Derivatives and Market-Risk Hedging Essentials Training Course

Professional Development Training Course Outline

Category	Risk Management	**Duration**	5 Days
Base Fee	$1,500 USD	**Delivery Mode**	Online / On-site Hybrid

Course Introduction

Derivatives and Market-Risk Hedging Essentials Training Course is designed to equip finance professionals with the critical knowledge and practical application skills required to navigate the complex world of financial derivatives and effectively execute market-risk hedging strategies in today's volatile global financial landscape. Participants will move beyond theoretical concepts to master the mechanics of key instruments including futures, forwards, options, and swaps and learn to apply rigorous risk-management frameworks. The program emphasizes a hands-on, case-study-driven approach to ensure competency in derivative valuation, portfolio protection, and regulatory compliance.

The modern financial ecosystem is defined by increasing interconnectedness and exposure to multiple market risks including interest-rate, currency (FX), commodity, and equity volatility. This course addresses the urgent industry need for experts proficient in strategic risk mitigation and financial engineering. By focusing on real-world corporate finance and asset management applications, the training will enable attendees to design sophisticated, capital-efficient hedging programs, accurately measure Value-at-Risk (VaR), and leverage cutting-edge techniques like algorithmic hedging and ESG-linked derivatives. Success in this domain is essential for achieving financial stability and competitive advantage.

Programme Curriculum

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Course Objectives

1. Master the structure, functions, and market mechanics of Futures, Forwards, Options, and Swaps.
2. Apply current industry-standard models for Derivative Valuation and pricing
3. Design and implement effective Market-Risk Hedging strategies for FX exposure and Interest Rate Risk management.
4. Quantify and manage exposure to Commodity Volatility using appropriate derivative instruments.
5. Calculate and interpret Option Greeks for sensitivity analysis and dynamic hedging.
6. Evaluate portfolio risk using advanced metrics like Value-at-Risk (VaR), Stress Testing, and Scenario Analysis.
7. Integrate derivative use into overall Corporate Finance and Treasury Management functions.
8. Analyze and mitigate Counterparty Risk and Systemic Risk within over-the-counter (OTC) derivative markets.
9. Explore the latest FinTech innovations, including Algorithmic Hedging and the role of AI in Risk Management.
10. Comply with key global Financial Regulation frameworks affecting derivative usage.
11. Structure complex Structured Products and synthetic financial instruments using financial engineering principles.
12. Develop forward-looking strategies for incorporating ESG-linked Derivatives into sustainable finance portfolios.
13. **Assess** the impact of **Digital Assets** and blockchain technology on future derivatives markets and clearing processes.

Target Audience

1. Financial Risk Managers and Analysts
2. Corporate Treasurers and Treasury Staff
3. Portfolio Managers and Investment Analysts
4. Derivatives Traders and Structurers
5. Compliance and Audit Professionals in Finance
6. Chief Financial Officers (CFOs) and Senior Financial Executives
7. Investment Bankers and Financial Consultants
8. Internal Auditors responsible for derivative governance

Course Modules

1. Fundamentals of Financial Derivatives & Markets

- Definition, economic function, and types
- Overview of Exchange-Traded and Over-The-Counter markets.
- Understanding the role of margining, clearing, and settlement.
- Case Study: The collapse of Barings Bank due to unauthorized futures trading.
- Arbitrage and the law of one price.

2. Futures and Forwards in Hedging

- Mechanics of Futures Contracts for commodities, indices, and currency.
- Pricing models and the "cost of carry" relationship.
- Design of basic Hedging Ratios and rolling strategies.
- Case Study: An airline's use of crude oil futures to lock in fuel costs and hedge against energy price volatility.
- Basis risk and its impact on hedging effectiveness.

3. Options Fundamentals and Strategies

- Properties of Call and Put Options.
- Option pricing using the Black-Scholes-Merton and Binomial Models.
- Core hedging strategies.
- Case Study: Using stock options to protect a large, concentrated equity portfolio from a short-term market downturn.
- Volatility smile and implied volatility.

4. Swaps and Advanced Structured Products

- Mechanics and valuation of Interest Rate Swaps and Currency Swaps.
- Credit derivatives.
- Structuring customised financial products
- Case Study: A multinational corporation exchanging its floating-rate debt for fixed-rate debt using an IRS to manage interest rate cash flow uncertainty.
- Discounting cash flows using the appropriate swap curve.

5. Market Risk Measurement

- Defining and categorizing Market Risk
- Calculation and interpretation of Value-at-Risk
- Implementing Stress Testing and Scenario Analysis to capture tail risk.
- Case Study: Comparing VaR calculations for a fixed-income portfolio before and after implementing an interest rate swap hedge.
- Limitations of VaR and the importance of Expected Shortfall

6. Dynamic Hedging and The Greeks

- Understanding the Option Greeks as risk sensitivities.
- Principles of Delta Hedging and maintaining a delta-neutral portfolio.
- Managing higher-order risks
- Case Study: A proprietary trading desk adjusting its option positions dynamically throughout the day to maintain a target delta-neutral exposure.
- Transaction costs and the practical challenges of continuous dynamic hedging.

7. Regulatory and Ethical Considerations

- Overview of key post-crisis regulations affecting derivatives.
- Best practices in Derivatives Governance, policy, and internal controls.
- Understanding margin requirements for cleared and non-cleared OTC derivatives.
- Case Study: The impact of central clearing mandates on a bank's OTC swap trading operations and capital requirements.
- Systemic risk and the role of central counterparties

8. Emerging Trends and The Future of Hedging

- Applications of AI and Machine Learning in derivatives trading and risk.
- The rise of ESG-Linked Derivatives and green hedging products.
- Impact of Blockchain technology on clearing, settlement, and smart contracts.
- Case Study: Analyzing a corporate's decision to use a sustainability-linked swap to hedge its interest rate exposure while meeting specific sustainability targets.
- Tokenization of assets and its potential to democratize access to derivative markets.

Training Methodology

This course employs a participatory and hands-on approach to ensure practical learning, including:

- Interactive lectures and presentations.
- Group discussions and brainstorming sessions.
- Hands-on exercises using real-world datasets.
- Role-playing and scenario-based simulations.
- Analysis of case studies to bridge theory and practice.
- Peer-to-peer learning and networking.
- Expert-led Q&A sessions.
- Continuous feedback and personalized guidance.

Register as a group from 3 participants for a Discount

Send us an email: info@fineskilltrainingcenter.org or call +254769199797

Certification

Upon successful completion of this training, participants will be issued with a globally- recognized certificate.

Tailor-Made Course

We also offer tailor-made courses based on your needs.

Key Notes

a. The participant must be conversant with English.

b. Upon completion of training the participant will be issued with an Authorized Training Certificate

c. Course duration is flexible and the contents can be modified to fit any number of days.

d. The course fee includes facilitation training materials, 2 coffee breaks, buffet lunch and A Certificate upon successful completion of Training.

e. One-year post-training support Consultation and Coaching provided after the course.

f. Payment should be done at least a week before commence of the training, to Fineskill Training Center account, as indicated in the invoice so as to enable us prepare better for you.

Upcoming Scheduled Sessions

Start Date	End Date	Location	Price
23 Nov 2026	27 Nov 2026	Online	$1,000
23 Nov 2026	27 Nov 2026	Physical	$1,500
23 Nov 2026	27 Nov 2026	Physical	$3,000
23 Nov 2026	27 Nov 2026	Physical	$3,000
23 Nov 2026	27 Nov 2026	Physical	$6,000
23 Nov 2026	27 Nov 2026	Physical	$4,500
23 Nov 2026	27 Nov 2026	Physical	$6,000
23 Nov 2026	27 Nov 2026	Physical	$6,000

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