
Derivatives Course for Bank Executives: Swaps, Options, Margining and Hedge Accounting

18 – 22 January 2027
Madrid





Derivatives Course for Bank Executives: Swaps, Options, Margining and Hedge Accounting

Ref: 248_18914 Date: 18 – 22 January 2027 Location: Madrid Fees: 4800 GBP

Programme Summary

Derivatives for bank executives, covering swaps, options, margining and hedge accounting, is the subject of this one-week training course for senior banking and treasury leaders at applied level, ending in a derivatives product approval file for one live transaction type. Banks sell, hold and hedge instruments whose risks sit in prices, documents and accounting entries. The approach moves from product mechanics through valuation and counterparty risk to collateral, accounting and governance. Mars Training Centre UK delivers this programme in derivatives for banking leaders.

The Business Case

Derivative positions can lose value through mispricing, weak documentation or collateral disputes long before a loss reaches a headline figure. Informed challenge improves pricing discipline, shortens dispute resolution and keeps hedge accounting outcomes predictable.

- Counterparty Credit Exposure: Falls as limits, netting and collateral terms are set with a clear view of potential future exposure.
- Valuation Disputes and Margin Calls: Reduce as documentation and collateral processes are standardised.
- Earnings Volatility: Narrows as hedge relationships are designed to qualify for hedge accounting from inception.

Principles and Evidence Base

- ISDA Master Agreement and Credit Support Annex: Their netting and collateral provisions structure the documentation review in Sessions 3 and 4.
- BCBS-IOSCO Margin Requirements for Uncleared Derivatives: The initial and variation margin framework guides the collateral analysis in Session 4.
- IFRS 9 Hedge Accounting: Its qualifying criteria and measurement rules shape the hedge design work in Session 5.
- No-arbitrage Valuation: The principle of replication underpins the pricing of forwards, swaps and options in Sessions 1 and 2.



Intended Participants

- Executives who approve new derivative products, limits and hedging programmes.
- Treasury leaders who transact swaps, options and forwards to manage balance sheet risk.
- Risk and credit heads who set counterparty limits and review exposure reports.
- Finance leaders who report derivative positions and hedge results to the board.
- Operations and legal managers who oversee confirmations, documentation and collateral.

The programme serves commercial and investment banks, corporate treasuries, asset managers and sovereign funds.

Learning Outcomes

1. Participants will be able to construct payoff profiles for forwards, futures, swaps and options.
2. Participants will be able to evaluate the fair value of a derivative using discounting and no-arbitrage logic.
3. Participants will be able to diagnose counterparty exposure and netting benefits across a portfolio.
4. Participants will be able to assess documentation and collateral terms against margin requirements.
5. Participants will be able to design a hedge relationship that meets accounting criteria.
6. Participants will be able to justify a product approval decision to a risk committee.

Programme Structure

Day 1: Derivative Products and Payoffs

How does each derivative create or remove risk for a bank and its clients?

- Forward and Futures Payoff Diagrams
- Interest Rate and Currency Swap Cash Flow Maps
- Option Payoff and Greeks Overview
- Credit Default Swap Structure
- Product Use Map for Hedging, Funding and Trading

Day 2: Valuation and Pricing

What is a fair price, and how does it move?

- Discount Curve and Forward Rate Construction
- Swap Valuation by Replication
- Binomial and Black-Scholes Option Pricing
- Structured Note Decomposition
- Independent Price Verification Checklist



Day 3: Counterparty Risk and Documentation

How large can an exposure become, and which terms limit it?

- Potential Future Exposure Profiles
- Close-Out Netting Under the ISDA Master Agreement
- Credit Valuation Adjustment Concepts
- Schedule Elections and Termination Events
- Counterparty Limit Setting

Day 4: Margin, Collateral and Clearing

How is exposure secured, and what does it cost?

- Credit Support Annex Terms and Thresholds
- Initial and Variation Margin Under BCBS-IOSCO Rules
- Central Clearing Versus Bilateral Trading
- Collateral Eligibility, Haircuts and Funding Cost
- Margin Dispute Resolution Log

Day 5: Hedge Accounting and Product Governance

Does the hedge qualify, and is the product ready for approval?

- IFRS 9 Hedge Relationship Documentation
- Effectiveness Assessment and Rebalancing
- Applying Day 2 Valuation to a Hedge Test
- Applying Day 3 and Day 4 Terms to a Limit and Collateral Proposal
- Completing the Derivatives Product Approval File

Methodology

The programme is built around case analysis and structured exercises. Participants price instruments with supplied spreadsheets, read extracts of standard documentation and test hedge designs against the accounting criteria. Cases draw on bank, corporate and public sector treasuries.

- Suggested activity: Mapping the cash flows of a swap and checking them against the confirmation.
- Suggested activity: Calculating a margin call under a sample credit support annex.
- Suggested activity: Presenting a hedge design to a simulated risk committee.



Capstone Output

Each participant completes a derivatives product approval file for one transaction type used in their own institution. It holds a payoff description, a valuation check, an exposure and limit proposal, a documentation and collateral summary and a hedge accounting assessment. It is used to brief a product approval committee and to guide the first review of limits.

Frequently Asked Questions

Is this derivatives training for bank executives suitable without a quantitative background?

Yes. It is set at applied level for executives who approve and oversee derivatives, and assumes banking or treasury experience. Formulas are used as spreadsheet tools rather than derived by hand.

Which standards does the derivatives programme for bankers rest on?

It rests on the ISDA Master Agreement and Credit Support Annex, the BCBS-IOSCO margin framework for uncleared derivatives and IFRS 9 hedge accounting, alongside no-arbitrage valuation principles.

How is the derivatives product approval file used at work?

You can take it to a product approval or risk committee as the basis for a decision on limits, documentation, collateral and hedge accounting for one transaction type.

How does a derivatives programme differ from a programme on portfolio hedging strategy?

This derivatives programme teaches product mechanics, valuation, documentation, margin and accounting. A hedging strategy programme concentrates on deciding what to hedge and sizing overlays.