

DERIVATIVE AND DERIVATIVE PRODUCTS

CHAPTER 1 : INTRODUCTION TO DERIVATIVES

Meaning of Financial Derivatives, Features of Financial Derivative, Types of Financial Derivatives. Historical Background of Derivatives Markets, Uses of Derivatives.

CHAPTER 2 : BASIC MARKET MECHANISM

Trading System, Types of Orders, Standardization of Derivatives Contracts, Lot & Contract Size, Maturity Date, Contract Cycle, Option Style, Index Options, Stock Option, Margin Requirements – SPAN, Position Limits, Price Bands, Clearing & Settlement, Open Positions, Reading of Price Quotes, Derivatives Markets in India

CHAPTER 3 : FORWARDS & FUTURE CONTRACTS

Meaning of : Forward Contracts, Futures Contracts, Mechanism of Futures Contract, Pricing of Futures, Difference between forwards & futures.

CHAPTER 4: MECHANICS OF FUTURES

Futures Trading & Role of Clearing House, Effect of Corporate action on Futures, Currency Forwards & Futures, Interest Rate Futures, Forward Rate Agreements.

CHAPTER 5 : STOCK FUTURES

Meaning & Advantage of Stock Futures, Participants in Stock Future Markets, Trading Strategies Using Stock Futures, Speculation, Hedging, Arbitrage, Advanced Trading Strategies.

CHAPTER 6 : STOCK INDEX FUTURES

Meaning, Stock Indices – BSE, NSE, Index Futures Contracts in India, Cost of Carry Model, Arbitrage, Hedging, Stock Index Futures Trading Strategies.

CHAPTER 7 : BASICS OF OPTIONS

Meaning, Types, ITM, ATM, OTM, Intrinsic Value, Time Value, Upper Bound, Lower Bound, Liquidating Option,

CHAPTER 8: MECHANISM OF OPTIONS

Working of an Option, Option Premium, Expiration Date, Strike Price
Option Positions Various Option Strategies.

CHAPTER 9 : PRICING & VALUATION OF OPTIONS

Factors Affecting Option Pricing, Value of an Option. Binomial Model for Option Valuation, Black & Scholes Model & its applications.

CHAPTER 10: REGULATION OF DERIVATIVES IN INDIA

SEBI Norms Relating to Derivatives, Participants in Market Regulations, Eligibility for Trading, Exposure Limits Capital Requirements, Clearness and Settlement, Margin Structure, Dispute Settlement, Member Regulation

RECOMMENDED BOOKS :

- 1) Financial Derivations by S.L. Gupta
- 2) Options & Futures : by D.C. Patwari & Anshul Bhargava
- 3) Investment Analysis & Portfolio Management : by R.P. Rustagi