

FIMCIR/2011-12/42

February 8, 2012

To All FIMMDA Members/ Non Members

Dear Sir / Madam,

Training Programme - Basics of Bond Mathematics & Introduction to Indian Treasury Markets
27th February - 28th February, 2012

FIMMDA in co-ordination with Dun & Bradstreet Information Services (India) Pvt Ltd is conducting a two-day training programme on "Basics of Bond Mathematics & Introduction to Indian Treasury Markets" on **27th February - 28th February, 2012**

The purpose of the programme is to give the participants a thorough understanding of the Basics of Bond Mathematics including the market practices in the various products, in the fixed income and the money markets. The course is also aimed at introducing the participant to the Indian Treasury Markets.

The programme is meant for people working in or are about to join the treasury front office, back office and mid office in banks, financial institutions and primary dealers. It will also be equally useful for officials working in Banks/PD's in understanding the opportunities and risks involved in the Banks Bond portfolios.

The brief details of the program are as under:

Program title : Basics of Bond Mathematics

Course handled by : Faculty from D&B

Course Fee : Members : Rs. 10,000 + 10.3% Service Tax
: Non Members : Rs. 11,000 + 10.3% Service Tax

Period : 27th February - 28th February, 2012.

Timing : 10.00 am to 5.00 pm including lunch break

Venue :Bloomberg
16F, Tower 2B, One Indiabulls Centre
Jupiter Mills, Off Senapati Bapat Marg
Lower Parel
Mumbai 400 013

A tentative time - table (Annexure I) of the course is enclosed for your perusal. This is a non - residential course.

IMPORTANT CONDITIONS:

- The registrations will be confirmed only on receipt of the payment along with the registration form.
- Phone call registrations will not be accepted.
- Registration forms unaccompanied by physical cheques will be considered under "Waiting list".
- Confirmation will be done on 'first come first serve' basis subject to receipt of payment and availability of seats at the time of receipt of cheque.
- Cheques received on the day of training will be accepted only on the availability of seats.

Please send your registration forms by mail/fax, mentioning number of candidates you are sponsoring, followed by your detailed letter.

As the program is highly subsidized, we can take trainees only on a first come first served basis, and maximum 24 candidates.

Contact Details:

Phone No. : 022 2201 7089 / 91 / 94

E-mail Id : training@fimmda.org

Fax No. : 022 2201 7094

Yours faithfully,

Chief Executive Officer

Encls: Registration Form

Annexure I (Program Schedule for Basics of Bond Mathematics Course)



Nurturing Markets,
Widening Horizons

Regd. Office: "The International"
2nd Floor, 16, Maharishi Karve Rd,
Churchgate, Mumbai - 400 020
Ph No: 022-22017089/91/94
Fax: 022-22017094
E-mail: training@fimmmda.org

REGISTRATION FORM

BASICS OF BOND MATHEMATICS (27th February - 28th February, 2012)

Details of Participant

Name : _____

Designation : _____

Organization : _____

Department : _____

Office Address : _____

Telephone Number : _____

Fax Number : _____

E-mail ID : _____

SIGNATURE: _____

Date:



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NOTE

Invoice for the training is available on the FIMMDA website under the head "TRAINING".

Nominating Institutions can put their participant's information in the standardized invoice.

As the invoice is computer generated hence no signature is needed.



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(Annexure 1)

Bond Mathematics

Course Structure (Duration – 2 days)

Day 1

Introduction to various Treasury Markets and Instruments

- **Types of treasury markets – Domestic and Forex treasury**
- **Money Market**
 - Call Money Market, CBLO
 - T Bills, CPs and CDs
 - Liquidity Adjustment Facility
 - Fund Flow in the system
 - Maintenance of statutory reserves – CRR & SLR
 - Interbank Repos
- **Government Securities Market**
 - Size and Products – Various Types of G Secs. issued
 - Auction Mechanism and Role of Primary Dealers
 - SLR Securities
 - Trading & Settlement systems

Macroeconomic Analysis for Treasury Markets

- **Understanding macro economic variables**
 - Money Supply and Liquidity indicators
 - Inflation and Inflation expectations
 - Growth and expected growth rates
 - Factors affecting foreign exchange market
 - Purchasing power and Interest Rate parity theories
- **Monetary and fiscal policies**
 - Growth vs. inflation dilemma
 - Monetary and Fiscal expansionary and contractionary policies
- **Treasury Operations and Set up**



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- Trading Process

- Roles of Front, Middle and Back office
- **Rating Agencies**
 - Role of Rating Agencies
 - Corporate Bonds and spreads over G-Secs. according to ratings

Fixed Income Mathematics

- Time Value of Money
- Understanding and calculating YTM
- Drawbacks of YTM
- YTM Curve, Par Yield Curve and Zero Coupon Yield Curve
- Developing ZCYC using bootstrapping
- Understanding Spot and Forward Yield Curve and developing forward yield curve
- Bond Valuation : Clean and Dirty Prices of bonds
- Bond Valuation Guidelines
- Day Count Conventions



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Day 2

Bond Trading Game

Valuation of floating rate bonds and understanding risks of fixed income securities

- Valuation of Floating Rate Bonds
- Valuation of Bonds with Embedded Options
- Understanding Types of risks
 - Interest Rate Risk
 - Yield Curve Risk
 - Call and Prepayment Risk
 - Credit Risk
 - Liquidity Risk
 - Other risks
- Understanding Interest Rate Risk Management
 - Macaulay and Modified Duration
 - Convexity
 - Applications of duration and convexity

Bond Portfolio Planning & Management Strategies

- Active Vs. Passive Bond Portfolio techniques
- Some strategies of bond portfolio management - Barbell Strategy
- Rich-Cheap analysis of bonds
- Understanding Curve flatteners / steepeners
- Rolling down the yield curve
- Spread analytics



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Route Map for FIMMDA

