



Equity Derivatives

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.



Equity Derivatives

The principal objectives of this intensive two-day seminar are to:

- Give participants a **clear understanding** of the **basics** and **fundamentals** of **equity derivative products**
- Ensure delegates have an **intuitive understanding** of the **pricing** of equity derivatives and the impact of volatility
- Explain how **option traders hedge** and **trade** options
- Introduce the concept of **volatility as an asset class**, and how to make practical use of the new **VIX** and **variance derivatives**
- Demonstrate the **practical applications** of equity derivatives and their use by clients
- Consider the **needs** and **perspectives** of **investors** to obtain **performance-driven solutions**
- Promote **pro-active** and **innovative strategies** using equity derivative products that add **real value**
- Consolidate the learning experience by giving delegates **hands-on experience** of equity derivatives and their use in various structures

Hot Topic Using equity derivatives in a high-volatility market.

After attending this programme, delegates will:

- gain a **clear appreciation** of the range of equity derivative products
- understand how equity derivatives are **priced**
- appreciate how to **apply** these products for the benefit of investors
- identify **risks** and understand how to **manage** them

The idea is not to transform everyone attending into derivatives experts, but rather to provide delegates with enough practical skills, understanding, and confidence to determine the risk management needs of clients, and to compare alternative viable solutions.



Course Outline

Day One

The first day of the seminar starts with “delta-one” products – stock index futures and equity swaps.

We then move on to explore options, and how they are uniquely different from other equity derivatives.

In the latter part of the morning we provide an intuitive insight into the principles and practices of option pricing, and how this impacts all users of options.


The afternoon continues with option pricing, and then moves on to give delegates hands-on experience of combining options.

In the final session, delegates take part in a practical simulation session on trading an options book using ACF's unique **Global Trader** simulation.

Stock-Index Futures

- Contract definitions
- Cash-and-carry pricing
- The concept of the forward equity price
- Hedging equities portfolios using futures
- Tactical asset allocation using futures

Equity Swaps

- Terminology
- Variations of equity swaps
- Term sheets
- Integrating swaps in equity portfolios
- Structured equity swaps
-  Using equity swaps

Principles and Characteristics of Options

- Review of equity options
- Profit profiles at and prior to maturity
- Time value – the true cost of an option


Option Pricing – An Intuitive Approach

- An intuitive insight into option pricing
- 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
- Volatility – historical vs. implied vs. experienced vols
- Volatility smiles and skews



- Volatility and option prices
- Option Greeks
- The meaning of delta, theta, vega, gamma, and rho

Combining Options

 Designing your own structure – a fluent transition between payoff diagrams and component parts

Option Trading

- 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 with equity options

Day Two

The second day starts by showing how volatility can be treated as an asset class, and introduces VIX futures and options, and their practical application.

The next session explains how banks hedge their own options book, and some of the practical problems that arise. This is important both for writers of options – who are exposed to the risks involved – and to users of options, because the price paid for an option has to be adjusted for the cost of active hedging.

We then focus on the needs of clients, and how banks can deliver effective and targeted solutions to these needs. The day will feature an intensive session where delegates, working in teams, analyse the risks and needs of a specific client, design innovative and value-added solutions to meet the client's needs, and then make their pitch for the client's business.

In the final session we will explore the use of exotic options, and the way in which they provide a richer set of alternatives for clients.

VIX Futures, Options, and Variance Swaps

- Volatility as an asset class
- Historical vs. implied volatility derivatives
- What is the VIX?
- VIX futures – concept and definitions
- Applications for VIX futures
- Volatility swaps and variance swaps
- Practical applications for variance swaps

 Using VIX futures

How Traders Hedge Options


- How delta-hedging works
- Why be delta-neutral?
- Buying high and selling low to achieve delta-neutrality
- The link between delta, gamma, and theta
- The trade-off between implied and experienced volatility

 Delta-hedging simulation


- The workings of an equity option trading desk




Hedging Strategies with Vanilla Options

- Summary of the key customer-driven strategies
- Price protection
- Hedging with options – advantages and disadvantages
- Basic option hedge structures
- Selling options within hedging programs
- Caps and collar
- Put-spread collars
- Participating forwards
- Zero-premium structures
-  Hedging an equities portfolio


Yield Enhancement Strategies

- Price and yield enhancement strategies
- Income generation strategies
- Butterflies, conversions, and reversals
-  Mini-workshop: the camel strategy

Creating Synthetic Exposure

- Bull and bear strategies
- Asset allocation using equity derivatives
- Creating targeted plays
- 90/10 strategies
-  Mini workshop: the 90/10 strategy

Exotic Options and their Uses

- Review of exotic options
- Path-dependent options...
- ...Barriers, Asians, ladders and cliquets
- Options with step-like (digital) payouts
- Applications for exotics
- Guaranteed-return equity funds
- Contingent (pay-later) premium options
- Mini-premium option
-  Building a mini-premium option

NB All practical sessions are highlighted like this:

 means a Workshop or Simulation

 means a Case study



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

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Department: _____
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Telephone: _____ Fax: _____
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Department: _____
Company: _____
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Country: _____

PAYMENT DETAILS

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CVC: _____

Cardholder Name: _____

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(signature required)

