



Background

Foreign exchange is a glamorous subject conjuring up visions of various International financial centres. For some, it also represents a challenge.

This program is ideally suited for participants to develop confidence in their understanding and command over the subject area.

Program Duration: Two Days

1. Foreign Exchange Overview: ½ hour

- What is Foreign Exchange
- Daily usage of Fx
- Major Currencies of the World
- Reasons for their status

2. Key Participants and Players in the FX Market: ½ hour

- Role of Central Banks
- FX Dealers and Brokers (Market Makers)
- Money Changers
- Buyers and Sellers of FX (Market Users)
- The Role of Commercial Banks

3. Foreign Exchange Basics: 1 ½ hours

- Bid/Ask mechanics
- Currency Pair
- Base Currency and Quoting Currency
- Hierarchy in the Currency Pair
- Quotation Styles
- Exercise on understanding bids, asks and spreads and factors affecting spreads.
- Extensive practice on calculations

4. Fx Calculations: 2 ½ hours

- Direct Rates
- Concept of Numeraire
- Cross Currency Rates
- Extensive practice calculations on developing cross currency quotes (Two Way).

5. Position Management: 1 hours

- Building/ Initiating Positions
- Interbank markets
- Running positions
- Closing Positions
- Position Limits
- Controls

DAY TWO

6. The FX Market: 1 hour

- Cash, Tom, Spot & Forwards
- Factors affecting Spot FX rates

7. Settlement Dynamics: 2 ½ hours

- Settlement mechanics of Cash, Tom, Spot and Forwards
- Calculating Value Dates and Settlement Dates
- Calculating dates: extensive exercises.

8. Settlement Infrastructure: 1 hour

- Nostro Accounts Applying Nostro funds
- International Funds transfer mechanisms: CHIPS, CLS, Target2, IAT-ACH
- Swift: message types and detailed structure of remittance messages

9. FX Derivatives by Use Case / Examples in brief: 1/2 hour

- Forward
- Currency Future
- Currency Options
- Fx Swap - a funding solution
- Currency Swap

10. Risk & Compliance: 1 hour

- Position limits,
- dealer limits and loss limits
- Regulatory reporting