

CURRENCY DERIVATIVES: A BEGINNERS' MODULE

CURRICULUM

- a) Derivatives as a Risk Management Tool (10 marks)**
- a. What is risk?
 - b. Risk Management
 - c. Types of Traders in the Derivatives Markets
- b) Introduction to Currency Markets (10 marks)**
- a. Exchange Rate
 - b. Fixed Exchange Rate Regime and Floating Exchange Rate Regime
 - c. Factors affecting Exchange Rates
 - d. Quotes
 - e. Tick-Size
 - f. Spreads
 - g. Spot Transaction and Forward Transaction
- c) Currency Futures (10 marks)**
- a. Forward Contracts
 - b. Futures Contracts
 - c. Pricing of Futures Contracts
- d) Strategies using Currency Futures (20 marks)**
- a. Hedging using Currency Futures
 - b. Speculation in Currency Futures
- e) NSE's Currency Derivatives Segment (20 marks)**
- a. Product Definition
 - b. Trading underlying versus trading futures
 - c. Uses of Currency Futures at NSE
- f) Trading (20 marks)**
- a. Membership
 - b. Future Contract Specifications
 - c. Trading System
 - d. The trader workstation
 - e. Basis of trading
 - f. Client Broker Relationship in Derivatives Segment

g) Clearing, Settlement and Risk Management

(10 marks)

- a. Clearing entities
- b. Position Limits
- c. Margins
- d. Settlement of contracts