FINANCIAL MARKETS, FINANCIAL PRODUCTS & TRADING

LEARN WITH THE LEADING FINANCIAL SERVICES TRAINING & EDUCATION PROVIDER

Contents

Welcome to ZISHI

Committed to unlocking success for your business, we have been empowering our clients to build **resilience through knowledge** for over 25 years.

A recognised global leader, we stand as the preferred and trusted training and education partner for a number of the world's most prestigious financial institutions.

Our cutting-edge, immersive learning experiences support the breadth of the financial industry, from some of the largest asset management firms and global trading exchanges to world-leading universities, sovereign wealth funds, energy companies, refiners, and investment, commercial and central banks.

Spanning all levels of trading qualifications, the maze of regulatory and compliance training and financial services professional development, ZISHI's expertise is unrivalled.

Our internal faculty of leading trainer-practitioners sets us apart. Delivering solutions uniquely crafted to bridge your business's knowledge gap, our wealth of educator experience and hands-on industry insight ensures your teams receive practical, up-to-date, and contextually relevant training.

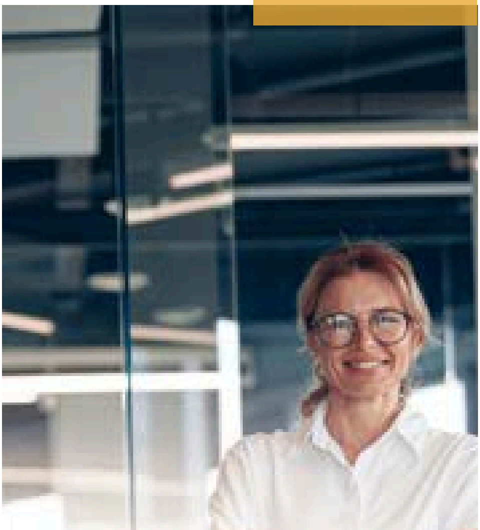
Whether one-to-one or multi-faceted group deliveries, entry level or boardroom executives, and from design through to delivery, ZISHI is uniquely placed to become your trusted training partner, developing programmes and learning pathways to meet your specific operational needs.

Enabling informed decision-making and contributing to financial stability and wealth creation, we build **resilience through knowledge** across your business.

Financial Markets, Financial Products & Trading

With financial markets and trading at our core, and a teaching faculty of expert practitioners, no one is better placed to deliver the knowledge and skills you need to build resilience and deliver on your key performance goals.

Dedicated to equipping you for success in the fast-paced world of trading and financial markets, we specialise in providing comprehensive education and training, including simulator experiences, that cater to professionals working across various sectors including financial exchanges, brokers, trading firms, banks, refiners, and producers.



From those who are new to the industry to seasoned C-suite executives looking to enhance their skill set, ZISHI offers a range of dynamic programmes that include real time simulations and elements of gamification, utilising our own technology platforms and the most recognised within the industry.

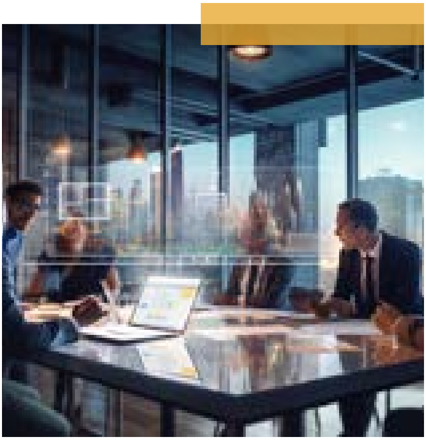
This interactive approach ensures that learning is both engaging and applicable with the current trends and demands of the global market.

Powerful Learning Solutions

Blended learning for better results.

We believe in a whole-of-organisation approach to professional development training, and our blended learning approach utilises all the right tools in all the right ways.

Our multi-channel delivery options can be mixed and matched and guarantee a seamless experience through whichever methods you prefer.



Bespoke Content Creation

Looking for tailor-made learning solutions? We specialise in crafting personalised content that aligns seamlessly with your organisation's objectives.

Real-World Simulator-Based Learning

Take the learning experience to the next level with immersive, hands-on experiences that bridge the gap between theory and practice.

Rapid Deployment

Need to quickly roll out bite-sized, focused learning modules? We've got you covered with swift and effective solutions.

Curated Learning Journeys

For clients seeking comprehensive ongoing learning pathways, our digital learning team possesses the expertise and knowledge to support your long-term ambitions.

Digitising Existing Content

We excel at transforming your traditional learning materials into dynamic, interactive digital formats, breathing new life into your educational resources.

Course Outlines

Courses listed within this brochure are a representation of those we offer and can curate for your needs. Visit www.thezishi.com or speak to your sales representative for further information.

Page 22 gives further information about our tailor-made training solutions.

Course outline

OTC Option Valuation & Administration

Available as
In-house
In-person
Digital
Blended

OTC OPTION VALUATION & ADMINISTRATION

Derivatives now play a significant role in the investment portfolio; whether they are used as a key risk management tool or to provide efficient liquid alternatives to position a portfolio for the direction of markets.

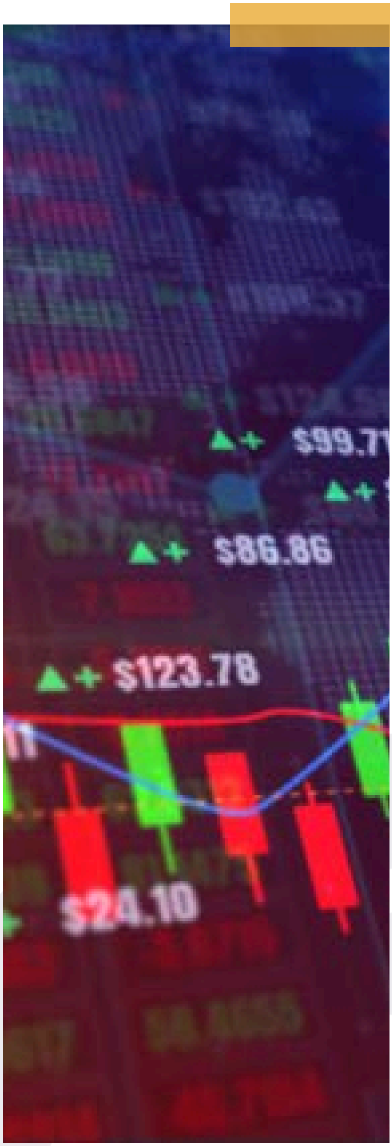
Market volatility has served to underline the importance of considering using derivative products. But managing the exposures can be a worry for those without experience, which can lead to losses or unnecessary costs if not managed well.

Understanding how derivatives work, what markets they are relevant to, the pricing conventions and the product specific mechanics is of fundamental importance.

This two-session programme will provide an overview of OTC derivatives valuation, pricing considerations and the practicalities of managing such products.

Each session sets out to provide participants with a comprehensive understanding of how the products work, exploring the different types of products together with a look at how they relate to the underlying physical marketplace.

In addition to understanding how derivatives are priced and executed, it is equally important to appreciate the risks that come with using derivatives such as market, operational and counterparty risk and how they are managed.



OTC OPTION VALUATION & ADMINISTRATION

LEARNING OBJECTIVES

SESSION 1: EQUITY AND FX OTC OPTIONS

- Provide a short refresher of the terminology used in the marketplace and distinguish OTC derivatives trading from Exchange traded products
- Become familiar with Equity and FX options, their definitions, and characteristics
- Gain understanding of both the cash flows and the practical details
- Understand the drivers behind option valuation and exposure calculations
- Identify the different types of risk exposure within each product group

SESSION 2: INTEREST RATE SWAPS AND CREDIT DEFAULT SWAP INDICES

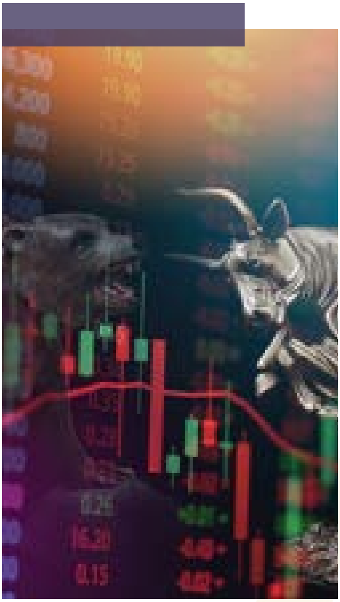
- Gain familiarity with the cash flows and mechanics of both Interest Rate Swaps and Credit Default Swap Indices
- Understand the mark-to-market exposures and calculations of swap and index products
- Identify and understand the primary risks and sensitivities of interest rate and credit default products
- How to terminate swaps contracts prior to maturity
- Discuss the documentation and collateral, netting arrangements

COURSE AGENDA

SESSION 1: EQUITY AND FX OTC OPTIONS

Equity and FX OTC Options Fundamentals

- Review of the properties of vanilla options – terminology 'buster' and market conventions
    - Calls vs puts – review of the payoff profiles
    - Premium conventions – upfront vs. forward payments
    - Settlement conventions – cash vs. physical for equities
    - How FX options are quoted and the currency conventions for notionals, premiums and payouts
    - Understanding intrinsic value, option moneyness and time value
    - Options as 'wasting assets' and the effects of time on valuation



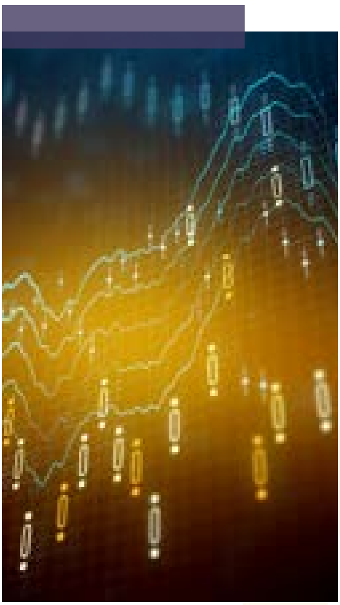
Intuitive Option Valuation and Volatility Products

- Overview of the fundamental principles of option valuation
    - How option valuation differs from conventional delta one (linear) products
    - Intuitive explanation of the premium value and mark-to-market
    - The factors driving the option value
    - What are the most important exposure factors – the concepts of delta and vega
- The Volatility Index and VIX options
    - How do VIX options work and differ from conventional equity options

COURSE AGENDA

SESSION 2: Interest Rate Swaps and Credit Default Swap Indices

- IRS terminology, cash flow mechanics and market conventions explained
- How IRS are used for directional views on interest rates
- Quoting swaps – absolute rates or swap spreads
- Intuitive IRS pricing and mark-to-market valuations using PV01 – the sensitivity exposure of swaps
- Dealing with swap terminations – unwinds, closeouts and novations (assignments)
- Understanding the counterparty risk exposure – who's exposed to whom



Credit Default Swap Indices

- Overview of the US credit index environment
- Contract review and trading conventions – premium cash flows and credit event compensations and what constitutes a credit event
- How are mark-to market valuations calculated

Documentation, Netting and Collateral Arrangements

- Understanding the ISDA master agreement
- Managing counterparty risk exposures using netting agreements
- Overview of the collateral management process
- Pricing for non-collateralised counterparties and Credit Valuation Adjustments (CVA)

Course outline

An Introduction to Derivatives

Available as
In-house
In-person
Digital
Blended

AN INTRODUCTION TO DERIVATIVES

Derivatives now play a significant role in the investment portfolio, whether they are used as a key risk management tool or provide liquid alternatives to gain market exposures. Understanding how derivatives work, what markets they are relevant to and possessing a comprehension of the concepts behind derivatives is of fundamental importance in the new age of the investment industry.

Too many within the industry consider derivatives as complicated, if only because they view the jargon as alien. This half-day course aims to demystify the terminology used in the marketplace and promote an awareness of the concepts behind derivatives. It also provides an understanding of the different types of instruments and how investment managers use them to assist in achieving the risk and return objectives for client portfolios.

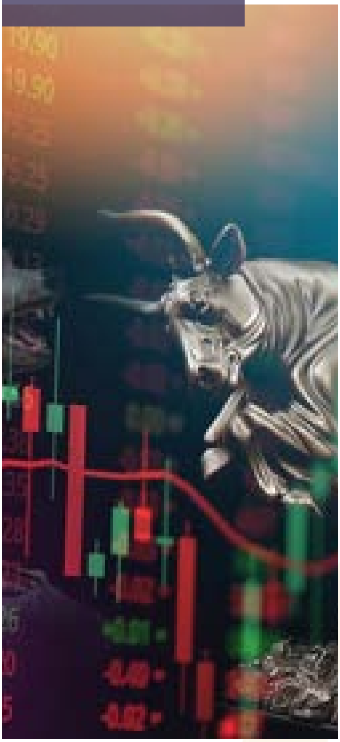
LEARNING OBJECTIVES

- Provide a clear understanding of the terminology and the concepts behind derivatives.
- Cover the fundamental knowledge you need to know about derivatives.
- Understand why derivatives are used as well as or in place of cash assets.
- Be aware of how derivatives are used by investment managers and illustrate simple portfolio examples of how they are used in the portfolio.
- Recognise the difference between Exchange Trade and Over-The-Counter (OTC) products.
- Offer an insight into the different derivative instruments used such as futures, swaps and options and the potential risks involved.

COURSE AGENDA

Derivatives Market Overview

- Definition of a derivative and the underlying markets
- Differentiating derivatives from traditional cash market products
- Derivative execution – how they are traded: exchange traded vs. OTC
- Types of derivatives – forwards and futures, swaps and options
- Size of the derivatives markets and the market participants



Derivative Products – Forwards, Futures and Swaps

- Futures and forward contracts – exchange traded vs. Over-The-Counter (OTC)
  - Review of the contract definitions and mechanics
  - The concept of margin
  - Role of the clearing house
  - Portfolio applications – hedging using equity index futures and currency forwards to mitigate market risks
- Swap contracts
  - What are they? – why use swaps and how they differ from exchange traded futures
  - Cash flows and mechanics
  - Portfolio applications – equity swaps, interest rate swaps (IRS), currency swaps and credit default swaps (CDS)

COURSE AGENDA

Derivative Products – Options

- Options fundamentals and terminology – calls vs. puts and intrinsic value vs. time value
  - Different option styles - American vs. European options
  - Option pay off diagrams
  - Why use options over futures and forwards?

Case study – using options in a portfolio

Derivatives in the Portfolio Summary

- Overview of how derivatives are used by investment managers
- Advantage and disadvantages summarised
- A brief look at: asset allocation, index-linked funds and absolute return strategies

Course outline

Fixed Income

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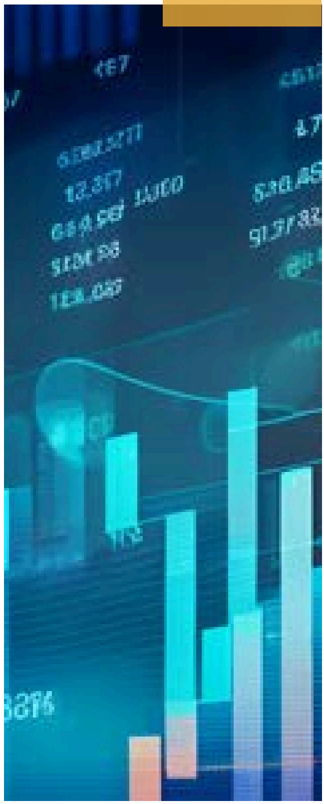
FIXED INCOME

A review of all the essential knowledge required in the areas of money-markets, bonds, credit and securitisation.

LEARNING OBJECTIVES

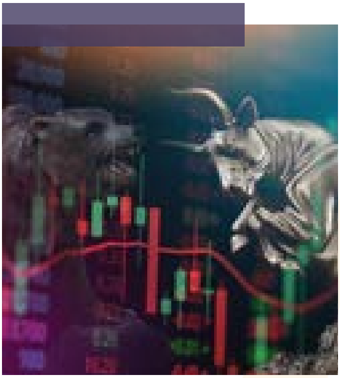
- Understand the instruments that constitute the money-markets, and how banks and corporates obtain short-term funding.
- Understand bond pricing and risk.
- Be able to compute sensitivity and risk measures such as DV01.
- Understand the various credit spreads quoted in the market.
- Understand the mechanics and motivation behind securitisation.

COURSE AGENDA



Money Markets

- Characteristics of money markets
- Central Bank activity and the impact of CB policy
- Essential money-market arithmetic
  - Daycount conventions and interest calculations
  - The impact of payment frequency
  - Discounting, PV and FV
- Understanding money-market reference rates
  - The demise of IBOR rates
  - Overnight reference rates (SOFR, ESTER, SONIA etc.)
  - How are they set and how are they used?
- Money market instruments
  - Deposits and CDs
  - Treasury bills
  - Commercial paper



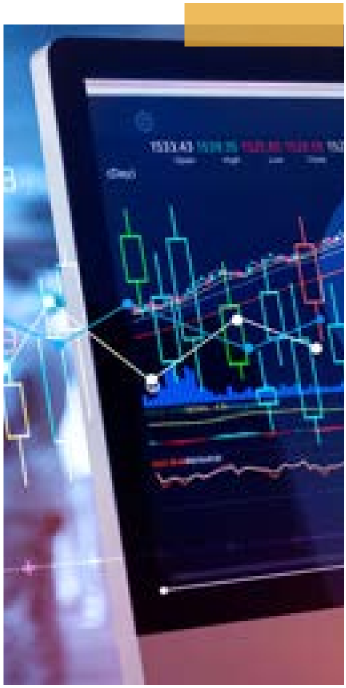
Debt Markets

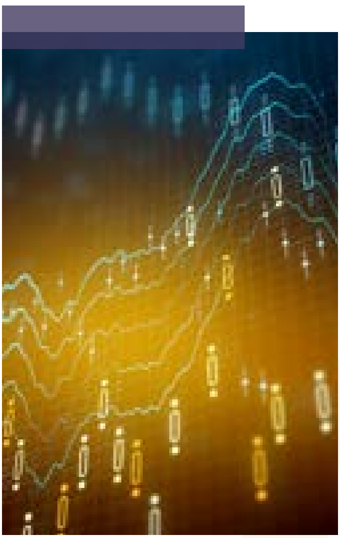
- DCM and bond issuance
- Bonds versus loans
- Bond types, structures and market conventions
- Primary market issuance
  - Syndicate versus auction

COURSE AGENDA

Bonds

- Bond pricing
  - Clean vs. dirty prices, accrued interest calculations
  - Price as discounted sum of cash flows
- Yield (YTM/IRR) defined
  - Price / yield relationship
- Understanding the shape of the yield curve
- Pricing new issues
- Secondary market trading
- Funding bond positions through repos
  - Mechanics of a repo transaction
  - GC vs 'specials'
  - Computing forward bond prices and yields





Bond Trading and Risk-management

- What is bond price sensitivity?
  - Duration as a yardstick
  - Modified duration and DV01
  - Convexity
- Using duration in practice
  - Hedging bond positions
  - Constructing duration-neutral curve positions
- Pricing FRNs and corporate bonds

COURSE AGENDA

- Quantifying spread risk
  - Which spread? Spread to Govts, asset swap spread, z-spreads
  - Risky PV01 and spread duration
  - The intuitive relationship between the recovery rate, the spread and the default probability

Credit Markets

- The claims process in a default situation
- What constitutes bankruptcy?
- Seniority and the priority of claims
  - Recovery and the waterfall process
  - The Absolute Priority Rule and why it is rarely strictly observed
- Credit ratings
  - The role of the rating agencies and their rating scales
  - The ratings methodology and process
    - 'True' vs. market-implied default probabilities... why the difference?
- Credit analysis
  - What the ratings agencies look at
  - Key solvency and performance ratios

COURSE AGENDA

Securitisation and ABS

- What is securitisation?
  - Who are the market participants?
  - Motivation(s) for a securitisation
- Asset-backed securities
  - Structural arrangements
  - Process of asset securitisation
  - Nature and type of assets securitised
  - Long-term vehicles vs. short-term commercial paper facilities
- Tranched securitisations
  - The waterfall process
  - Tranche pricing and (briefly) on correlation

In-House Training

All ZISHI courses can be customised to your unique requirements.

Whether one-to-one or multi-faceted group deliveries, entry level or boardroom executives, and from design through to delivery, ZISHI is best placed to become your trusted training partner, developing programmes and learning pathways to meet your specific operational needs.

Whatever your professional development training requirements, we have the expertise, knowledge and ability to deliver first-class results at every level, every time.

CONTACT US

Please get in touch to discuss how our bespoke solutions already help world-leading financial services organisations meet their professional development needs and how we can do the same for yours.

Contact us today to discuss your requirements:

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