Derivatives Market (Dealers) Module (DMDM)

- **Introduction to Derivatives**

- **Understanding Interest Rates and Stock Indices**
  Understanding Interest rates, Understanding the Stock Index, Economic Significance of Index Movements, Index Construction Issues, Desirable Attributes of an Index, Applications of Index.

- **Futures Contracts, Mechanism and Pricing Forward Contracts**
  Limitations of forward markets, Introduction to Futures, Distinction between Futures and Forwards, Futures Terminology, Trading Underlying vs. Trading Single Stock Futures, Futures Payoffs, Pricing Futures, Pricing Stock Futures.

- **Application of Futures Contracts**
  Understanding Beta, Numerical illustration of Applications of Stock Futures

- **Options Contracts, Mechanism and Applications**
  Option Terminology, Comparison between Futures and Options, Options Payoffs, Application of Options

- **Pricing of Options Contracts and Greek Letters**
  Variables affecting Option Pricing, The Black Scholes Merton Model for Option Pricing (BSO), The Greeks

- **Trading of Derivatives contracts**
  Futures and options Trading system, the trader workstation, Future and options Market Instruments, criteria for stocks and index eligibility for trading charges.
- **Clearing and Settlement**
  - Clearing Entities, Clearing Mechanism, Settlement Procedure, Risk Management, Margining System

- **Regulatory Framework**
  - Securities Contracts (Regulation) Act, 1956, Securities and Exchange Board of India Act, 1992, Regulation for Derivatives Trading, Adjustments for Corporate Actions

- **Accounting for Derivatives**
  - Accounting for futures, Accounting for options, Taxation of Derivative Transaction in Securities