

**Sales & Trading:
ANALYST Program**

Sample Outline

Overview: ANALYST Sales & Trading

- This two week training course covers the main financial markets in which the product fundamentals are covered in the first week followed by detailed coverage of individual markets in the second.
- The markets covered include the interest rate, FX, equity, commodity and credit markets and their derivatives, and the approach is a practical one. The training provides a robust foundation of knowledge that is required for a grounding in this industry.
- The course will address all sections to help understand the linkage of different areas of the Bank, and how important it is to understand different aspects of the Bank's business.

Course Overview

	DAY 1	DAY 2	DAY 3	DAY 4	DAY 5
Week 1	Banking & Traded Markets Overview <ul style="list-style-type: none"> ▪ Profiles of Participants ▪ Debt Capital Markets Intro ▪ Equity capital Markets Intro 	Treasury Markets <ul style="list-style-type: none"> ▪ Money Markets ▪ FX Markets 	Capital Markets <ul style="list-style-type: none"> ▪ DCM Alternatives for Issuers / Investors ▪ ECM Alternatives for Issuers / Investors 	Derivative Overview: Forwards I (Int Rates) <ul style="list-style-type: none"> ▪ OTC v Futures ▪ FRAs ▪ Futures ▪ Swaps 	Derivative Overview: Forwards II <ul style="list-style-type: none"> ▪ Currency Forwards ▪ Equity Forwards ▪ Commodity Forwards
	DAY 6	DAY 7	DAY 8	DAY 9	DAY 10
Week 2	Derivative Overview: Options <ul style="list-style-type: none"> ▪ Option Basics ▪ Option Combinations ▪ Option Valuation 	Equity Options & Option Risk <ul style="list-style-type: none"> ▪ Equity Options ▪ Option Greeks ▪ Equity Option Applications for Investors 	Derivative Applications for Borrowers <ul style="list-style-type: none"> ▪ Swaptions ▪ Hedging with vanilla derivatives ▪ Hedging with Exotics 	Derivative Applications for Investors <ul style="list-style-type: none"> ▪ Index-linked Notes ▪ Yield Enhancement with vanilla derivatives ▪ Yield Enhancement with exotics 	Credit Derivatives <ul style="list-style-type: none"> ▪ CDS & Index Products ▪ TRS ▪ Credit Spread Products

DAY 1: Banking & Traded Markets Overview

Introduction to Investment Banking

- What does an Investment Bank do?
- What are the functions of the trading and sales department?
- How do the departments interact?

Player profiles

- Corporates
- Commercial banks
- Central banks
- Investment banks
- Pension funds
- Insurance companies
- Mutual funds
- Hedge funds

Debt Capital Markets Overview

- What is a bond?
 - Features
 - Bond types
- Primary markets
- Secondary markets

Equity Capital Markets Overview

- What is equity?
 - Understanding the product and key terms
 - Different types of equity
- The major players in the equity markets
- The key roles in equity at an investment bank

DAY 2: The Treasury Markets

Money Markets

- Yield curve theory
- Gapping
- Interest rate conventions
 - Yield versus discount
 - Day-count conventions
 - Periodic coupons payments and compounding
- Instruments of the Money Markets
- Loans and deposits
- Bankers acceptances
- Commercial paper
- Government v corporate markets
- Repo markets
 - Mechanics
 - Applications
 - Risks and risk mitigation

FX Markets

- Characteristics and terminology
 - Locations
 - Participants
 - Motivation
- The Spot Market
 - Interpretation of quotation
 - Market making vs. price taking
- The Forward Market
 - Deriving a forward quotation
 - Methods of quoting forward FX
- The FX Swap Market
 - Trading FX swaps

DAY 3: The Capital Markets

The Bond Markets

- Defining credit risk
- Government v corporate bond markets
 - Issuance process
 - Ratings agencies
 - Inflation linked securities
- Variations on vanilla bonds
 - Puttable/ Callable debt

Issuing Bonds

- Debt alternatives
 - Public bonds, Private placements, Foreign bonds, International / Eurobonds, MTNs, 144A
- Issuance rationale
- Pricing issues

Investing in Bonds

- Pricing bonds
 - TVM calculations
- Bond risk
 - Duration (Macaulay and Modified)
 - DV01
 - Convexity

The Equity Markets

- The primary markets
- The secondary markets
- Debt / equity hybrids
 - Convertibles

Corporate Equity Activity

- Share price dilution
- Share buybacks

DAY 4: The Derivative Markets I: Forwards

Futures and FRAs

- Futures vs. OTC forwards
 - Features of futures contracts
 - Role of the exchange
 - Margining provisions
 - Variation vs. initial margins
 - Pricing concepts
- STIRs (Short term interest rate futures)
- FRAs

Futures and FRA Applications

- Hedging
- Trading
- Risks: market risk and credit risk

Interest Rate Swaps

- Basic principles of IRS
 - Key terminology
 - Quoting conventions
- IRS valuation
 - TVM/ IRR concepts
 - The link between the futures and swap markets
 - Forward rates
- IRS hedging
- IRS applications
 - Corporate applications
 - Investor applications
- Non-generic swaps
 - Basis swaps
 - Forward-starting swaps

DAY 5: The Derivative Markets I: Forwards (continued)

Cross Currency Swaps

- Mechanics
 - FX forwards v swaps
 - All-in-cots
 - Basis swaps
- Currency swap applications
 - Hedging bond issues
 - Investor applications
- Currency swap risk management
 - Market risk
 - Credit risk

Equity Forwards

- Equity futures
 - Pricing
 - Applications
 - Total return concepts
- Equity swaps
 - The mechanics or a TRS
 - Beta
- Equity forward applications
- Equity forward risk management
 - Market risk
 - Credit risk

Commodity Forwards

- Commodity futures
 - Mechanics
 - Pricing
 - Applications
- Commodity swaps
- Commodity swap applications
- Commodity forward risk management
 - Market risk
 - Credit risk

DAY 6: The Derivative Markets II: Options

Option Basics

- Understanding the basic option terminology
 - Calls / puts
 - Strike price
 - American / European
 - ITM / OTM / ATM

Option Combinations

- Effect of combining options with the underlying
- Effect of combining options with other options
- Hedging v. Yield enhancement v trading

Option Valuation

- Option pricing: an intuitive explanation
- The role of volatility
- Market factors that influence the value of an option:
 - underlying price
 - time
 - volatility

Option Applications

- Interest rate options
 - Calls and puts
 - Caps and Floors
 - Swaptions
- FX options
 - Forwards v options
 - All-in-costs and break-even analysis

DAY 7: Equity Options and Option Risk Management

Equity Options

- Pricing
- Convertible bonds
 - Pricing
 - Conventions
 - Issuer / investor rationale

Option Risk

- The Option Greeks:
 - Delta
 - Vega
 - Gamma
 - Theta

Equity Option Ideas for Investors

- Hedging equity portfolios
- Structured equity investments
- Break-even analysis
- Convertible bonds

DAY 8: Derivative Opportunities in a *Liability* Portfolio

Swaptions and Bonds with Embedded Options

- Puttable debt and swaptions
- Callable debt and swaptions

Structured Interest Rate Option Trades

- Structured trades with vanilla options
 - “Super Swap”
- Structured trades with exotic options
 - Barrier options
 - Binary options

Commodity Option Ideas

- Structured trades with vanilla options
- Structured trades with exotic options

DAY 8: Derivative Opportunities in an *Asset* Portfolio

Interest Rate-linked Investments

- Asset Swaps
- Bull and Bear Notes
- CMT and CMS structures

Structured FX Option Trades

- Dual currency Notes
- Range Accruals

Commodity-linked Investments

- Commodity-linked notes
- Stripping out the FX risk of a commodity investment

DAY 10: Credit Derivatives

Credit Default Swaps

- Features of CDS:
 - Basic definitions
 - CDS documentation
- CDS pricing:
 - Asset swap approach
 - Technical approach
- CDS indices

CDS Applications for *Investors*

- A bank application
- A pension fund application
- A hedge fund application

CDS Applications for *Corporates*

- Sovereign default protection
- Concentrated supplier risk
- Locking in forward borrowing spreads

Other Credit Derivatives

- Total return swaps
- Credit spread products