Free market operations and interventions
- The role of the financial markets department
- Market making and exchange brokerage
- Different ways of concluding transactions
- Bilateral legal agreements and clearing via a CCP
- Division on duties within the financial markets department
- Different stages of a financial market's transaction
- Regulation (EMIR, MiFID, Dodd-Frank, MAR)
- SWIFT
- Settlement dates under different daycount conventions
- Coupon calculations
- Interest rates for broken periods
- Convert act/360 rates to 30/360 rates and vice versa
- Convert annual rates to semi-annual rates and vice versa
- Accumulation factors and discount factors (with single and compounded interest)
- Yield curves
- Forward yields
- Money market benchmarks



## Day 2: Rates 2 and FX 1

- Fixed-income securities
- Domestic bonds, euro bonds and foreign bonds
- Price-yield relationship
- Different types of bonds
- CD, CP and T-Bills
- Initial proceeds, final proceeds, market price, holding period yield and trading result
- Convert a discount rate into a yield
- Repurchase agreements in regard to liquidity management and special repo
- Sell/buy back
- Securities lending and margin lending
- FX quotations and spot calculations and FX market jargon
- Cross rates
- FX forwards
- Theoretical calculation of a FX forward rate given the spot rate and the two interest rates / Calculation of a FX forward rate given the spot rate and the swap points
- Forward cross rates
- The concept of a FX Swap and FX swap jargon
- Meaning of the left-hand side and of the right-hand side of an FX swap quote
- Points in favour or against you

## Day 3: Foreign Exchange 2

- Offsetting an FX forward with a FX spot and a FX swap
- Rolling forward and backward of FX forwards
- O/n and t/n swaps
- Use of o/n swaps and t/n swaps in hedging FX transactions value today and value tomorrow
- FX rates for value today and value tomorrow
- Use of t/n swaps in rolling over FX spot positions
- Trading result of a FX trading position
- Forward forward swaps and offsetting transactions
- Determining settlement rates for forward forward swaps
- Covered and uncovered interest rate parity theorem
- Swap points in the market versus theoretical swap points
- Creating synthetic loans and deposits via the swap
- Introduction to derivatives
- NDFs
- FX Benchmarks
- Precious Metals
- Precious metals fixings



#### **Day 4: Interest Rate Derivatives and FX Derivatives**

- FRAs
- Money market futures
- Unrealized results and the margin system of a CCP
- Interest Rate Swaps and overnight index swaps
- Basis swaps
- Strategies with FRAs, MM futures and IRSs
- The relationship between FRA rates, money market futures prices and IRS rates
- Features and terminology of options
- Break-even prices
- The option premium, the Black-Scholes model
- The Greeks
- Delta position and delta hedging
- Synthetic Forwards, Straddles and Strangles
- Interest rate options: interest rate guarantees, caps and floors
- Trading results of strategies with caps and floors

#### **Day 5: Applications: ALM and Risk**

- Banking risks, risks in the financial department and external risks
- General risk principles
- Overview of the Basel Accords
- Capital adequacy ratio and leverage ratio
- Principles for sound liquidity risk management
- Liquidity coverage ratio and net stable funding ratio
- Interest rate risk in the banking book
- Gap reports
- Duration and economic value of equity
- Funds transfer pricing
- General credit risk mitigating measures
- Credit default swaps
- CVA
- Measures to mitigate settlement risk: netting and linked settlement
- Measures to mitigate pre-settlement risk: margining and contractual netting
- Alternative ways to report credit risk
- Positions and trading limits
- Sensitivity Indicators,
- VaR Analysis: historical VaR, variance-co-variance method and Monte Carlo analysis
- Expected shortfall and Stress Tests
- Capital treatment of market risk
- The importance of division of duties: Daiwa and Barings
- Operational risk
- Capital treatment of operational risk