



FINANCIAL EDGE[®]

The Trader

MICRO-DEGREE COURSE OUTLINE

The Trader Micro-degree

Learn how global markets really work with our online sales and trading course. Build a deep understanding of financial products, pricing, and trading floor mechanics. Gain the knowledge, vocabulary, and confidence to discuss and analyze any major financial instrument or market.



36.5

Hours

38

Topics

50

Exercises

6

Exams

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Financial Market Fundamentals

Understand the building blocks of all financial markets. Learn how instruments are issued and traded, how prices are quoted, and how market participants interact through exchanges, brokers, and clearing systems.

Gain essential macroeconomic context by understanding how inflation, unemployment, growth, and fiscal and monetary policy interact to shape economic conditions, and build a solid foundation in derivatives – their key types, uses, and fundamental pricing concepts.

Understanding the Corporate Lifecycle and Financing Decisions

- Debt vs. equity
 - Borrowed money vs. ownership

- Dilution vs. financial flexibility
- Risk-return considerations
- The company lifecycle and available sources of funding
- The concept of leverage

Intro to Debt Markets

- Loans vs. bonds
- Secured vs. unsecured debt
- Government vs. corporate debt
- Investment grade vs. high yield
- Overview of the bond issuance process

Intro to Equity Markets

- Understand the difference between private and public equity
- Initial public offerings
- Ordinary shares vs. preference shares
- Depositary receipts
- The concept of equity indices
- Key equity metrics and data points

Market Participants Overview

- What do we mean by “sell side”?
- The difference between broker and dealer
- What do we mean by “buy side”?
- Types of investors and their investment styles
- Retail investors vs. high net worth vs. institutional investors
- Active vs. passive investing
- Institutional investor types, their primary investments and goals

Financial Marketplaces and Prices

- Financial markets as two-sided markets
- What does “spot price” mean in practice?
- Long positions – risk profiles and trade motivations
- Short positions – risk profiles and trade motivations
- Market price quotation
 - Last price vs. bid and ask/offer
 - The main drivers of bid-offer spreads
- Exchange traded vs. OTC

Life Cycle of a Trade

- Client onboarding
- Order and execution
- Clearing
- Settlement

- Ongoing position management and mark to market valuation
- The role of clearing houses and custodians

Macroeconomics – Inflation and Unemployment

- Inflation and Unemployment

Macroeconomics – Fundamentals and GDP

- Fundamentals and Gross Domestic Product (GDP)

Macroeconomics – Fiscal and Monetary Policy

- Fiscal and Monetary Policy

Macroeconomics – Indicators

- Indicators

Macroeconomics – Balance of Payments (BOP)

- Balance of Payments (BOP)

Intro to Derivatives

- What is a financial derivative
- The different types of derivatives
- Potential benefits of using derivatives
- The forward price – no arbitrage and the cost of carry
- Introduction to market risk in derivatives
- Introduction to counterparty risk in derivatives

Money and Bond Market

Explore the market for short-term debt instruments, including money-market securities and key benchmark rates that underpin global funding and pricing. Learn about long-term debt instruments and how their coupons, prices, and yields are linked, how to interpret yield curves, and how governments and corporates raise and manage capital. Build a clear understanding of interest-rate sensitivity – including duration and convexity – to measure and manage rate risk effectively.

Money Markets

- Client onboarding
- Order and execution
- Clearing
- Settlement
- Ongoing position management and mark to market valuation
- The role of clearing houses and custodians

Bonds and the Yield to Maturity

- General mechanics of bonds and coupon types
- Bond pricing and yield to maturity
- Clean vs dirty prices
- Carry and roll down

Interest Rate Risk and Sensitivities for Bonds

- Interest rate risk and sensitivities defined
- An intuitive look at the key drivers of IR sensitivity
- Macaulay duration
- Modified duration
- Convexity: what is it and why does it matter?
- Dollar value of a basis point (DV01)
- Interest rate sensitivity for floating rate notes (FRNs)

Yield Curve Fundamentals

- Yield curve fundamentals
 - What is a yield curve?
 - High level construction principles
 - Classic yield curve shapes and the key drivers
 - Why are yield curves less smooth in practice?
- Yield curve dynamics
 - Slope vs. curvature
- Fundamentals of yield curve trading
 - Duration neutral flatteners and steepeners
 - Butterflies

Government Bonds

- Client onboarding
- Order and execution
- Clearing
- Settlement
- Ongoing position management and mark to market valuation
- The role of clearing houses and custodians

Repos

- The general mechanics of repurchase agreements
- Repo vs. reverse repo parties and their motivations
- General collateral vs. specific repos
- What do we mean by “a bond goes special”?
- Bilateral and tri-party repos

Corporate Bonds

- The link between credit risk and credit spreads
- How to assess credit risk
- Bond defaults
- A look at historical credit spreads and default rates
- A high-level discussion of the corporate bond issuance process
- How corporate bonds are quoted in the secondary market
- Credit spreads and their term structure
- The concept of credit duration and how it compares to rates duration for fixed coupon bonds and floating rate notes
- How can investors isolate the credit duration of a fixed coupon corporate bond?
- Introduction to some common credit spread measures

Options and Structured Products

Build a practical understanding of options, including the key drivers of option premiums, common option strategies, and the role of the Greeks in measuring risk and sensitivity. Learn how structured products are engineered to meet specific investor objectives.

Option Mechanics

- Option terminology
- European vs. American vs. Bermudan options
- An intuitive look at the option premium
 - Intrinsic value: the lower price boundary
 - Time value: what drives it?
- Some common option strategies
 - Protective puts
 - Covered calls
 - Collars
 - Call and put spreads
 - Straddles, strangles

Options Risk Management and Greeks

- The Greeks
- Portfolio-Level Risk
- Delta & Gamma Hedging
- Time Decay (Theta)
- Volatility Exposure (Vega)

Intro to Structured Products

- Definition and key characteristics
- Players in the structured products market and their motives

- Introduction to Structured investment products
 - Yield vs. growth products
 - Levels of capital protection
 - Principal-protected tracker notes
 - The concept of credit-linked notes
 - Dual currency deposits
- Key considerations for structured product investors and issuing banks

Equity Markets and Derivatives

Learn how shares and indices are traded, how indices are constructed and used as benchmarks, and how different sectors and dividend timelines influence equity performance. Understand key order types and market conventions, and explore how equity futures, options, and swaps are used to manage risk, replicate portfolios, and implement investment or hedging strategies.

Stock Market Essentials

- The general mechanics of total return swaps
- Calculations of equity swap leg payments
- Equity swap valuation: the accrual method

Equity Trading Practices

- The general mechanics of total return swaps
- Calculations of equity swap leg payments
- Equity swap valuation: the accrual method

Algorithmic Trading

- Electronic vs. quantitative vs. algorithmic trading
- The purpose of execution algorithms
- Volume weighted average price (VWAP)
- Time weighted average price (TWAP)
- Percent of volume (POV)
- Implementation shortfall (IS)

Index Investing

- What is an index?
- Index construction methodologies
- How indexes are used
- The role of the index provider
- Benefits of index investing
- How to construct an index portfolio

Securities Financing and Lending

- The mechanics of securities lending
- Key participants and their roles and motivations

Equity Index Futures

- The concept of equity index futures and contract specifications
- Hedging using index futures contracts: simple hedge ratio vs. beta adjusted
- The significance of contract expiration and the futures roll
- A look at the futures basis and index arbitrage

Equity Swaps

- The general mechanics of total return swaps
- Calculations of equity swap leg payments
- Equity swap valuation: the accrual method

Exchange Traded Funds (ETFs)

- Equity index ETFs
- Index ETFs vs. mutual funds
- Index ETF NAVs
- Authorized participants, creation and redemption process

Interest Rate and Credit Derivatives

Gain a technical understanding of interest rate swaps, short-term interest rate (STIR) futures, interest rate options, and credit default swaps. Learn how these derivatives are structured, how cash flows are exchanged, and how institutions use them to manage exposure to interest rate and credit risk. Develop a conceptual understanding of how they are valued and the key factors that drive their pricing.

Short Term Interest Rate Forwards and Futures

- Forward rate agreements (IBOR)
 - Terminology
 - Quotation
 - Settlement process and calculation of the discounted settlement amount
- Short term interest rate (STIR) futures
 - IBOR contract
 - RFR contracts

Interest Rate Swaps

- Interest rate swaps (IBOR contracts)
- Overnight index swaps (OIS)
- Interest rate swap application examples
- An intuitive look at interest rate risk in interest rate swaps

- Basis swaps
- Review: tenor basis and IBOR-OIS spreads
- Interest rate swap execution and clearing

Interest Rate Options

- STIR futures options
 - Contract specifications
 - Quarterly/serial options vs. mid-curve options
- Caps and floors
 - Terminology and conventions
 - Caps, floors and collars
 - General pricing/valuation considerations
 - Backward vs. forward looking fixings and the impact on contract mechanics
- Swaptions
 - European swaptions terminology
 - Cash vs. physical settlement and the practical implications
 - Swaption payoff profiles
 - Introduction to Bermudan swaptions

Credit Derivatives (CDS)

- Single name credit default swap (CDS) mechanics
- CDS terminology and conventions
 - Par spreads vs. standard coupons
 - Standardized payment and maturity dates
 - Upfront payments
- Credit events and an introduction to CDS settlement
- An intuitive look at CDS valuation and sensitivities
- The CDS basis
 - Definition of the CDS basics
 - Positive vs. negative basis and reasons why they exist
- Index CDS
 - Introduction to the iTraxx and CDX index families
 - Index CDS cash flow and settlement mechanics

Foreign Exchange (FX) Markets and Derivatives

Learn how FX is quoted, traded, and settled in the world's most liquid market. Understand spot, forwards, swaps, cross-currency swaps, and options, and how the FX basis influences pricing and funding costs. Explore how these instruments are used to hedge currency exposures, manage funding across currencies, and express macro or relative-value views.

FX Spot and Forwards

- Characteristics of foreign exchange transactions

- Breakdown of the FX market
 - Market participants and their motives
 - The traded products
 - The major currency pairs
- FX spot market
 - Understanding FX spot quotes
 - Settlement risk and continuously linked settlement (CLS)
 - Strengthening and weakening: a brief overview of what influences FX spot rates
 - The concept of a carry trade
- FX forwards (outrights)
 - Outright forward quotation – how to get from points to the forward rate
 - Interest rate parity and the theoretical forward rate
 - The intuitive link between interest rate differentials and forward points
 - Introduction to non-deliverable forwards (NDFs)
 - Understanding risk exposures in outright forwards

FX Swaps and Cross Currency Swaps

- FX swaps
 - FX swap terminology, cash flow mechanics and conventions
 - FX swap application examples
 - Interest rate parity in practice and the FX basis
 - Understanding risk exposures in FX swaps
- Cross currency swaps (XCCY)
 - XCCY mechanics
 - The cross-currency basis

FX Options

- Vanilla calls and puts in a foreign exchange context
- Call and put at the same time
- Possible ways to quote the premium
- Different ways to structure the FX option payout
- Introduction to binary and barrier options
- Main features of binary options and application example
- The main types of barrier options
- Knock-in
- Reverse knock-in
- Knock-out
- Reverse knock-out

Trading Expert Interview

Meet Richard Class, former Managing Director in Fixed Income, and discover what makes a great trader. Learn what the key skills for a trader are, how to stay up to date, and what sets great traders apart, as well as his top tips for anyone looking for a successful career in trading.

Trading Expert Interview

- Key skills for a career in trading
- What a normal day looks like
- How to know your market and stay up to date on products and markets



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