

Programme on 'Overview of Commodities Derivatives Market'

Programme Design:

i. One week full time programme

ii. The teaching methodology includes class room teaching, case studies, case Laws, hands-on experience of share trading in simulated environment in NISM Finance Lab, study tour/field visits etc.

iii. Course contents are as follows:

Introduction:

Commodity trading in food and other agricultural products, metals and energy products is not a new phenomenon. It is probably one of the most ancient economic activities and, therefore, it would not be incorrect to state that commodity trading is as old as human civilization. Over the centuries, commodity trading has undergone tremendous changes, from the barter system to spot markets to futures markets.

Commodity market in India has witnessed rapid growth in recent period. Existence of a vibrant, active, liquid and transparent commodity market is considered as a positive sign of a growing economy.

The most significant financial innovation in the last 2-3 decades has been the derivatives instruments. Derivatives are important risk management tool as well as instruments that facilitate efficient allocations of capital to productive investment activities.

Govt. of India has initiated several measures to stimulate trading interest in commodities. Lifting the ban on futures trading in commodities, approving new exchanges, developing exchanges with modern infrastructure and systems such as online trading and removing legal hurdles to attract more participants have increased the scope of commodities derivative trading in India.

Accordingly the programme aims to provide a comprehensive theoretical and practical knowledge about various facets of commodity derivatives.

- **Commodities Market**

- Overview of the functioning of the Commodities Market in India as well as in Global
- Warehouse Receipts
- Risk Management Mechanism - Clearing & Settlement
- Functioning and Regulation of Commodity Exchanges
- Monitoring and Surveillance of intermediaries in Commodities Markets

- **Introduction to derivatives:**
 - Meaning of derivatives
 - Vital characteristics of derivatives
 - Types of Derivatives: Forward, Futures, Options, and Swaps
- **Mechanism of Futures:**
 - Long and Short
 - Margins
 - Mark to Market
 - Open Interest, VWAP, Volumes, Rollover
- **Strategies using Futures:**
 - Hedging
 - Arbitrage
 - Spread
- **Options and options terminology:**
 - Mechanics of options
 - Types, Moneyness, Payoffs, Exercise
 - Intrinsic and Time value, etc.
- **Basic options strategies:**
 - Long Call /Put, Short Call/Put, Covered Call, Protective Put,
 - Long / Short Straddle, Long /Short Strangle, Bull Call
 - Spread, Bear Put Spread
 - Accounting and Taxation on Derivatives

Practical Sessions/Simulation Lab

- Study Tour to market infrastructure institutions like Stock Exchanges, Clearing Corporations, Depository, etc.
- NISM Simulation lab provides the participants a unique learning experience about functioning of markets. The simulation lab is a state-of-art facility that promotes self-learning through mock-trading sessions with daily market data in equity, derivative and commodity segments.

Aim &Objectives:

- To provide a better and deeper understanding of the various aspects of the operation of the Commodities Derivative Market in India.
- To provide a better and deeper understanding of the various aspects of the derivatives-equity and commodities.
- To provide practical insights on the functioning of the equity and commodities derivatives in India.
- To discuss and understand valuation of derivatives-equity and commodities.
- To discuss and understand contemporary issues on derivatives.

Target Audience:

Although there is no pre- requisite qualification to attend the programme, the programme would be most suitable for professionals working in financial markets/ capital markets like employees of banks, insurance companies, exchanges, intermediaries such as Brokers, Sub-brokers, Portfolio Managers, Mutual Funds, Investment Advisors, Treasury operations of various Financial Institutions, Officials of the Regulatory Bodies, Government Officials dealing with finance and law, Students, Faculties of Business Schools, etc.

Trainers/faculties:

Faculties will be drawn from NISM, Regulatory bodies, Market Participants/Practitioners and experts from the market.

Course delivery mechanism:

- Classroom training using audio-visual aids
- Practical sessions in NISM Finance Lab
- Case based studies
- Study Tour/Field Visit

Duration: One Week (5 training days)

Proposed dates:

October 10 to 14, 2022 (Monday to Friday)
