

# FOREX

| <b><i>Lecture's</i></b> | <b><i>Topic's</i></b>   | <b><i>Duration</i></b> |
|-------------------------|---|------------------------|
| Lecture – 01A           | Introduction, Basic- Exchange rate Conversion of Currency, Example-01,02,03,04, Bid Ask Rate, Example-05,06,07,08,09,10                                   | 00:50:22 Hr.           |
| Lecture – 01B           | Calculation of Customer rate or Merchant Rate, Cross Rate, Example-11,12,13,14,15,16,17,18,19,20, Question-01,02  | 01:04:44 Hr.           |
| Lecture – 02A           | Question-03,04, Spot Market Arbitrage, Example-21,22,23, Question-05,06,07  | 00:58:22 Hr.           |
| Lecture – 02B           | Forward Contract, Example-24,25, Forward Premium or Discount Example-26,27, Calculation of Forward Rate with the help of Swap Points, Example-28,29,30,31 | 01:03:19 Hr.           |
| Lecture - 03A           | Question-08,09,10,11,12,13  | 01:06:44 Hr.           |
| Lecture – 03B           | Question-14,15,16,17,18,19,20,21  | 01:04:12 Hr.           |
| Lecture – 04A           | Example-32, Question-22,23, Exchange Rate Determination, Interest Rate Parity (IRP), Example-33,34,35,36, Question- 25                                    | 00:59:20 Hr.           |
| Lecture – 04B           | Covered Interest Arbitrage, Example-37,38,39, Question-26,27,28   | 01:00:22 Hr.           |
| Lecture -05A            | Purchasing Power Parity (ppp) Example-40, Question-29, International Fisher Effect(IFE), Domestic Fisher Effect, Example-41,42,43, Question-31,32         | 01:15;32 Hr.           |
| Lecture – 05B           | Foreign Currency Exposure, Translation Exposure or Accounting   | 00:32:58 Hr.           |

|               |   |              |
|---------------|---|--------------|
|               | Expenses , Economic Exposure or Operating Exposure , Internal Hedging leading & lagging, Example-44,45                                    |              |
| Lecture – 06A | Question-33,34,35, Invoicing, Example-46, Question-36, Example-47, Netting  | 00:59:20 Hr. |
| Lecture – 06B | Forward Contract, Example-48,49, Question-37,38,39,40   | 01:02:14 Hr. |
| Lecture – 07A | Currency Future, Example-50,51,52   | 00:57:55 Hr. |
| Lecture – 07B | Question-41,42,43   | 00:43:08 Hr. |
| Lecture – 08A | Currency Option , Example-53, Question-44   | 00:43:47 Hr. |
| Lecture – 08B | Example- 54,55, Question-45,46,47,48  | 01:44:32 Hr. |
| Lecture -09 A | Cancelation of Forward Contract, Cancelation & Extension of Forward Contract, Example-56,57,58, Extension of Forward Contract, Example-59 | 00:56:27 Hr. |
| Lecture -09 B | Question-49,50,51,52,53,54  | 00:53:11 Hr. |
| Lecture – 10A | Early Delivery, Question-55,56  | 00:56:44 Hr. |
| Lecture -10 B | Automatic Cancelation Question- 57, Overdue Forward Contract Question- 58   | 01:01:42 Hr. |
| Lecture -11 A | Foreign Currency Account, Example-60, Question-60,61,62   | 01:02:02 Hr. |
| Lecture -11 B | Question-63,64,65   | 00:43:29 Hr. |
| Lecture – 12A | Question-66,67,68   | 00:50:53 Hr. |
| Lecture – 12B | Question-69,70,71   | 01:19:01 Hr. |
| Lecture – 13A | Question-72,73  | 00:48:12 Hr. |
| Lecture – 13B | Question-74,75,76   | 00:17:16 Hr. |

# Risk Management

| <b><i>Lecture's</i></b> | <b><i>Topic's</i></b>  | <b><i>Duration</i></b> |
|-------------------------|--|------------------------|
| Lecture – 01A           | Introduction, Value at Risk, Example-01, Normal Probability Distribution Table, Example-02,03,04, Question-01,02,03,04 | 01:06:18 Hr.           |
| Lecture – 01B           | Theory- Types of Risk Management   | 00:13:50 Hr.           |

# Security Analysis

| <b><i>Lecture's</i></b> | <b><i>Topic's</i></b>  | <b><i>Duration</i></b> |
|-------------------------|--|------------------------|
| Lecture – 01A           | Introduction - Simple Moving Average, Example -01, Exponential Moving Average, Question-01 | 00:41:55 Hr.           |

# Financial Policy

| <b><i>Lecture's</i></b> | <b><i>Topic's</i></b>             | <b><i>Duration</i></b> |
|-------------------------|-----------------------------------|------------------------|
| Lecture – 01A           | Question 01                       | 00:19:43               |
| Lecture –01 B           | Introduction, Advance Role of CFO | 00:41:55 Hr.           |

# Securitization

| <b><i>Lecture's</i></b> | <b><i>Topic's</i></b>  | <b><i>Duration</i></b> |
|-------------------------|--|------------------------|
| Lecture – 01A           | Introduction<br>1 participants<br>2 Mechanism of Securitization<br>3 Benefits of Securitization<br>4 Problems in Securitization<br>5 Securitization Instruments<br>6 Features of Securitization<br>7 Securitization in India | 01:25:36 Hr.           |
| Lecture – 01B           | Risk in Securitization, Block Chain Technology ,Risk Associated in Block Chain, Work in Block Chain, Application in Block Chain, Tokenization, Similarities Between Tokenization & Securitization,                           | 00:47:12 Hr.           |

# Start up Finance

| <b><i>Lecture's</i></b> | <b><i>Topic's</i></b>  | <b><i>Duration</i></b> |
|-------------------------|--|------------------------|
| Lecture – 01A           | Introduction, Innovative Ways to Finance a Startup, Modes of Financing for startup, Venture capital Fund, Characteristics of Venture Capital Financing, Advantage of Bringing Vc in the Company, Stages of Funding for Vc,Vc Investment Process, Pitch Presentation , Structure of Vc in India | 01:28:48 Hr.           |
| Lecture – 01B           | Startup India Initiative ,Why India Became a Sustainable Environment, Concept of Unicorn, Succession of Planning in Business, Business Succession Strategy   | 00:25:40 Hr.           |

# AFM FAST-TRACK COMBO - 02 SCHEDULE

| <b>SR NO.</b> | <b>CHAPTERS</b>          | <b>NO. OF LECTURES</b> | <b>DURATION</b> |
|---------------|--------------------------|------------------------|-----------------|
| <b>05</b>     | <b>FOREX</b>             | <b>13</b>              | <b>24:56:10</b> |
| <b>06</b>     | <b>RISK MANAGEMENT</b>   | <b>02</b>              | <b>01:20:08</b> |
| <b>07</b>     | <b>SECURITY ANALYSIS</b> | <b>01</b>              | <b>00:41:55</b> |
| <b>08</b>     | <b>FINANCIAL POLICY</b>  | <b>02</b>              | <b>00:36:41</b> |
| <b>09</b>     | <b>SECURITIZATION</b>    | <b>02</b>              | <b>02:12:48</b> |
| <b>10</b>     | <b>STARTUP FINANCE</b>   | <b>02</b>              | <b>01:54:28</b> |
|               | <b>TOTAL</b>             | <b>22</b>              | <b>31:42:10</b> |

## CHAPTER – 05

# FOREIGN EXCHANGE EXPOSURE & RISK MANAGEMENT

### (1) BASICS

#### **Question – 01**

Given:

$$\text{US\$ } 1 = \text{¥ } 107.31$$

$$\text{£ } 1 = \text{US\$ } 1.26$$

$$\text{A\$ } 1 = \text{US\$ } 0.70$$

- (i) Calculate the cross rate for Pound in Yen terms
- (ii) Calculate the cross rate for Australian Dollar in Yen terms
- (iii) Calculate the cross rate for Pounds in Australian Dollar terms

(RTP November – 2020)

#### **Solution:**

#### **(i) Calculation the cross rate for Pounds in ¥ terms**

$$\text{¥}/\$ = 107.31$$

$$\$/\text{£} = 1.26$$

$$\text{¥}/\text{£} = ?$$

$$\text{¥}/\text{£} = 107.31 \times 1.26$$

$$= \text{¥ } 135.21$$

#### **(ii) Calculation of cross rate for A\$ in ¥ terms**

$$\text{¥}/\$ = 107.31$$

$$\$/\text{A\$} = 0.70$$

$$\begin{aligned}\text{¥/A\$} &= 107.31 \times 0.70 \\ &= \text{¥ } 75.12\end{aligned}$$

**(iii) Calculation of cross rate for £ in A\$**

$$\text{\$/£} = 1.26$$

$$\text{\$/A\$} = 0.7$$

$$\begin{aligned}\text{A\$/£} &= \frac{1}{0.7} \times 1.26 \\ &= \text{A\$ } 1.80.\end{aligned}$$

**Question – 02**

On January 28, 2013 an importer customer requested a Bank to remit Singapore Dollar (SGD) 2,500,000 under an irrevocable Letter of Credit (LC). However, due to unavoidable factors, the Bank could effect the remittances only on February 4, 2013. The inter-bank market rates were as follows:

|         |   | <b>January 28, 2013</b> | <b>February 4, 2013</b> |
|---------|---|-------------------------|-------------------------|
| US\$ 1  | = | ₹ 45.85/45.90           | ₹ 45.91/45.97           |
| GBP £ 1 | = | US\$ 1.7840/1.7850      | US\$ 1.7765/1.7775      |
| GBP £ 1 | = | SGD 3.1575/3.1590       | SGD 3.1380/3.1390       |

The Bank wishes to retain an exchange margin of 0.125%

Required:

How much does the customer stand to gain or lose due to the delay?

(Note: Calculate the rate in multiples of 0.0001)

**(SM TYK – 09 & Exam November – 2011)**

**Solution:**

**Calculation of Exchange Rate ₹/SGD**

**28/01/2013**

$$\text{₹/\$} = 45.90$$

$$\text{\$/£} = 1.7850$$