

Credit, Index Linked and Equity Derivatives, (One Day)

The course will provide:

- An introduction to credit products, inflation products and equity linked products
- How these products work and why the bank uses them
- An explanation of some of the main risks they produce
- A live example of each type of trade done by the bank and how it works

The course is at an introductory level and prior knowledge of the trades is not required. Training will be in a workshop format. This will include a mixture of presentation and case study material. Below is a summary of the workshop content. The day has been placed in a logical sequence and addresses the products, motivations and risks involved.

Morning

Introduction to Workshop

Credit Derivative Products

- Credit Default Swap
- Total Return Swaps
- Credit Linked Notes
- Basket Default Products
- Collateralised loan obligations

How these products work

- Their purpose & use
- The key terms & definitions used
- Reference entity
- Obligations
- Credit events
- Deliverable obligations

The main risks

- Counterparty credit exposure
- Jump to default
- Confirmations & outstanding trades
- Valuations and accurate data
- Settlement after a credit event
- Legal documentation

Example trade: A live transaction done by the bank. Including deal tickets, purpose and confirmation.

Inflation Swaps

- What inflation is and how we measure it
- Why customers want to hedge inflation risk
- How an inflation swap works
- Inflation linked bonds

Afternoon

(Inflation swaps continued)

The main risks

- Counterparty credit exposure
- Confirmations
- Valuations
- Legal documentation

Example trade: A live transaction done by the bank. Including deal tickets, purpose and confirmation.

Equity Linked Deposits

- Examples of equity linked deposits offered to retail customers by banks
- Why banks put these together
- Advantages & disadvantages for the buyer
- How these products are structured
- Advantages for the bank

The main risks

- Counterparty credit exposure
- Documentation and legal risks
- Valuations and accurate data
- Reputational risk

Example trade: A live transaction done by the bank. Including deal tickets, purpose and confirmation.

End of Workshop & Review