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**ASIA LAW & PRACTICE SEMINARS**  
 (a subsidiary of Euromoney Publications PLC)

in association with  
**Advanced Risk Management Solutions Pte. (Singapore)**  
 presents

# **HOW TO UNDERSTAND, IDENTIFY, ASSESS AND MANAGE THE RISK & DANGER OF DERIVATIVES**

<b>WHAT WENT WRONG?</b>	<p><b>HEAD-LINE DERIVATIVES CASUALTIES:</b></p> <ul style="list-style-type: none"> <li>... Orange County loses US\$2.2 billion ...</li> <li>... Barings, US\$1.2 billion ...</li> <li>... Metallgesellschaft, US\$1.34 billion ...</li> <li>... Kashima Oil, US\$1.45 billion ...</li> <li>... Showa Shell, US\$1.58 billion ...</li> <li>...the list of billion dollar derivatives losses goes on ...</li> </ul>	<b>WHAT HAPPENED?</b>
<b>COULD THIS HAPPEN TO YOUR COMPANY?</b>		<b>WHAT SHOULD THE BOARD DO TO PREVENT IT?</b>

*The problems highlighted in the above, well publicised incidents have not occurred as a result of any risk inherent in derivatives themselves but from a basic failure of management and an inadequate grasp of advanced risk assessment. Used properly, derivatives can spread and even reduce risk in absolute terms, rather than increase it.*

*Find out, at this intensive 2 Day course, how to effectively improve the management of your derivatives operations and master well-proven and innovative new methods of minimising the risks involved in trading.*

**CHOICE OF TWO CONVENIENT LOCATIONS:**

**HONG KONG**  
 THURSDAY 29TH & FRIDAY 30TH JUNE,  
 PACIFIC PLACE CONFERENCE CENTRE

**SINGAPORE**  
 THURSDAY 6TH & FRIDAY 7TH JULY,  
 THE REGENT HOTEL

# Day One

" They didn't melt down the financial system but these red - hot instruments proved too tempting for buyers and sellers....lies, leverage, ignorance and lots of arrogance burned some big players. Danger : Derivatives are hazardous and should be handled with care "  
- Fortune Magazine (Referring to the "GIBSON" Case)

## THE MANAGEMENT ISSUES OF USING DERIVATIVES

### WHAT IS THE CURRENT STATE OF THE GLOBAL DERIVATIVES INDUSTRY?

- **Headline Derivatives Casualties**
- **Derivatives Trading Losses**
- **Why Did They Occur?**
- **What Are The Real Problems Facing The Industry?**
- **The Current Regulatory Environment**

### WHAT EXACTLY ARE DERIVATIVES?

#### INTEREST RATE RELATED DERIVATIVES

Forwards, Futures & FRA's  
The Credit Arbitrage of Interest Rates  
Swaps  
Caps, Floors and Swaptions  
Pricing Issues  
How to Manage Their Risks  
Hedging Applications  
Speculating Applications

#### CURRENCY RELATED DERIVATIVES

FX Options  
Cross Currency Swaps  
Pricing Issues  
How to Manage Their Risks  
Hedging Applications  
Speculating Applications

### GUEST SPEAKERS:

#### THE LEGAL IMPLICATIONS OF DERIVATIVES TRANSACTIONS

Bank - The Product Providers Point of View  
End-Users Point of View

**REGISTER NOW !**

### ACCOUNTING AND AUDITING ASPECTS OF DERIVATIVES TRANSACTIONS

Qualifying for Hedge Accounting  
Reporting And Disclosure

### RISK MANAGEMENT OF DERIVATIVES TRADING

The Integrated Approach  
The Greeks of a Derivatives Portfolio  
Risk Management Systems Requirements  
Reporting & Control Systems  
The Role of a Middle Office  
Market Risks  
Credit Risks  
Legal Risks  
Setting Practices  
Relationship / Reputation Risks

### SETTING RISK MANAGEMENT POLICIES & PROCEDURES

G30 Report  
BIS Netting Proposal  
The Regulation Environment in Asia Pacific  
Management Policy  
Approval Policy

### BENEFITS OF ATTENDING:

- ◆ **UNDERSTAND** the underlying reasons for the latest trading collapses
- ◆ **DEVISE** effective management structures and internal lines of communication
- ◆ **DEFINE** risk management system requirements
- ◆ **CONTROL** the risks of a derivatives book
- ◆ **IDENTIFY** the risks of structured derivatives
- ◆ **DEVISE** comprehensive hedging strategies
- ◆ **UNDERSTAND** the latest developments in exotic derivatives
- ◆ **EVALUATE** the risks of Asian currency derivatives
- ◆ **COMPLY WITH** strict regulatory controls
- ◆ **APPRECIATE** the Legal and Accounting consequences

# Day Two

"A little understood market with very big numbers attached."  
- *The Economist*

"... Huge growth in options, futures, swaps and other derivatives threaten the stability of the whole financial system."  
- *The Economist*

## **PRACTICAL APPLICATIONS OF USING DERIVATIVES AS RISK MANAGEMENT TOOLS**

### **DERIVATIVES APPLICATIONS OVERVIEW**

Diversifying Market Risks  
Hedging Risk  
Risk Tailoring  
Increasing Trading Dimensions  
Bank's Perspective vs. Corporate Perspective

### **IMPLIED FORWARD ARBITRAGE - ESSENCE OF DERIVATIVES TRADING**

Shapes of Yield Curves  
Carry Concept  
Implied Repo Rate  
Interest Rate Forward Arbitrage  
FX Forward Arbitrage  
Applications for Corporate Hedging  
Applications for Speculating

### **FOREIGN EXCHANGE RISK EXPOSURES**

Foreign Security Holdings  
Foreign Real Estate, Direct Investment Holdings  
Commodity Exposures  
Multi-Currency Borrowing  
Types of Forex Exposure:  
Transactional, Translational & Economic Exposure

### **INTEREST RATES RISK EXPOSURES**

Borrowers vs. Investors Exposure  
Floating Rate vs. Fixed Rate Exposures  
Curve Exposures  
Duration vs. Convexity  
Differential Exposures  
Asset / Liability Management  
Interest Rate Risks for a Financial Institution

### **ABC'S OF STRUCTURED DERIVATIVES**

Taxonomy of Structured Notes  
How to Construct Structured Notes  
Structured Deposits / Loans  
Why Do They Exist ?  
Current Global Problems with Structured Derivatives Losses

### **APPLICATIONS OF STRUCTURED DERIVATIVES STRATEGIES**

Investment Strategies Under One Year  
Investment Strategies for Longer Terms  
Borrowing Strategies - Structured Loans  
Case Studies

### **EXOTICS & OTHER LATEST DEVELOPMENTS**

Path Dependency - A New Direction  
What are the Latest Exotic Options ?  
Exotic Options Pricing & Hedging  
How To Build New Exotic Options  
How, Why and When to Use The Exotic Options

### **DERIVATIVES TRADING IN ASIAN EMERGING MARKETS CURRENCIES**

Singapore, SGD  
Hong Kong, HKD  
Malaysia, MYR  
Thailand, THB  
Indonesia, IDR  
Philippines, PHP  
Taiwan, NTD  
Korea, KRW  
China, RMB  
India, INR  
Future Directions

**REGISTRATION FORM OVERLEAF** →

