



Education Seminar

Futures, Options & Derivatives,

Understand what futures & options are, how they are used and how they can be applied to your specific business

Presented By: International Energy Credit Association together with Energy Management Institute

This two day training program will focus on understanding futures, options and derivatives. How they work, how they are used, and how to measure the risks and rewards associated with them. Have you hedged too early? Have you applied the wrong tools for trading? Are you unaware of the myriad of instruments available for trading & hedging, and do you know the implications of each tool & technique? Have you ever wondered how the NYMEX actually works and how the trading floor functions? These are just a few of the questions that will be answered during this dynamic two-day course.

You'll leave this course with a practical yet rigorous understanding of what futures, options and derivatives are, how they work, how they are used, and how to measure the risks and rewards associated with them. Topics covered include:

- ▣ Setting up a futures, options or derivatives account
- ▣ Types of exchange orders
- ▣ Margin
- ▣ Brokers
- ▣ Contract specifications
- ▣ Black - Scholes Model
- ▣ Spot & Futures market relationships
- ▣ How Option prices change when market conditions change
- ▣ The latest tools & techniques for risk managers
- ▣ Historical & implied volatility
- ▣ Option pricing relationships
- ▣ History of the NYMEX
- ▣ The vocabulary of futures & options
- ▣ The what , why, how & who of futures markets
- ▣ The mathematics of futures & options premiums

Date: August 11-12, 2009

Location: Hyatt Regency Houston

1200 Louisiana Street
Houston, TX 77002
Tel: 713-654-1234

Time: 8:00AM – 4:00PM

Cost: IECA Members \$995* / Non-Members \$1699*

Fee includes lunches, coffee and refreshment breaks,
and course materials

**If registered by July 11, 2009*

CPE Credits: This course earns 13 CPE credits

IECA Education Seminar

Seminar Agenda

August 11 – 12 • Hyatt Regency Houston • Houston, Texas

DAY 1: Futures, Markets & Derivatives

(8:00 a.m. – 4:00 p.m.)

- ▣ **Session 1: Overview & Foundation:** Overview of the most widely used tools for managing risk, monitoring performance & maximizing profit.
- ▣ **Session 2: Introduction to Futures:** Historical overview of the development & characteristics of futures markets, Price discovery & general terminology. All of the prerequisite info needed to delve into the NYMEX & the ICE.
- ▣ **Session 3: NYMEX & ICE Futures:** Detailed look at NYMEX & ICE Futures; How & why futures provide a simple & liquid market to trade & manage price & margin risk for all of the energies; Inner workings of both exchanges; Players, contract details, back office & clearing operations; EFP & alternate delivery procedures.
- ▣ **Session 4: How to Open the NYMEX & ICE Tool Bag:** Setting up a NYMEX & ICE Futures account; Choosing a broker; Fees & brokerage commissions; How NYMEX & ICE transactions are guaranteed; Mark to Market 101.
- ▣ **Session 5: Trading & Types of Orders:** Trading process, types of orders & terminology: Approach the Market, Announce Your Bid & Offer, Confirm the Transaction, Limit Order, Stop order, MOC, TAS.
- ▣ **Session 6: Let's Get to the Specifics:** Long, short & spread trades; Applying these types of trades as part of a hedging strategy; Examples for the entire main product categories currently traded on the NYMEX & ICE – each example will use current data with a mark to market calculation.
- ▣ **Session 7: Self-Regulated Instruments: OTC & Derivatives:** Overview of the derivatives market, tools available, mechanisms, electronic exchanges, contracts, & ISDA; Similarities to the futures & options markets & how OTC options can provide similar ways to manage & trade energy; Will include examples used in Session 6 so we can compare both approaches with a mark to market calculation.

DAY 2: Welcome to the World of Options

(8:00 a.m. – 4:00 p.m.)

- ▣ **Session 1: A Walk down Correlation Row – What About Basis?:** How energy futures markets correlate with various physical instruments at each level of the energy infrastructure; Examples of the relationships of various futures instruments & real-life physical risks; Correlations of futures vs. spot, wholesale & retail markets; Basis relationship of energy futures & physical markets.
- ▣ **Session 2: Keeping All Your Options Open:** See how functional & easy options are to incorporate into your trading & risk management portfolio; Vocabulary, arithmetic, characteristics, & styles of options.
- ▣ **Session 3: Understanding Contracts & How to Use Them:** Contract specifications for NYMEX & ICE options contracts for all available energy instruments; Characteristics of OTC options, American & European options, & Put & Call options; Hedging with OTC options; How to buy, sell, write, hold, fold & exercise options; e-miNY energy contracts.
- ▣ **Session 4: Time to Put a Value to Those Options: Black-Scholes Pricing Model:** Employ the Black-Scholes model to determine if an option is fairly valued or over or under-valued; Objectives of the model & the assumptions, formula & four elements involved in pricing Put & Call options; Types of volatility & the role it plays in the valuation of options.
- ▣ **Session 5: Let's Visit the Greeks:** Explore the impact of option delta, gamma, vega, and theta on profits & losses; How each of these parameters impacts price exposure, time decay, & volatility; Option hedging techniques such as delta hedging; Exercise styles & their impact on prices & payoff.
- ▣ **Session 6: Real-Word Examples:** Comparison between the payoff of options & futures & when to use them; Creating synthetic futures & options on spreads; Each example uses the same data as in futures sessions with a mark to market for each to allow comparison of approaches

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Registration Form

August 11 – 12 • Hyatt Regency Houston • Houston, Texas

To Register – Complete registration online at www.ieca.net or send registration form with payment to:

By Mail: Robert Raichle, Executive Director
IECA, 8325 Lantern View Lane, St. John, IN 46373
By Fax: 219-365-0327

Name _____ Company _____
Email _____ Title _____
Address _____ Phone _____
City/State/Zip _____ Fax _____

Seminar – Cost (per person)

	<u>Early</u>	<u>Late</u>		<u>Early</u>	<u>Late</u>
IECA Member	\$995	\$1095	Non-member	\$1699	\$1895
Additional Member	\$895	\$995	Additional	\$1499	\$1695

Total number attending (1, 2, etc.) _____

List name and company for each attendee:

Name _____ Company _____ Member: Y N
Name _____ Company _____ Member: Y N
Name _____ Company _____ Member: Y N
Name _____ Company _____ Member: Y N

Special Requests: _____

Registration Payment

- Enclosed is a check for \$_____ payable to **IECA**.
 Please charge my credit card for the total registration fee in the amount of \$_____.

All fields are required:

Card type:

- American Express Discover/Novus MasterCard
 Diners Club Visa

Card Number _____ Expir. Date _____ Security Code _____

Billing Address: Street _____
City _____ State _____ Zip _____

Signature _____ Date _____

Hotel Reservations - Attendees must make their own hotel reservations.

Cancellations - Seminar registration cancellations must be in writing and will be subject to a \$50 processing fee. Cancellations received after July 31, 2009 will not be eligible for refund.