

Callable Bull and Bear Contracts

Course Overview

This program provides attendees with an understanding of the basic pricing and trading of a unique type of derivative warrant, Callable Bull Bear Contracts (CBBC). These options are leveraged investments that track the performance of a specific underlying asset. The bull and bear contracts allow investors to take bullish or bearish positions on the underlying asset.

CBBC contracts have an embedded call feature to limit the exposure of the writer (bank). This provides the buyer with simplified pricing structure as the writer has limited exposure. This program provides coverage of these concepts along with trading examples. The differences with standard options are covered as well.

Pre-Requisites

For attendees need to understand the basics of option pricing and equity trading.

Course Objectives

After attending this course participants will be able to:

- Understand the differences between options and CBBC
- Explain the usage and trading of these contracts
- Identify and manager risk exposures
- Understand pricing of these instruments

Course Outline

Basic Review

- Review of Options
- Put and call features
- Intuitive Option Valuation

Warrant Markets

- Issuers
- Maturities
- Strikes
- Market structure and trading

CBBC Contracts

- Characteristics
- Market Structure
 - Liquidity and trading features
 - Market users
 - Trading arrangements
 - Call features
- Market Pricing
- Risk measures and their application and appropriateness