

Interest Rate Derivatives and Interest Rate Risk Management

Avail an early bird discount of 10% on registrations before 17th July, 2004!

Split Nominations Accepted -
On registering for the complete three day package, companies can send separate delegate registrations.

Dates: 28th, 29th & 30th July, 2004

Venue: Taj Lands End, Mumbai

Workshop Leader: Andrew Doyle

Dear Reader,

Interest Risk Management and Interest Rate Derivatives will be the new mantra for the treasury Departments of Banks and financial Institutions. Interest Rate Swaps, which has been around for nearly 20 years, has proven to be an effective tool for managing risk and consuming little capital. While in India, the tools have only been available from 1996; they have still proven to be a popular hedging tool with broad application. The Two-day program that will be on the 28th and the 29th of July 2004, will provide delegates with a comprehensive analysis of Interest Rate Swaps with a focus on Pricing, Risk Management, Structuring and Sales Skills.

We will provide delegates with a clear understanding of the measurement and management of Interest Rate Risk; this will be covered over a period of one-day on the 30th of July 2004.

The Workshop Leader for this unique 6day-training program will be Mr. Andrew Doyle. He has been credited as "one of the pioneers of the derivatives market in India", with over 20 years of international trading experience in Asia and Australia, he still remains active in the areas of currency, interest rates, equity, credit and derivative trading and marketing as well as operational and technological support providing advice to governments, banks and corporations.

After going through the program details, we strongly believe that you will not miss out on this one-of-a-kind training event.

Yours truly,
Prasanna Arumugam



Head of operations
Asia Knowledge Associates

Introduction

With a greater degree of flexibility in the Indian economy and a more flexible Interest rate and foreign exchange regime, understanding of interest rates, interest rate swaps and the management of interest rate risk is key to managing financial institutions, fund managers, corporations and governments alike. Although Interest Rate Swaps have been around for 20 years and have proven to be an effective tool for managing risk while consuming little capital, they were only permitted in India in the late 1990s. This 3 day advanced course will provide a comprehensive analysis of Interest Rate Derivatives markets with focus on pricing, structuring and sales skills as well as a detailed study of their risk and their application to managing risk.

Objectives

By the end of this programme delegates will be able to understand the issues behind pricing and identify the risk in interest sensitive instruments including:

- Interest Rate Futures
- FRAs
- Interest Rate Swaps

Delegates will also be able to identify hedging strategies to reduce the risk.

Duration - 3 days

Aspect - Front Office/Middle Office/Back Office/Risk Management

Ranking - Advanced

Who should attend

- A minimum of 12 months experience in a front office or support environment. The delegate background could be in either trading or a treasury products sales position.
- Ability to use of a financial calculator.
- Attendance Yield Curve Analysis programme

Preliminary Courses / Pre-requisites - Suggested to complete course on Yield Curve Analysis.

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Course Outline (Day 1):

Module 1 - Bond Price/Yield Relationship

- Fixed Coupon Security
- Variable Coupon Security (FRN)
- Callable/Puttable Bonds
- Reverse Floater
- Super Floater
- How Bond Characteristics Affect Bond Price Sensitivity

Module 2 - Bond & Annuity Pricing

- Present & Future Value
- Generating an annuity
- Sneaky Bond Price Estimation Technique
- Pricing using YTM or Zero Curve

Module 3 - Review of Yield Curves

- Spot & Par Curves
- Zero Curve
 - Deconstruction
 - Bootstrapping
- Interpolation Methodology
- Forward Curve
 - Construction
- Implied Yield Curves
 - From Foreign Exchange
 - From Non-Deliverable Forwards

Module 4 - Benchmark Rates

- Government Benchmarks
- Libor
- Other "ibors
 - Mibor Vs Mifor
- Other Benchmarks
- Implied Yields
 - Swap Offer Rate
 - Offshore Yields

Module 5 - Interest Rate Sensitivity Analysis

- BPV/PVPB/\$Volatility/Tick Value/PV01
 - Calculating
 - What it means
 - Using BPV to hedge Interest Rate Risk
- Macaulay & Modified Duration
 - Calculating
 - Short cuts
 - Estimating Bond price change
 - Using Duration to hedge Interest Rate Risk
- Convexity
 - Calculating
 - Seeing convexity
 - Estimating Bond price change
 - Using Convexity to hedge Interest Rate Risk
- Which Curve do I use to Measure Risk?

Case Study: Sensitivity analysis

Delegates will calculate the yield sensitivity of a set of cashflows.

Day Two

Day two will focus on the pricing of Interest Rate Derivatives.

Module 6 - Exchange Traded Interest Rate Derivatives

- Short Term Futures
 - * Comparison of Various Short Term Interest Rate Futures Contracts
 - Eurodollar Contracts
 - Sample of Asian Contracts
 - Australian Contract (Deliverable)
- Bond Futures
 - * Comparison of Various Bond Futures Contracts
 - US Bond Contracts
 - NSE Contracts
 - Other Asian Contracts
- Interest Rate Swap Futures

Module 7 - Forward Rate Agreements

- Mechanics
- Pricing Principles
- Hedging FRAs

Module 8 - Interest Rate Swaps

- Mechanics
- Pricing Principles
- Measuring Risk
- Interest Rate Swap Pricing
 - Bullet Structures
 - Amortizing Structures
 - Rollercoaster Structures
 - Forward Start Swaps
 - Arrears Rate Set Structures
- Application of Swaps

Day Three

Day three will focus on the Application, the Risk Management and strategic trading of Interest Rate Derivatives.

Module 9 - Hedging Swaps

- Using Swaps/FRAs
- Using Bonds
- Using Futures
- Duration & Convexity management
- Bucketing & The Forward Curve

Module 10 - Asset & Liability Swaps

- What is an Asset Swap
- Application of Asset Swaps
- Structuring Asset Swaps
 - Par in/Part Out Structures
 - Creating the Credit & Rate Type Desired
 - Determining an issuer's credit spread

Module 11 - Portfolio Construction

- Building a Portfolio
- Analysing and Quantifying the Risk
- Eliminating Interest Rate Risk
- Trading Curve Shape
 - Steepening
 - Flattening
- Butterflies
 - Residual Risks

Module 12 - Futures Trading Strategies

- Cash Vs Futures Arbitrage
- Bond Swap Spread
- Trading Curve Shape
 - Kamikaze
- Limitations of the Strategies in India

Module 13 - Interest Rate Volatility Analysis

- Black-Scholes Analysis
 - Strengths & Weaknesses
- Issues in Interest Rate Analysis
- Price Vs. Yield Volatility Analysis
 - Analysis of MIFOR & Long Bond
- Application for VaR
- Why do Fresh MBA Graduates Often Get it WRONG ???

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Speaker Profile

Andrew has over 20 years of international trading experience in Asia and Australia. He is Managing Director of FRA Consulting, a company who provides training and consulting services to the international financial services industry. Andrew is currently based in Singapore and has extensive experience in India, being "one of the pioneers of the derivatives market in India". He remains active in the areas of currency, interest rates, equity, credit and derivative trading and marketing as well as operational and technological support providing advice to governments, banks and corporations.



His previous experience includes being Regional Marketer for Derivatives at ABN AMRO Bank in Singapore. His responsibilities included structuring and pricing complex derivative risk management solutions for bank, corporate and government customers as well as training & new product development. These products covered the entire scope of the bank's suite including Spot & Forward Currency & Money Markets, Non Deliverable Forwards (NDFs) Fixed Income, Forward Rate Agreements, Convertible Bonds, Asset & Liability Swaps, Interest Rate and Cross Currency Swaps, Interest Rate & Currency Options, Equity & Fixed Income Derivatives and Exotic Options. He was the driving force behind the bank's development of swap trading books in New Taiwan Dollars & Indian Rupee and was a pioneer in the development of the derivatives markets in both countries.

Before joining ABN AMRO, Andrew was the Manager for Australian and New Zealand Dollar Bond Options at BZW, Sydney. His responsibilities included price making, risk management and strategic marketing of Australian and New Zealand Bond options globally. During his time there, he grew the business of BZW to be both the largest Bond option business in Australia as well as the largest within the Barclays group.

Andrew began his professional career at the State Bank of New South Wales (now part of the Commonwealth Bank of Australia) as a Treasury Manager in Interest Rate Options and Foreign Exchange where he gained broad experience in Foreign Exchange, Interest Rate markets. He also has extensive trading experience in FX, Interest Rate, Equity and Commodity Markets.

Andrew has been a member of the Australian Financial Markets Association (AFMA) OTC Interest Rate Options Market Committee.

Andrew has conducted seminars in Australia, Hong Kong, India, Indonesia, Japan, Malaysia, The Philippines, Singapore, South Africa, South Korea, Thailand, Taiwan and Vietnam. His courses cover all aspects of banking, risk management and treasury & capital market products including option & other derivative pricing, valuation, risk management and trading strategies.

Andrew has conducted training programmes for organisations including Monetary Authority of Singapore (MAS), Securities Commission (Malaysia), Bangko Sentral ng Pilipinas (BSP), The Ratings Agency of Malaysia, the Malaysian Derivatives Exchange, Indonesian Banking Reconstruction Agency (BPPN), Development Bank of Southern Africa, Asia-Pacific Economic Cooperation (APEC), Citibank, CIMB, DBS Bank, Deutsche Bank, HSBC, Standard Chartered Bank and JPMorgan.

He remains an active option trader for his own account as well as managing his own multi-currency portfolio.

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Delegate Registration Form

Delegate Information

Name: _____

Designation: _____

Direct Phone / Extn: _____

Email: _____

Name: _____

Designation: _____

Direct Phone / Extn: _____

Email: _____

Name: _____

Designation: _____

Direct Phone / Extn: _____

Email: _____

For more delegates, please send delegate information on another page

Company: _____

Address: _____

Authorized by / Billing Information:

Signatory must be authorized to sign on behalf of contracting organization

Name: _____

Designation: _____

Phone: _____

Fax: _____

Email: _____

Your Signature & Company Seal

This booking is invalid without a signature.

Date: _____

Delegate fees is to reach us within 7 days of contract date

Completed contracts can be faxed or e-mailed

Fax: +91-22-26319376

Email: reg@asiaknow.com

Please make cheques / DDs payable in favour of: "Asia Knowledge Associates"

and send to:

Suite 20, Mayfair, Raviraj-Oberoi Complex,

Off New Link Road, Andheri West,

Mumbai 400053 INDIA

Phone: 91 (22) 30951667 / 8

Avail 10% discount before 17th July, 2004

Investment per delegate for all 3 days:

- 1 Delegate: 24,900/- INR
- 2 Delegates: 22,900/- INR
- 3 Delegates: 19,900/- INR

Split Nominations accepted.

Investment for Interest Rate Derivatives Session (Day1 & Day2)

- 1 Delegate: 17,900/- INR
- 2 Delegates: 14,900/- INR
- 3 Delegates: 11,900/- INR

Split Nominations accepted.

Investment for Interest Rate Risk Management (Day 3)

- 1 Delegate: 8,900/- INR
- 2 Delegates: 6,900/- INR
- 3 Delegates: 4,400/- INR

Terms & Conditions:

1. Confirmation: Telephone bookings are provisional until written confirmation is received, either by fax with credit card details or by post with a cheque. Alternatively an invoice can be sent out in which payment must be made within 5 working days of booking.
 2. Payment: All payments must be received within 5 working days of booking. Failure to pay within this time may result in the course palce being cancelled subject to the cancellation terms below. 3. Cancellations: Cancellations must be received in writing and are subject to the following charges: cancellations received more than 2 weeks prior to the date of the course will be charged at 50% of the booking cost. Cancellations received within 2 weeks of the course date will be charged at 100% of the booking cost.
 4. Substitutions: Deligates substitutions are welcome at any time and do not incur any charge. Please fax or mail your changes to us. 5. Transfers: Transfers to alternative events or dates may also be subject to changes. Transfers received before 2 weeks prior to the course date will not be charged. Transfers received within 2 weeks of the course date will be subject to 50% of the initial booking cost. A credit note will be issued for the remaining 50%. 6. Alterations to the advertising course: We put the greatest care and effort to ensure solidity of the program schedule. AsiaKnowledge will not be responsible for covering airfare, hotel or any other cost incurred by the registrants. In the event that AsiaKnowledge cancels the course, AsiaKnowledge reserves the right to transfer this booking to another course to be held in the folloeing 12 months or to provide a credit note of an equivalent amount to another course within the following 12 months. 7. Liability: By completing this registration form the client hereby agrees that AsiaKnowledge will not be able to mitigate its losses for any less than 50% of the total booking cost. 8. Once signed and returned by e-mail, mail, or fax, this form is regarded thereafter as a firm contract.