INTERNATIONAL MONETARY FUND

Institute for Capacity Development (ICD)—Joint Vienna Institute (JVI)

Course on Financial Markets and Instruments (JV16.25)

Vienna, Austria
September 26 – October 7, 2016
Draft PROGRAM*

Monday, September 26

8:30 a.m.–9:00 a.m.		**Administrative Briefing**
9:00 a.m.–9:30 a.m.		**Opening Session** Mr. Thomas Richardson, Director, JVI, Mr. Charis Christofides, Senior Economist, IMF ICD; Mr. Marco Rodriguez Waldo Senior Economist, IMF ICD; Mr. Burkhard Drees, Consultant, IMF ICD.
9:30 a.m. – 10:15 a.m.		**Test Session**
10:30 a.m.–12:45 p.m.	L–1	**Introductory Lecture** Mr. Christofides • Markets and their functions • General market structures (exchanges, over-the-counter) • Liquidity provision • Types of market participants
2:30 p.m.–5:30 p.m.	L–2	**Basic Valuation of Bonds, Stocks, and Portfolios** Mr. Rodriguez • Valuation of fixed income securities • Valuation of equity • Portfolio analysis and diversification • Capital Asset Pricing Model (CAPM)

Tuesday, September 27

9:00 a.m.–12:30 p.m.	L–3	**Methods for Evaluating Credit and Counterparty Risk** Mr. Drees • Individual obligor default risk • Modeling portfolio credit risks (various methods) • Role of credit rating agencies
2:00 p.m.–5:30 p.m.	W–1	**Workshop: Value-at-Risk for market and credit risk**

* *Coffee breaks will be held from 10:30 a.m.–11:00 a.m. and from 3:30 p.m.–4:00 p.m., unless otherwise indicated. Lunch breaks will be from 12:30 p.m.–2:00 p.m.*

Wednesday, September 28

9:00 a.m.–12:30 p.m.	L–4	**Forwards and Futures** Mr. Rodriguez • Futures and forward contracts defined • Market structures: default risk, margin/collateral accounts, and role of centralized counterparts (CCPs) • Pricing forwards and futures • Hedging and speculating
2:00 p.m.–5:30 p.m.	W–2	**Workshop:** Case study and exercises on forward and futures contracts

Thursday, September 29

9:00 a.m.–12:30 p.m.	L–5	**Swaps** Mr. Christofides • Forward rate agreements (FRAs) • Interest rate swaps: definition, valuation and pricing • Exchange rate swaps • Dynamics of swap spreads
	W–3	**Workshop:** Exercises to understand the mechanics and properties of swaps.
2:00 p.m.–5:30 p.m.	L–6	**Options Basics** Mr. Rodriguez • Definitions, types of options contracts • Market structure: how and where traded • Payoff diagrams and options strategies • Put-Call parity • Contracts with explicit or implicit options
	W–4	**Workshop:** Exercises on the operation of options

Friday, September 30

9:00 a.m.–12:30 a.m.	L–7	**Options Pricing** Mr. Rodriguez • Variables affecting options values • Binomial options pricing model • The Black-Scholes model • Volatility smiles
2:00 p.m.–3:30 p.m.	W–5	**Workshop:** Exercises on the pricing of options
4:00 p.m.–5:30 p.m.	O–1	**Preparation for Participants' Presentations** Messrs. Christofides, Rodriguez, Drees

Monday, October 3		
9:00 a.m.–12:30 p.m.	L–8	**Repo Market and Collateral Management** Mr. Drees • Definition of a repo • Examples • Collateral management
	W–6	**Workshop: Case Study on the Repo Market**
2:00 p.m.–5:30 p.m.	L–9	**Credit Derivatives** Mr. Christofides • Credit default swaps • Total rate-of-return swaps • CDS Indices and their uses in surveillance • Global credit derivatives market • Implications for financial stability
	W–7	**Workshop: Case Study on the CDS Fallout of the Lehman Failure and AIG**
Tuesday, October 4		
9:00 a.m.–12:30 p.m.	L–10	**Securitization and Structured Finance** Mr. Drees • Securitization taxonomy • Covered bonds • Structures finance • CDOs and other instruments (off-balance sheet vehicles) • Policy issues
2:00 p.m.–3:30 p.m.	W–8	**Workshop: The good and bad of Securitization**
4:00 p.m.–5:30 p.m.	O–2	**Preparation for Participants' Presentations** Messrs. Christofides, Rodriguez, Drees
Wednesday, October 5		
9:00 a.m.–12:30 p.m.	L–11	**Motivation and Current Issues for Regulation of Securities Markets and Derivatives** Mr. Drees • Objectives of Securities Regulation • Regulation of OTC Derivatives • Regulation of Credit Ratings Agency • Asset Management Industry regulation
2:00 p.m.–5:30 p.m.	W–9	**Workshop: Case Studies on Bear Stearns and on LTCM**

Thursday, October 6

9:00 a.m.–10:30 a.m.	L–12	**Special topic: The Changing Nature of Financial Intermediation, The Financial Crisis, and the Emergence of Fintech** Mr. Rodriguez
11:00 a.m.–12:30 p.m.	L–13	**Summary and Recap of the Course** Mr. Christofides
2:00 p.m.–3:30 p.m.	O–3	**Preparation for Participants' Presentations** Messrs. Christofides, Rodriguez, Drees
3:45 p.m.–5:30 p.m.	O–4	**Participants' Presentations** Messrs. Christofides, Rodriguez, Drees

Friday, October 7

9:00 a.m.–9:45 a.m.		**Test Session**
10:15 a.m.–12:00 p.m.		**Closing Session** • Course Evaluations • Presentation of Certificates