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FIMCIR/2023-24/ 32

December 21, 2023

To All FIMMDA Members/ Non-Members

Madam / Sir,

**Training Programme – Fixed Income Derivatives- for members and non-members 14<sup>th</sup> – 15<sup>th</sup> February, 2024 (Wednesday - Thursday) (IN PERSON)**

FIMMDA had launched virtual training programs as a result of severe restrictions imposed on movement and strict maintenance of social distancing by the Government on account of the Covid-19 pandemic. The virtual training programs have been accepted very well by the markets & we have trained more than 475 people through the virtual platform also.

FIMMDA is pleased to announce resuming offline physical trainings (**IN PERSON**) at its office in co-ordination with Dun & Bradstreet Information Services (India) Pvt Ltd from the current Financial Year.

A two-day training programme on “Fixed Income Derivatives” will be held on **14<sup>th</sup> – 15<sup>th</sup> February, 2024** at FIMMDA’s Office.

The program is meant for junior officials working in the Treasury Departments (Front/Back Offices), who are not aware of Derivatives, and the products traded in the Indian markets. The program-objective is to equip the officials with the basic knowledge on derivatives with a view to create sufficient awareness to start handling the products after actual hands-on training in the desk. As we are looking to impart this training at a subsidized rate to junior and middle management officials of the Treasury Departments, institutions may nominate fresh recruits in these departments, if they so desire.

We also request that this program be used to impart knowledge on Derivatives to your institution's **Concurrent Auditors, Internal Auditors and Statutory Auditors** engaged in Treasury Audits, as it would be useful for them to examine the books in a more thorough and knowledgeable manner.

The brief details of the program are as under:

<b>Program title</b>	: Fixed Income Derivatives ( <b>IN PERSON</b> )		
<b>Course handled by</b>	: Faculty from D&B		
<b>Course Fee</b>	: Members	: Rs. 18,000 + 18% (GST) Rs. 3,240	=Rs. 21,240
	: Non-Members	: Rs. 20,000 + 18% (GST) Rs. 3,600	= Rs. 23,600
<b>Period</b>	: <b>14<sup>th</sup>–15<sup>th</sup> February, 2024 (Wednesday-Thursday)</b>		

**Timing** : 10.00 am to 05.00 pm including lunch break

**Venue** : **FIMMDA**  
**2<sup>nd</sup> Floor, United India Building,**  
**Next to RBI Amar Building – Monetary Museum**  
**P.M. Road, Fort,**  
**Mumbai – 400 001**

**Phone No** : **022 - 22690322-23**  
**022 - 20820381-85**

**Training coordinator: Ms. Shiraz Daruwala**

**E-mail Id** : [training@fimmda.org](mailto:training@fimmda.org)

Laptops will be provided by FIMMDA

A tentative time - table (Annexure I) of the course is enclosed for your perusal. This is a non - residential course.

Please send your registration forms by mail, mentioning names, E-Mail IDs & Mobile Numbers of candidates you are sponsoring, along with payment.

Please attend after receiving our confirmation

**Due to logistic reasons, we can accept up to a maximum of 20 candidates on first come first serve basis**

Yours faithfully,

Sd/-

G. Ravindranath  
Chief Executive Officer

Enclosed : Registration Form  
Annexure I (Program Schedule for Fixed Income Derivatives Course)

## REGISTRATION FORM

### Fixed Income Derivatives (IN PERSON)

14th–15th February, 2024

Organization:

Office Address:

Telephone Number:

Name of Participant/Designation	Department	Mobile No	E-mail ID

AUTHORISED SIGNATORY: \_\_\_\_\_

Date:

UTR NO:

Date:

Offline	Online	
Cheque /Demand Draft in Favor of "FIMMDA"	Account No	30782076282
	Name of Bank & Address	State Bank of India Gresham House, Sir P.M. Road, Fort, Mumbai-400001
	IFSC CODE	SBIN0060113

Payment to be made along with registration form.

# **Fixed Income Derivatives**

**Duration: 2 Days 10:00 a.m to 5:00 p.m**

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## **Objectives:**

- ✚ To make participants familiar with the concepts of derivatives instruments
- ✚ To explain role and application of the derivatives in trading and practice
- ✚ To deliberate on trading of derivatives in OTC mechanism

## **Methodology:**

- ✚ Presentation and discussion
- ✚ MS Excel based exercises
- ✚ Quizzes

## **Key Takeaways:**

- ✚ To inform participants about fixed income derivatives markets and trading of trading of fixed income derivatives
- ✚ To discuss important exchange traded and OTC derivatives, namely, FRA, IRF, Options, IRS, OIS, CDS and Swaptions
- ✚ To discuss important terminologies used in derivatives transactions
- ✚ To understand contract specifications of exchange traded fixed income derivatives
- ✚ To deliberate on trading platforms and mechanism of derivatives
- ✚ To discuss factors impacting pricing of derivatives and their use in hedging
- ✚ To have an overview of hedging strategies used in bond portfolio management with the help of derivatives instruments

## **Contents**

### **Introduction to Derivatives Markets in India**

- ✚ Introduction to derivatives
- ✚ Market participants and size of derivatives markets – Globally and in India
- ✚ Key derivatives products – Forwards, Futures, Options, Swaps
- ✚ Exchange traded derivatives vs OTC derivatives
- ✚ Key Terminologies used in derivatives – Underlying, Notional, Market Lot, Price Quotation, Margin, Value, Physical Delivery, Cash Settlement
- ✚ Underlying for derivatives – Equity, Bonds, Interest Rate, Currency, Commodities, Credit
- ✚ Derivatives Trading Platforms in India
- ✚ Brief overview of Fixed Income Derivatives traded in India - Forward Rate Agreements (FRA), Bond Futures (IRF), Interest Rate Options, Interest Rate Swaps, MIBOR – OIS, CDS, Swaptions

### **Forward Rate Agreement (FRA)**

- ✚ What is FRA? Why to use FRA?
- ✚ Trading in FRA

- ✚ Structure of FRA transaction
- ✚ FRA Quote convention
- ✚ Cashflows, settlement, payoff
- ✚ Important features and requirements as per FIMMDA handbook

### **Understanding Floating Rate for Derivatives**

- ✚ Indian Floating Rate Benchmarks
- ✚ International Floating Rate Benchmarks – LIBOR and other alternatives
- ✚ MIBOR vs MIFOR

### **Interest Rate Futures (IRF)**

- ✚ What is IRF?
- ✚ Trading of G-sec Futures, T-bill futures and MIBOR futures on Indian Exchanges
- ✚ Payoff of IRF
- ✚ Contract Specifications - Trading unit, price quotation, contract value, tick size, contract trading cycle, quantity freeze, position limits
- ✚ Margins – initial margin, extreme loss margin, additional base capital
- ✚ Daily settlement vs final settlement
- ✚ Daily settlement price vs final settlement price
- ✚ Other important terminologies - Trading volume, open interest, roll over, gross open position, net open position
- ✚ Risks associated with IRF trading
- ✚ Pricing of interest rate futures – cost of carry model
- ✚ Arbitrage with IRF – cash and carry arbitrage, reverse cash and carry arbitrage
- ✚ RBI guidelines and Important requirements as per FIMMDA handbook

### **Interest Rate Options**

- ✚ What are options?
- ✚ Futures vs options
- ✚ Call and put option
- ✚ Caps, floors and collars
- ✚ Payoff of options to option buyer and option seller
- ✚ Important concepts – spot vs strike price, ATM – OTM – ITM, Intrinsic value vs time value, American option vs European option, option premium
- ✚ Trading of G-sec options on Indian Exchanges
- ✚ G-sec Options contract specifications – premium quotation, tick size, contract trading cycle, expiry of option, exercise date, quantity freeze, strike price intervals, no. of strikes
- ✚ Daily settlement vs final settlement of options
- ✚ Factors impacting option premium
- ✚ Basic options trading strategies
- ✚ RBI guidelines and Important requirements as per FIMMDA handbook

## **Interest Rate Swaps (IRS)**

- + What are Swaps? Why to use Swaps?
- + Uses of Interest Rate Swaps
- + Floating rate payer vs Fixed rate payer
- + IRS Cashflow calculation and payoff
- + Swap Rate
- + Mechanics of Overnight Index Swap (MIBOR – OIS)
- + Basic hedging strategies with IRS

## **Overview of Currency Derivatives – POS, COS, CCIRS**

## **Overview of Credit Derivatives Swaps**

## **Overview of Swaptions**

## **RBI guidelines, compliances and Important requirements as per FIMMDA handbook**

## **Overview of fixed income portfolio management strategies with derivatives**

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