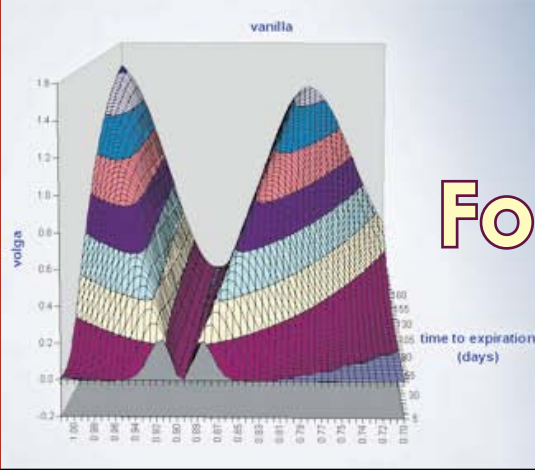


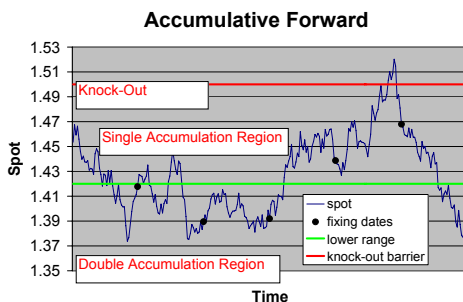
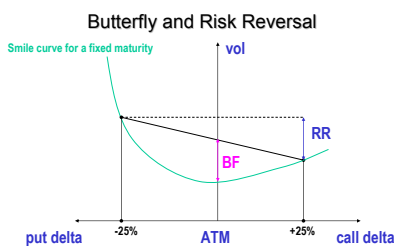
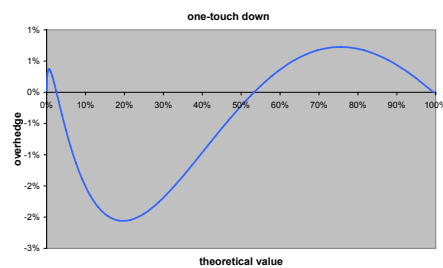
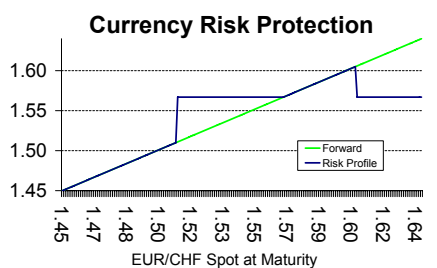
Foreign Exchange Options

- Pricing, Hedging and Applying Exotics and Structured Products



REGISTER FAST before the small class is fully filled!

Traders Hotel, Singapore
26-28 April 2010



Led by a World-class Practitioner & Trainer



Professor Uwe Wystup

- Managing Director, **MathFinance AG**
- Professor of Quantitative Finance, **Frankfurt School of Finance & Management**
- An extremely experienced practitioner well known for his many publications. His 2002 book on **Foreign Exchange Risk** has become a market standard.

Past Participating Companies

The course has been running successfully for more than four years with continuous adaptations and updates at various locations in the world. Past participants came from almost all known banks and software companies including **UBS, Merrill Lynch, Barclays, HSBC, Commerzbank, Fortis, ING, Bank of Thailand, BNP Paribas, Danskebank, Nordea, Unicredit, Superderivatives, ABN Amro, RBS, BHF-Bank, Banca IMI, The Austrian Banking Regulation Association, Landesbanki Island, Royal Merchand Bank South Africa, Wachovia (USA), KBC Belgium, Dresdner Kleinwort, Lloyds, La Caixa Spain, Bank of America, Morgan Stanley, OCBC, Bloomberg, Lippobank, Standard Chartered, Bank Julius Baer & Co, CIMB Bank, DBS, UOB, Credit Agricole Suisse, Credit Industriel et Commercial, The Bank of Tokyo-Mitsubishi UFJ, China Trust Commercial Bank and ICICI Bank** etc.

Feedbacks

- "I would like to thank Uwe Wystup for providing this course. It is very well organized, hundreds of questions were answered, many details clarified, especially those that one can hardly find in a textbook. I really enjoyed it, thank you."
- "Best balance between practice and theory"
- "Great course with in-depth about (exotic) FX options. Uwe clearly has lots of experience and explains the complex material very clear."
- "It was a new subject, so didn't quite catch all of it, but learned a lot."
- "Wystup is good!"

*** Color printing of charts in Course Material for your easy reading!**

* Up to SGD\$5000 fee subsidy from FSDF schemes! Enquiries can be directed to the Financial Sector Development Fund Secretariat at email: fsdf@mas.gov.sg

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Course Overview

Foreign Exchange options and exotics are becoming increasingly commonplace in today's capital markets. The objective of this workshop is to develop a solid understanding of the current exotic currency derivatives used in international treasury management. This will give participants the mathematical and practical background necessary to deal with all the products on the market.

Course Key Benefits

Learn how the FX Options market works from an extremely experienced practitioner, get the market view you can't get from a text book, benefit from in-class case studies and exercises, immediate practice of the theory, learn about the FX smile surface, the way it is built, used and handled.

Get the feeling of the hedging approach, understand what most off-the-shelf software provides: insights into pros and cons of financial models, understand structuring well so that you can do it yourself and not be cheated any longer, understand how to hedge which product and the market price of hedging strategies.

Who Should Attend

Sales, Dealers, Traders, Risk managers, Financial engineers, Quantitative analysts, Structurers, Investors, Treasurers, Regulators, Advisors, Software engineers, Researchers and others who create or deal with foreign exchange options. Participants shall preferably have some prior knowledge such as calculus, probability theory, linear algebra, basics of stochastic processes and programming skills. Financial product knowledge up to Hull is also needed.

Course Format

This course will be held in a highly interactive workshop format with workshops and exercises for a small class. To benefit most from this course, you are advised to bring your own lap top PC for exercises.

Pre-course Questionnaires

Prof. Wystup would like to customize the training based on your specific needs. Pre-Course Questionnaire will be sent to you prior to the workshop to complete and for the trainers to analyse in advance and address during the course.

Certificate of Attendance

Upon the successful completion of this course, you will receive a Certificate of Attendance bearing the signatures from both the Expert Trainers and the Course Organizer. This Certificate will testify your endeavour and serve towards your professional advancement.

Program Schedule Day 1 - 3

Registration & tea begins 08:30, Course starts 09:00 and finishes 17:00, with Lunch 12:30-13:45, Morning Refreshments 10:40-11:00 and Afternoon Refreshments 15:10-15:30.

IN-HOUSE TRAINING (Save 30%)

This course can be presented exclusively for your organisation on an in-house basis, tailored to meet your specific needs, at a place and time of your convenience. To discuss how we can work with you to meet your training requirements please contact:

Daniel Lau

Senior Corporate Learning Specialist

DID: +65 6557 9169 Email: Daniel.lau@neo-edge.com

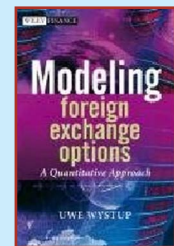
About Your Expert Trainer



Professor Uwe Wystup is an extremely experienced practitioner in the field of foreign exchange options, a senior academic and a highly engaging trainer. He has worked as financial engineer, trader and structurer at **Deutsche Bank, Citibank, UBS, Sal. Oppenheim and Commerzbank**. He is also a

Professor of Quantitative Finance at **Frankfurt School of Finance & Management**. He is founder and managing director of **MathFinance AG**, a global team of financial engineers providing consulting and software for FX options desks. Uwe earned a Doctor of Philosophy in Mathematical Finance from **Carnegie Mellon University**, Pittsburgh, where he is also a visiting professor.

As an FX Options international expert in both academia and practice, Uwe is well known for his many publications on FX exotics and related topics. His 2002 book on Foreign Exchange Risk has become **a market standard**. His new book on FX Options and Structured Products appeared in 2006 as part of the Wiley Finance series and a new one on modeling Foreign Exchange Options will appear in the same series soon.



The MathFinance team headed by **Professor Uwe Wystup** has accomplished a number of industry projects including:

- Production of a FX exotic option pricing library in C++ with front ends Excel
- Including the library for real time quotes of retail structured FX exotics for leading desk in Germany
- Implementing a local volatility based pricing tool using finite differences for exotic equity derivatives for a large bank in Germany
- Production of a back-testing environment for a leading Bank in Germany
- Excel/VBA tools to price exotic products like discretely monitored partial lookback options for a hedge fund in London and shout FX forwards for a large consulting company in Hong Kong
- Statistical survey and simulation of the performance of funds with and without guarantee for Franklin Templeton
- Statistical survey and simulation of the performance of various retirement savings plans for DWS and AXA
- Validation of a local stochastic volatility model of a leading FX Options front office software provider in France (ongoing)
- Independent valuation of retail certificates for the bank in Germany with the most retail clients
- Production of an independent Monte Carlo pricing engine that can price any exotic in many models including jump diffusions, Levy processes, local volatility models, stochastic volatility models

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COURSE OUTLINE (3 DAYS)

Besides the 3-day Course Outline as below, Professor Uwe Wystup will also address some new topics of current interest in the market including:

- Basket Options with Smile
- ATM and Delta Conventions
- Building the Smile Surface from Market Strangle and Risk Reversals
- Smile Surface Interpolation and Extrapolation
- Basis Spread Margin in Cross Currency Swaps

Day One - Review of the Fundamentals of FX Options and Products

Fundamentals

- Components of foreign exchange risk: forwards, Swaps and vanilla options
- FX options market: who does what and why
- Software, in particular Reuters Dealing and SuperDerivatives

Pricing and Hedging in the Black-Scholes Model

- Black-Scholes / Merton model in FX
- Derivation of the value of a call and put option
- Detailed discussion of the formula
- Greeks: delta, gamma, theta, rho, vega, vanna, volga, homogeneity and relationships among Greeks

Vanilla Options

- Put-call parity, put-call symmetry, foreign domestic symmetry
- Quotation conventions in FX
- Dates: trade day, premium payment day, exercise/expiration time, settlement day
- Settlement, spreads, deal processing, counterparty risk
- Exotic features: deferred payment, contingent payment, deferred delivery, cash-settlement, American and Bermudan exercise rights, cut-offs and fixings
- Exercises

Volatility

- Implied vs. historic
- Quotation in terms of deltas
- Volatility cones
- Volatility smile: term-structure, skew, risk reversals and butterflies
- Volatility sources
- Interpolation and extrapolation across the volatility smile surface
- Forward volatility
- **Workshop:** Greeks in terms of deltas, hedging volatility risk, deriving the strike from the delta with smile

First Generation Exotics: Products, Pricing and Hedging

- Digital options: European and American style, single and double barrier
- Barrier options: single and double, knock-in and knock-out
- Compound and instalment
- Asian options: options on the geometric, arithmetic and harmonic mean
- Power, lookback

Day Two - Structuring and The Traders' Rule of Thumb

Structuring with Vanilla Options

- Risk reversal and participating forward

- Spreads and seagulls
- Straddles, strangles and butterflies
- Digital options
- **Workshop:** rolling series of seagulls

Applications in Structuring

- Dual currency and other FX-linked deposits and loans
- **Case study:** unwinding a DCD
- Multi currency deposits
- Structured forwards: shark forward, bonus forward, range-reset forward, etc.
- FX-linked cross currency swaps for the short term
- FX-linked cross currency swaps for the long term
- Exotic spot and forward trades
- **Workshop:** structuring exercises

The Traders' Rules of Thumb

- How higher order derivatives influence the price
- Vanna-volga pricing approach
- **Case study:** one-touch
- Discussion of model risk and alternatives: stochastic volatility
- **Workshop:** pricing of barriers with smile

Day Three - Second Generation Exotics, Pricing and Hedging issues

Single Currency Exotics

- Exotic features in (vanilla) options: deferred payment, contingent payment, deferred delivery, cash-settlement, American and Bermudan exercise rights, cut-offs and fixings
- Exotic barrier and touch options
- Faders, corridors, accumulative forwards
- Forward start options, step-ups
- Time options
- Variance and Volatility Swaps
- **Workshop:** structuring and pricing of accumulative forwards

Multi Currency Exotics

- Product overview with applications: quanto options, baskets, spreads, best-ofs, outside barriers
- Correlation: implied correlations, correlation risk and hedging
- Pricing and Hedging Basket Options with Smile
- **Workshop:** pricing and correlation hedging a two-currency best-of

Long term FX Options

- Basis Swaps and basis spread margin
- Deferred delivery vanilla options
- PRDCs (Power Reverse Dual Currency Bonds)
- Callable and Cancelable Options
- Autocallable Bonds with FX linked coupons
- Discussion of model and market risk for long term FX option

Quantitative Issues

- Efficient computation of Greeks using Homogeneity and other Tricks
- Efficient computation of Greeks for American Options using Leisen-Reimer Trees
- **Workshop:** Time Options with Leisen-Reimer Trees
- Heston's Stochastic Volatility model, pricing, implementation techniques for analytic and Monte Carlo, applications to exotic options

Wrap Up of the 3-day Course & Feedbacks



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#13-04 Commerce Point
Singapore 048693

Contact: Ian Chen

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Main: +65 65579166

Fax: +65 62235186

Email: ianc@neo-edge.com

YOUR INVESTMENT

- SGD 5,795 per delegate
- SGD 5,395 per delegate if you register and pay by 16 March 2010

The investment includes:

Course documentation, lunches, refreshments and 15% service charge

VENUE INFORMATION

The course fee does not include accommodation or travel costs. It is recommended to book the hotel rooms early as there are only limited rooms available at discounted corporate rate. Kindly contact the following for reservation:

Traders Hotel Singapore

1A Cuscaden Road
Tel: (65) 67382222 Fax: (65) 68314314
Than Than Win (Ms)
Senior Sales Manager
DID: (65) 68314312 Fax: (65) 68314314
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