



FINANCIAL MARKETS ASSOCIATION OF PAKISTAN

C/o Treasury Management Group
National Bank of Pakistan
NSB Head Office
1st Floor,
11, Churnagar Road,
Karachi-74000, Pakistan.
Tel : 9212842, 9212704
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Affiliated with ACI

August 13, 2003

To: All FMA Members

President
Nasim Akber
Country Treasurer
Mashreq Bank pcc

Secretary
Masroor A. Qureshi
SVP & Head of Money Markets
National Bank of Pakistan

Assistant Secretary
Saahrah Chughtai
Resident Vice President
CIB Bank N.A.

Treasurer
Rehan Ateeq
Manager Treasury
Prime Commercial Bank Ltd.

MEMBERS EXECUTIVE COMMITTEE

Faisal Arwar
Dealer FX
Munim Commercial Bank Ltd.

M. Javed Alam
Chief Manager & Chief Dealer
Habib Bank AG Zurich

Shuja Haider
Chief Dealer Money Markets
Soneri Bank Ltd.

Mohd. Rizwan Malik
Dealer Money Markets
Habib Bank Ltd.

Nazia Enam Siddique
Country Treasurer
Ort Investment Bank Pakistan Ltd.

Dear members,

Workshop on Core Interest Rate and Derivative Products

The Financial Markets Association "FMA" in its continued effort to educate the market is planning to organize a comprehensive workshop on Core Interest Rate and Derivative Products conducted by Alchemy, Human Capital Actuaries. The workshop is designed in 4 modules according to level of difficulty. Each module will have a gap of 10 days, enabling the participants to properly comprehend the course material.

In order to accommodate as many participants as possible, the course is divided into two groups of thirty each on alternate weeks.

Objective:

The objective of the workshop is to ensure that participants build a sound understanding of relevant financial principles, product features and available toolsets with respect to fixed income instruments and derivatives.

At the end of the workshop, a certification exam will be held for program participants. The certification exam will award designation to passing candidates who have displayed sufficient aptitude for applying principles and tools covered in the workshop.

Course Fee:

The fee per participant shall be Rs. 25,000, that covers course material, lunch and refreshments.

Date:

The workshop will tentatively commence from mid September 2003 and will consist of 11 full days on Thursdays, Fridays and Saturdays of alternate weeks.



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Time and Venue:

9:00 a.m. to 5:00 p.m.; venue will be advised in due course.

Pre-Requisite:

- o All participants will be required to bring individual laptops to workshop sessions.
- o Understanding of basic Microsoft Excel.
- o The pre-course material will be provided after registration of the participant. The participants would be required to read the material before the start of the workshop.

Registration:

Please register latest by 27th August 2003 with Masroor Ahmed Qureshi, NBP or Saadiah Chughtai, Citibank.

The detailed course outline along with the brief profile Mr. Jawwad Farid (instructor) is attached.

Regards,

Masroor A. Qureshi
Secretary

Masim Akbar
President



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Training Faculty:

Mr. Jawwad Ahmed Farid

Jawwad is a Fellow Society of Actuaries (Chicago), a MBA from Columbia Business School (New York City) and a computer science graduate. During the last ten years, he has worked as a consultant in North America, Pakistan and the United Kingdom with a number of blue chip clients. Jawwad's core areas of expertise include Asset/Risk Management, Investments, Product Development & the Financial Services Back Office. Jawwad blends a rare combination of information systems, industry standards, education, business and product development skill set side by side with his actuarial expertise.

Daily Schedule & Course Content

09:00 - 09:15 - Registration, Networking & Feedback sessions

09:15 - 11:15 - Session One

11:15 - 11:30 - Tea break

11:30 - 01:30 - Session Two

01:30 - 02:45 - Lunch and prayers break

02:45 - 04:45 - Session Three



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One	Theory of Interest & Discounted Cash Flows	Introduction to Interest. Economic rationale, macro economic drivers. Working with Interest. Calculating Present Values, Future Values, Discount Factors, DCF, Sinking Funds, Bonds, Yields, Premiums and Discounts. Risk, reward trade off, WACC, NPV
Two	Corporate Finance Review	Capital Budgeting, Debt, Equity and Money Markets. Forwards, Futures, Puts, Calls, Convertibles, STRIPS, Arbitrage, Black Scholes Analysis.
Three	Probability modeling, simulations & FX review	Probability distributions, Analytics. Modeling & simulating contingent financial instruments and financial markets using MS Excel. Currency risk. Macro economic relationships. Currency arbitrage. Currency Options
Four	Fixed Income: Analytics and Fixed Income Derivatives	Duration, Convexity, Yield to Maturity, Yield to Call, Key Rate Duration, Key Rate Convexity. Introduction to Calls, Puts, Caps, Floors, Forward Rate Agreements, Interest Rate Swaps, Counter Party Risk, Put Call Parity.
Five	Working with the Curves	Creating Spot, Zero Coupon and Forward Curves on Pakistani Data. Curve arbitrage strategies
Six	Pricing Currency Options, Greeks & Hedging	Pricing Calls, Puts using closed form solutions. Pricing Calls, Puts using numerical methods in Excel. Review of Greeks (Delta, Gamma, Theta, Vega). Hedging and Greeks.
Eight	Asset Liability Management & Interest Rate Models	The basis for managing Interest Rate Risk for Banks, Insurance Companies, Pension Funds and other financial institutions. Modeling interest rates in the Pakistani Environment. One and Two factor models. Calibration.
Nine	Enterprise Risk Management - One	Diversification and shareholder value. Integrated Risk Management Model & Data Risk Working with Value @ Risk, Earnings @ Risk, Capital @ Risk.
Ten	Enterprise Risk Management - Two	Working with Dynamic Financial Analysis Strategic Risk Management - Risk based capital Hedging Interest rate derivatives Dynamic Hedging Long Term Capital Management and Russia
Eleven	Course Review, Comprehensive Case & Wrap up	



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Registration Form

Title **Workshop on Core Interest Rate and Derivative Products**

Date **Mid September 2003**

Please print - Photocopy for Multiple Application

Name: _____

Qualification: _____

Designation: _____

Telephone #: _____

Organization: _____

Email: _____

Address: _____

Signature of Participant

Date: _____