

NATIONAL STOCK EXCHANGE OF INDIA LIMITED

Department : SBU-Education

NCFM – COURSE OUTLINE

Currency Derivatives: A Beginner's Module

- **Derivatives as a Risk Management Tool**
Concept of risk; Risk management; Types of traders in the derivatives markets
- **Currency Markets**
Exchange rate; Fixed and floating exchange rate regime; Factors affecting exchange rates; Concept of quotes; Tick-size; Spreads; Spot transaction and forward transaction
- **Currency Futures**
Forward contracts; Futures contracts; Pricing of futures contracts
- **Strategies using Currency Futures**
Hedging, speculation and arbitrage in currency futures
- **NSE's Currency Derivatives Segment**
Product definition; Trading underlying versus trading futures; Uses of currency futures at NSE
- **Trading, Clearing, Settlement and Risk Management**
Membership; Future contract specifications; Trading system; The trader workstation; Basis of trading; Client-Broker relationship in derivatives segment; Clearing entities; Position limits; Margins; Settlement of contracts.