CORE CONCEPT

Foreign Exchange and FX Derivatives: Forwards, Swaps, Options and Hedging

23 – 27 November 2026
Paris - Right Bank business hotel

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Ref: 189_10698 **Date:** 23 – 27 November 2026 **Location:** Paris - Right Bank business hotel **Fees:** 23500 SAR

Introduction:

Foreign exchange exposures reach every organisation that buys, sells, borrows or invests across currencies, yet many treasury and finance teams accept FX quotes and hedge proposals without checking the forward points, option premium or dealing controls behind them. This Core Concept course takes treasury, dealing room and finance staff through foreign exchange market structure, spot and cross rates, forwards, FX swaps, cross-currency swaps and FX options, then into exposure measurement, corporate hedging policy and dealing room controls. Participants build an FX Pricing and Hedging Workbook for a case set of currency exposures.

Course Objectives:

- Quote and derive spot and cross rates, bid-offer spreads and spot value dates using standard FX market conventions
- Price outright forwards, non-deliverable forwards and FX swaps from spot rates and interest rate differentials using covered interest rate parity
- Structure cross-currency swap cash flows and assess how the basis spread changes the all-in cost of foreign currency funding
- Value FX options from the Garman-Kohlhagen model inputs and interpret delta, gamma, vega and theta for an option position
- Classify transaction, translation and economic FX exposure and draft a hedging policy with hedge ratios, tenors, approved instruments and authority limits
- Apply dealing room controls over deal confirmation, off-market rate checks and settlement to FX transactions

Target Audience:

- Staff who price and execute FX spot, forward and swap deals for bank clients or a bank's own book
- Treasury staff who hedge the currency exposure of company purchases, sales, borrowings and investments
- Finance staff who forecast foreign currency cash flows and report FX gains and losses
- Middle office and risk control staff who monitor FX dealing limits and check deal pricing
- Back office staff who confirm and settle FX transactions and reconcile currency accounts

Course Outline:

Day 1: FX Market Structure, Quotation Conventions and Spot Dealing

- Interbank, Electronic Platform and Corporate Client Tiers of the OTC FX Market
- Base and Counter Currency Quotation, Pips and Bid-Offer Spread Conventions
- Spot Value Date Calculation and Settlement Holiday Calendars
- Cross Rate Derivation from Two USD-Quoted Currency Pairs
- Floating, Managed and Pegged Exchange Rate Regimes and Their Pricing Implications

Day 2: Forwards, FX Swaps, Cross-Currency Swaps and Interest Rate Parity

- Covered Interest Rate Parity and the Forward Rate Formula
- Forward Points: Premium, Discount and Broken-Date Interpolation
- Outright Forward and Non-Deliverable Forward Contract Terms
- FX Swap Mechanics: Near Leg, Far Leg and Swap Point Pricing
- Cross-Currency Swap Cash Flows, Principal Exchange and Basis Spread

Day 3: FX Options: Payoffs, Pricing Drivers and Greeks

- Call and Put Payoff Diagrams for Buyer and Writer Positions
- Garman-Kohlhagen Model Inputs: Spot, Strike, Two Interest Rates, Time and Volatility
- Implied Volatility, Volatility Smile and Risk Reversal Quotes at Applied Level
- Delta, Gamma, Vega and Theta Sensitivity Table for an Option Position
- Collars, Participating Forwards and Barrier Options at Overview

Day 4: FX Exposure Measurement, Hedging Policy and Dealing Room Controls

- Transaction, Translation and Economic Exposure Register
- Natural Hedging Methods: Invoicing Currency, Netting, Leading and Lagging
- Corporate FX Hedging Policy: Hedge Ratios, Tenors, Approved Instruments and Authority Limits
- Hedge Effectiveness at Overview: Critical Terms Match and Dollar-Offset Method
- Dealing Room Controls: Deal Confirmation, Off-Market Rate Checks, Settlement Risk and FX Global Code Principles

Day 5: Modelling Build: FX Pricing and Hedging Workbook

- Multi-Sector Case Data Set: Importer, Exporting Manufacturer and Bank Dealing Desk
- Forward and Swap Pricing Sheet Build from Spot and Deposit Rates
- Option and Collar Premium Comparison with a Garman-Kohlhagen Calculator
- Hedging Programme Scenario Test under Rate Shock and Peg Adjustment Cases
- FX Pricing and Hedging Workbook Presentation and Peer Challenge

Skills You Will Gain:

- FX Quotation and Cross Rate Calculation
- Forward Point Pricing
- FX Swap Structuring
- Cross-Currency Swap Analysis
- Option Greeks Interpretation
- FX Exposure Classification
- Hedge Programme Design
- Dealing Control Review

Why Attend This Course:

- Return with an FX Pricing and Hedging Workbook built on a case exposure set and reusable on your own deals
- Check the forward points, swap points and option premiums banks quote instead of accepting them unverified
- Explain to management why a forward, swap, option or collar suits a given exposure, with cost and protection side by side
- Compare FX practice with peers from banks, importers, exporters and project companies across several sectors

Conclusion:

Foreign exchange decisions carry costs that stay hidden until a rate is priced, a deal is confirmed or a hedge fails to match its exposure. Over five days participants move from market structure, quotation and spot dealing to forwards, FX swaps and cross-currency swaps, then to option pricing and Greeks, exposure measurement, hedging policy and dealing room controls. The final day brings these together in an FX Pricing and Hedging Workbook, tested against rate shock and peg adjustment scenarios and ready for review by a treasury or dealing team.