

# **Financial Derivatives and Performance Enhancement (June 25-26, 2018)**

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## **Introduction**

The financial liberalization across the globe and consequent cross-border investment increasingly integrating the national markets located at distance geographically. Financial innovations accompanied by technological advancement, various financial products with varied pay off structure are emerging. The markets have now become vibrant and liquid but also exposed to domestic and external risks. The growing financial integration and increasing volatility across global markets has necessitated a multidimensional approach for understanding the widespread significance of Derivative Trading as a risk mitigating and performance enhancement tool to maximize the profits and minimize the risk. The second generation financial reforms accompanied by significant changes in market microstructure and trading practices resulted in the phenomenal growth of the financial derivative markets in India. Financial institutions, as well as retail traders use financial derivatives, to hedge the risks and speculate on the future market movements of asset prices. These instruments play an insurmountable role in the management of financial risk and immensely helpful to improve market and credit risk of the investors further.

## **Programme Objectives**

- The prime objective of this programme is to understand the demystify, the complexity of derivative instruments (e.g. Forwards, Futures, Options, and Swaps) and explore their application for hedging and speculative purposes.
- We briefly discuss the major types of financial derivatives, Payoff Strategies, Derivatives Pricing and describe some of how they are significant to hedge against the risk and market speculation.

## **Programme Contents**

- Introduction to Derivatives – with reference to the Financial Derivatives in context of India.
- Types of Derivative contracts, Types of Traders and Overview of the Indian Derivatives Market
- Mechanics of Futures Markets
- Hedging and Pricing Strategies using Futures and Forward Contracts
- Interest Rate Futures an Introduction and Pricing.
- The Option Markets- The Options Payoffs and Strategies, Bounds on Option Pricing, Options Pricing- The European Option Pricing, American Option Pricing (Binomial

- and Black Scholes Pricing Strategies). Options Sensitivities and Options Hedging, Options on Stock Indexes, Foreign Currency and Futures.
- Properties of Stock Options, The Options Approach to Corporate Securities, Interest Rate Options, The Swap Markets: An Introduction, Swaps: An Economic Analysis and Pricing and Applications.

## **Target Group**

The training programme is ideal for the Corporate Treasury Professionals, Derivatives Traders, Market Risk Managers, Finance Professionals, Professionals Working in the Asset Management Industry Bankers, Trader, Investor, Broker and Sub Broker, and Academics, Researchers and students of economics and finance.