



Financial Markets Graduate Training Program

Development for Finance Professionals™

A Blended-Learning Program from ACF Consultants



Welcome to ACF Academy's Open Enrollment Programs

ACF Consultants have a solid reputation for delivering innovative, top-quality training for some of the largest and most demanding financial institutions in the world. ACF Consultants are global leaders in the creation of cutting-edge financial simulations and interactive eLearning for the global financial markets.

We are the first premier financial training company to offer open seminars using our uniquely blended learning techniques.

Blended learning is a fundamental principle of the ACF approach to training. Our seminars offer a fully integrated, multi-faceted learning experience which ensures that knowledge is applied in practice and retained effectively. We limit the numbers attending each program to maximise the benefit for each delegate. Passive learning is kept to a minimum, and the emphasis is on delegates achieving a true understanding of the key concepts, and how they are applied in the real world.



Blended Learning

Blended learning is at the heart of our training philosophy. A dynamic blend of highly interactive **eLearning** using **Acumen**, top quality **instructor-led training**, and realistic and exciting **simulations** creates the most effective and motivating training methodology available anywhere.

Firm foundations are laid with highly interactive eLearning and dynamic instructor-led training. Hands-on workshops and simulation are then used throughout the programs allowing delegates to put theory into immediate and realistic practice.



Instructor Led Training

Our instructor-led training is of the highest quality, and we invest heavily in research and development. Our professional written materials complement trainers with first-rate communications skills, an excellent academic background and sound markets knowledge.

Our expert instructors are skilled in the art of transferring knowledge, and we make use of a variety of creative training techniques to maintain energy and focus.

We are committed to achieving exceptional results.



Financial Markets Graduate Training Program

ACF provide the most effective in-house graduate training to the world's largest banks. Now, for the first time, other firms can take advantage of our unique **blended-learning** approach which integrates pre-course study using **Acumen**, dynamic instruction from our team of first-rate trainers, and simulation using **Global Trader** – acclaimed as the world's most powerful trading simulation.

The principal objectives of this intensive ten-day program are to:

- Provide an **integrated, coordinated, and effective** training program.
- Ensure a **sound knowledge of fundamental concepts**.
- Give delegates the ability to **apply theory to practice** – to fix knowledge in delegates' minds and to build solid foundations to support later learning.
- Introduce the range of **fixed-income** and **equity** products, their uses and applications.
- Present a clear explanation of **derivative products**, their benefits and risks.
- Demonstrate how **banks** and their **customers apply** these **products in practice**.
- Ensure that all concepts are put into immediate practice, using **simulation** and **intensive interactive case studies**, to consolidate the learning process.

Hot Topic The Credit Crunch – causes and future impact.

After completing this blended-learning program, delegates will:

- Have a **solid understanding** of the role and functioning of the **capital markets**.
- Be familiar with a wide range of **fixed-income** and **equity** instruments, their valuation, pricing, and hedging.
- Clearly appreciate the **features** and **benefits** of **derivatives**, and the fundamentals of **pricing, structuring** and **hedging**.
- Understand how all these products are **used in practice**.

... and will be able to effectively apply their knowledge immediately



Pre-Program eLearning

Delegates will need to study the following topics using the **Acumen** eLearning system in order to become fully familiar with foundation concepts prior to the start of the program:

Introduction to Investment Banking

- Securities Underwriting
- Mergers and Acquisitions
- Investment Banking As a Business

Time Value of Money

- Future Value and Present Value
- Compounding
- Annuities
- Using the HP17 and Excel
- Day Count Convention
- Pricing Instruments
- Rate of Return
- Stripping Rates

Introduction to Financial Markets and Products

- What is a Financial Market?
- Purpose and Functioning of the Markets
- Structure of the Financial Markets
- Derivative Markets

Basic Statistics

- Charting Observations
- Measures of Central Tendency
- Measures of Dispersion
- Other Moments
- Using Excel for Statistics
- Statistical Inference

Each module features frequent quizzes, plus a detailed end-of-module examination. We will track delegates' progress through the modules, plus their scores in end-of-module examinations, to ensure that everyone has successfully completed the preparatory work. Any delegates falling behind on their pre-course preparation will receive automated emails reminding and encouraging them to keep up progress.



Course Outline

Day One

Review of Time Value of Money

- Using a financial calculator and RPN
- Time value of money
- Present and future values
- Interest and discount factors
- Simple vs. compound interest
- Discounting and compounding
- Annuities
- Discounted cash flows
- NPV and IRR
- Discrete vs. continuous compounding
- Nominal vs. effective interest yields
- TVM workshop

Money Market Products and Markets

- Discount vs. coupon securities
- Depos, bills, CP, BAs, and CDs
- Repos
- Pricing discount instruments
- Discount vs. add-on yield quotations
- 360 and 365-day bases
- Money-market and bond-equivalent yields
- Compound effective yield
- Holding-period returns
- Money-market exercises

Bond Maths

- Pricing interest-bearing instruments
- Price and yield
- Gross and net redemption yields
- Day-count conventions
- Accrued income
- Clean and dirty prices
- Current yield vs. yield-to-maturity
- Re-investment of coupons
- Fixed income workshop

Duration and Convexity

- Duration, volatility, and convexity
- Calculating duration and convexity
- Duration as weighted cash-flow times
- Pictorial representation of duration
- Duration and modified duration
- Duration as a measure of price sensitivity
- DV01, PV01, PVBP of bonds
- Duration and maturity, coupon, and yields
- Calculating hedge ratios
- Convexity – myths and reality
- Hedging a bond portfolio

Day Two

Fixed Income Products and Markets

- The US Treasury Market
- T-Bills, T-Notes, and T-Bonds
- Non-government notes and bonds
- Auction process
- The secondary market
- The treasury yield curve
- Investment strategies and techniques
- Treasury strips
- Agency securities
- Bunds, JGBs, Gilts
- Corporate bonds
- Bond rating and rating agencies
- Covenants and seniority
- High-yield bonds
- Sinking funds and other provisions
- Bonds with embedded options
- Eurobonds and MTNs
- US Treasuries simulation



Foreign Exchange Spot Market

- Functions and purposes of the FX market
- Market mechanics
- Spot quotations
- Direct and indirect prices
- Cross-rates
- Trading strategies
- Influences on the market
- FX spot simulation



Day Three

Foreign Exchange Forwards

- Outright forwards and swaps
- Impact of interest rates
- Relation between spot and forward markets
- Quoting forward rates and swap points
- Forward discounts and premiums
-  FX swap points and I/R parity
- Risk from FX swap transactions
-  FX swaps simulation

Equities Markets

- Review of international equity markets
- Types of equity product: common stock and preference shares
- Depositary receipts
- Issuing procedures: IPO, rights, scrip, convertibles
- Dividends and scrip dividends
- Role of the Stock Exchange
- Electronic stock markets
- Equity market-making and price-taking
- Auto trades and block trades
- Trading strategies – long only vs. long/short
- Customer market orders and limit orders
- Customer order flow
- Share buy-backs
- Employee share options
-  Equities trading simulation

Day Four


The Short-Term Yield Curve & Forward Rates

- Definition of the yield curve
- The normal yield curve
- Liquidity and expectations hypotheses
- Up- and downward sloping yield curves
- Yield curve strategies and plays
- Riding the yield curve
- Trading the yield curve
- Forward rates
- Forward rates as “breakevens”
- Forward rates are not predictors!



Futures Markets

- Definitions and terminology
- Trading features of futures exchanges
- Pit vs. screen trading systems
- How clearing and margin systems work
- Standardisation of exchange-traded contracts
- Physical delivery vs. cash settlement
- Advantages and uses for futures

Bond Futures

- Definition of bond futures contracts
- Conversion factors
- Cash-and-carry pricing of bond futures
- The cheapest-to-deliver bond
- Implied repo rate
- Hedging bond portfolios with bond futures
-  Bond portfolio hedging

Stock-Index Futures

- Stock-index futures contract definitions
- Cash-and-carry pricing
- Effect of dividend payments
- Fair and actual futures prices
- Hedging equities portfolios
-  Switching cash to equities and equities to cash
-  Stock-index futures simulation



Day Five

Short-Term Interest Rate (STIR) Futures

- Definition of interest rate contracts
- Arbitrage pricing principles
- Basis and convergence
- Outright and spread positions
- Basic hedging application
- Basic hedging using STIR futures

Interest Rate and Currency Swaps

- Definitions and terminology
- Trading practices
- Cash flows and timing
- Quotation conventions
- Documentation – ISDA and CSA
- Interest rate swaps: “plain-vanilla” and non-standard swaps
- Overnight Indexed Swaps (OIS)
- Spread between LIBOR and OIS rates
- Asset and par-asset swaps
- Currency swaps: fixed-fixed, fixed-floating, floating-floating
- Using interest rate swaps...
- Hedging interest-rate risk
- Asset-linked and liability-linked swaps
- Fixing financing costs and investment returns
- Reducing financing costs
- Swap applications
- Interest rate swaps simulation

End-Week Examination and Review

Day Six

Yield Curve Mathematics

- Zero-coupon rates
- Swap and par rates
- Zero-coupon pricing
- Discount factors and the discount function
- Links between swap, zero & forward rates
- Deriving the discount function from market rates
- Interpolating the discount function
- Pricing an FRA from the discount curve

Swap Pricing and Valuation

- Swap valuation principles
- Valuing the fixed leg
- Valuing the floating leg
- Valuing a swap
- Pricing and valuing vanilla and non-standard swaps


Principles and Characteristics of Options

- Options definitions and terminology
- Calls and puts; buying and selling
- American vs. European style
- In-, at-, and out-of-the-money
- Intrinsic and time value
- Components of time value
- What the buyer pays for – the true cost of an option
- Value and profit profiles
- Profit profiles at maturity
- Profit profiles prior to maturity
- Special features of FX options




Day Seven


Option Pricing – An Intuitive Approach

- Types of option pricing model
- Closed-form option pricing
- Binomial option pricing
- Monte-Carlo option pricing
- Time value revisited
- Early exercise of American options
- Put-call parity
- Significance of volatility
- Historic, implied, and experienced volatility
- Volatility smiles and skews
-  Option pricing workshop

Option “Greeks”


- Measuring dimensions of option risk
- Delta – the hedge ratio
- Gamma – the change in delta
- Theta – the decay of time value
- Vega – the sensitivity to volatility
- The Greeks of short-dated options compared to long-dated options
- The Greeks of ATM options, compared to ITM or OTM options
-  Greeks workshop

Hedging using Options


- Comparison of using in-, at- and out-of-the-money options
- The true cost of options hedging – time value
- Hedging techniques using short option positions
- Creating and using collars or risk reversals
- Creating and using spreads
- Zero-premium hedges
- Creating and using zero-cost collars
- Creating and using participating forwards
- Deferred and embedded premiums
- The “continuum” from in-the-money to out-of-the-money options
-  Hedging market risk with options

Day Eight


Building Option Portfolios

- Horizontal, vertical, and diagonal spreads
- Straddles and strangles
- Ratio spreads and backspreads
-  Designing your own structure – a fluent transition between payoff diagrams and component parts


Option Trading Strategies

- Directional vs. volatility trading
- Spread trading
- Near vs. far dates
- Out-of-the-money vs. in-the-money
- Options vs. cash
-  Directional and volatility trading simulation

Caps, Floors, and Collars

- Comparison of interest rate with other options
- Interest rate guarantees (IRGs)
- Caplets and floorlets
- Constructing caps, floors, and collars
- Pricing caps and floors
- The term structure of volatilities
- Quotation and dealing conventions
- Cap / floor parity
- Constructing zero-cost collars
- Non-standard caps and floors
-  Caps and floors pricing workshop


Swaptions and Other Interest Rate Derivatives

- Swaptions
- Receivers / payers parity
- Bond options
- Cancellable and extendible swaps
- Captions, floortions, and collartions
- Product comparisons
-  Creating a cancellable swap



Day Nine

Hedging with Interest Rate Derivatives

- Option hedging structures
- Establishing client objectives
- Determining pain thresholds and views
- Tailoring the hedge to match the need
- Reducing the cost of client hedges
- Hedging for free?
- Designing innovative products and solutions
-  Optimising an interest rate risk hedging program


Overview of Credit Derivatives

- Principles of credit derivatives
- Terms and definitions
- Who uses credit derivatives?
- Motivations for using credit derivatives
- Growth of the market and recent trends
- Types of credit derivatives

Single-Name Credit Default Swaps

- Terms and definitions
- Credit events
- Settlement methods
- Deliverable obligations
- ISDA and CSA agreements
- Restructuring: XR, MR, MM, and CR
- Market and trading conventions
- Sovereign vs. other reference entities
- Distressed credits and points up-front
- Establishment of a Central CounterParty

Using Credit Default Swaps

- Separating credit risk from direct lending relationship
- Managing credit risk across loan portfolio
- Income generation
- The link between bond spreads and CDS prices
- Implementing directional credit views
- Monetising relative credit views
- Arbitrage opportunities
- Exploiting relative-value trade ideas
- Curve trades
- Regulatory capital arbitrage
-  Using credit default swaps


NB All practical sessions are highlighted like this:

 means a Workshop or Simulation

 means a Case study

Day Ten

Index Products

- The CDX and iTraxx indices
- Geographic and sector coverage
- Index construction
- Who uses indices?
- Tranching CDS index products
-  Index trading example

Risk Management and Value at Risk

- Definition of risk and uncertainty
- Market risk: currency, interest rate, equity, commodity, credit, basis, and volatility risks
- Credit and counterparty risk
- Liquidity risk
- Operating risk
- Settlement risk
- Fraud risk
- Legal risk
- The importance of bank capital
- Basel II – how much capital does a bank need?
- Objective of Value At Risk (VaR)
- Principles of calculating VaR
-  Measuring VaR for one exposure
- Methods of calculating VaR
- Using historical simulation
- The Monte-Carlo risk approach
- The variance / covariance approach
- Back-testing
- Stress-testing and scenario analysis
- Limitations of VaR in the light of the 2008 financial crisis
-  Measuring VaR using historical simulation

The Credit Crunch of 2008

- Chronology of events
- Central bank initiatives and open market operations
- Impact on market rates
- Liquidity and LIBOR
- Spreads between LIBOR, OIS, and government rates
- Implications for the future

Final Examination and Review

Financial Markets Graduate Training Program



www.ACFacademy.com

Registration Form

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If you are interested in any financial training seminars, please visit our website(s) at:

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Fees: The fee for each seminar is per participant, inclusive of refreshments, lunches and seminar materials.

Course fees do not include applicable tax, transportation, or hotel accommodation, unless otherwise indicated.

Preferential rates may be available; please mention our seminar when booking with the hotel.

Payment must be received in full at least 30 days prior to the start of the seminar.

Special prices

(participants are only eligible for one of the following):

- 5% reduction when an individual registers 60 days or more prior to the commencement of a seminar
- 10% reduction when 2 or more individuals from an organization register for the same seminar
- 10% reduction when an individual registers for more than one seminar at a time

Cancellation Policy:

Cancellations may be made up to 30 days in advance of the seminar, after which date refunds cannot be given.

Notification must be received in writing by letter, fax, or email. In the event of a participant not being able to attend, a substitution may be made at no extra cost. We reserve the right to amend the prices, or cancel a seminar at any time.

Refund Policy: For further information on our refund and complaint policy, please contact us.

I WISH TO ATTEND THE FOLLOWING PROGRAM

- London Chicago
 New York Toronto

Dates: _____

Course Schedule - Classes run from 9am - 5pm. Lunch, and morning and afternoon refreshments are provided daily. Venue details will be provided on receipt of registration form.

HOW DID YOUR HEAR ABOUT THE PROGRAM?

- Colleague Client's Company Email Google
 ACF's Event ACF's Rep ACFacademy.com
 NASBA Advertising Financial Times

DELEGATE DETAILS

Name: _____
Title: _____
Department: _____
Company: _____
Address: _____
City: _____ State/County: _____ Zip/Postcode: _____
Country: _____
Telephone: _____ Fax: _____
E-mail: _____

ADDITIONAL DELEGATE DETAILS

Name: _____
Title: _____
Department: _____
Company: _____
Address: _____
City: _____ State/County: _____ Zip/Postcode: _____
Country: _____

PAYMENT DETAILS

Payment Method: VISA Master Card Invoice me at the address listed above

Card #: _____ Expiration: _____
CVC: _____

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Signature: _____
(signature required)

