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# DERIVATIVES E-LEARNING SERIES (DEL)



SIDCLEARN



## PROGRAMME OVERVIEW

Traders or investors who wish to diversify their investment portfolio may venture into trading in derivatives such as crude palm oil futures (FCPO), FBM KLCI futures (FKLI), FBM Mid 70 Index (FM70) and Single Stock Futures (SSFs) contracts.

This Derivatives E-Learning Series (DEL) comprises 18 modules covering the knowledge and skills of trading in derivatives contracts. Participants will learn about the contract specifications, trading strategies, technical analysis and risk management in derivatives trading. Participants will also be able to practice derivatives trading via the trading simulation platform.

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## PROGRAMME OBJECTIVE

This e-learning will equip participants with the right knowledge and skills to become informed and skillful traders or investors in the derivatives market.

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## LEARNING OUTCOMES

Upon completion of this e-learning programme, participants will be able to:

- explain the roles of derivatives in trading and investment as well as the risks and benefits associated with its trading activities
  - identify the underlying instruments, contract specifications, trading strategies, and profit & loss analysis of derivatives trading
  - explain how to trade derivatives contracts using technical analysis
  - describe spread trading strategy and how to apply it in derivatives trading
  - identify the elements to be an informed and knowledgeable derivatives trader or investor
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## ICF COMPETENCIES

- Foundational (Product) - Capital Market Products (Proficiency Level 3)
  - Foundational (Product) - Capital Market Fundamentals Proficiency Level 3)
  - Core Competency - Risk Management (Proficiency Level 3)
  - Functional (Process) - Derivatives Dealing (Proficiency Level 2)
  - Functional (Technical) - Technical Analysis (Proficiency Level 2)
  - Behavioural (Self-Management) - Analytical Thinking (Level 2)
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## METHODOLOGY

Derivatives E-Learning Series (DEL) is conducted online via SIDC's Learning and Assessment Management (LAMS) platform and comprises the following two (2) components:

- i. e-Learning Programme
  - ii. Trading Simulation
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## TARGET AUDIENCE

Potential derivatives retail traders and investors

# E-LEARNING PROGRAMME: DEL PROGRAMME OUTLINE

## Module 1: Introduction to Derivatives and Risk (10 minutes)

### OVERVIEW

Learning about derivatives is essential for everyone who wishes to diversify their investment portfolio into the derivatives market. This module explains what is derivatives, the types of derivatives instruments and the main roles or uses of derivatives instruments in business & investment. This module also features an overview of the concept of risk and risk management in trading.

### OBJECTIVE

Upon completion of this module, participants will be able to:

- i. explain the roles of derivatives in business and investment.
- ii. differentiate between over-the-counter and exchange traded derivatives
- iii. identify the types of derivatives instruments and the main uses of the instruments
- iv. describe the concept of risk in investment

## Module 2: Introduction to Futures (10 minutes)

### OVERVIEW

Futures contract is an agreement to buy or sell an underlying asset between two parties at a pre-determined price at a future date. This module will explain what is futures and the contract specification, types of futures contracts, and the benefits & risks in futures trading.

### OBJECTIVE

Upon completion of this module, participants will be able to:

- i. describe the concept of futures market
- ii. recognise the futures contract specifications
- iii. differentiate types of futures contracts
- iv. identify the benefits and risks of futures trading

## Module 3: Introduction to Options (10 minutes)

### OVERVIEW

Learning about options enables traders or investors to hedge or/and speculate in the derivatives market. This module will explain the basics of options, types of options contracts, payoffs of options contracts and factors affecting the options' value. This module will also provide an overview of the benefits and risks of options trading.

### OBJECTIVE

Upon completion of this module, participants will be able to:

- i. describe the concept of options market
- ii. identify the benefits and risks of options trading

## Module 4: Introduction to Crude Palm Oil Futures (FCPO) Contract (10 minutes)

### OVERVIEW

Crude Palm Oil Futures Contract is one of the examples of agriculture futures. This module will provide a brief overview of the palm oil industry and the FCPO. This module also highlights the contract specification of FCPO and provides simple illustrations on how to trade FCPO.

### OBJECTIVE

Upon completion of this module, participants will be able to:

- describe the underlying instruments for the FCPO
- identify FCPO's contract specifications



# E-LEARNING PROGRAMME: DEL PROGRAMME OUTLINE

## Module 5: Trading Crude Palm Oil Futures Contract (FCPO) (25 minutes\*)

### OVERVIEW

Trading in FCPO allows investors or traders to diversify their investment portfolios into a derivatives instrument. However, they need to understand the mechanics of FCPO trading. This module will explain how to trade (buy and sell) FCPO, the risks & returns of FCPO trading and ways to manage the trading risks.

### OBJECTIVE

Upon completion of this module, participants will be able to:

- i. explain how to trade an FCPO contract
- ii. identify the risks and returns of FCPO trading
- iii. describe how to manage risks in FCPO trading

*\* includes trading simulation*

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## Module 6: Introduction to FTSE Bursa Malaysia KLCI Futures Contract (FKLI) (10 minutes)

### OVERVIEW

This module will provide an overview of the underlying instrument of FKLI which is the FBM KLCI and the importance of FKLI to investors and fund managers. This module also explores the FKLI contract specification that lists down the terms and conditions of how the product will be traded.

### OBJECTIVE

Upon completion of this module, participants will be able to:

- i. describe the underlying instruments for the FKLI
- ii. identify the motivations for traders and investors to trade FKLI
- iii. explain the importance of FKLI to investors and fund managers
- iv. describe FKLI's contract specifications

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## Module 7: Trading FTSE Bursa Malaysia KLCI Futures Contract (FKLI) (25 minutes\*)

### OVERVIEW

FKLI is a futures contract with the FTSE Bursa Malaysia Kuala Lumpur Composite Index (FBM KLCI) as the underlying asset. This module explains how to trade the FKLI contract, the risks & returns of trading FKLI and how to manage the risks.

### OBJECTIVE

Upon completion of this module, participants will be able to:

- i. explain ways to trade the FKLI contract
- ii. identify the risks and returns of FKLI trading
- iii. describe ways to manage risks of FKLI trading

*\* includes trading simulation*



# E-LEARNING PROGRAMME: DEL PROGRAMME OUTLINE

## Module 8: Introduction to FTSE Bursa Malaysia Mid 70 Index Futures (FM70) (10 minutes)

### OVERVIEW

This module will provide an overview of the underlying instrument of FM70 which is FBM Mid 70 Index and the importance of FM70 to investors and fund managers. This module also explores the FM70 contract specification that lists down the set of terms and conditions of how the product will be traded.

### OBJECTIVE

Upon completion of this module, participants will be able to:

- i. describe the underlying instruments for the FM70
- ii. identify the motivations for traders and investors to trade FM70
- iii. explain the importance of FM70 to investors and fund managers
- iv. explain FM70's contract specifications

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## Module 9: Trading FTSE Bursa Malaysia Mid 70 Index Futures (FM70) (25 minutes\*)

### OVERVIEW

FM70 is a futures contract with FTSE Bursa Malaysia Mid 70 Index (FBM Mid 70) as the underlying index. This module will explain the trading strategies of FM70 contract and the ways to manage risks of FM70 trading.

### OBJECTIVE

- i. explain the trading strategies of an FM70 contract
- ii. identify the risks and returns of FM70 trading
- iii. describe the ways to manage risks of FM70 trading

*\* includes trading simulation*

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## Module 10: Introduction to Single Stock Futures (SSFs) contract (10 minutes)

### OVERVIEW

This module will provide an overview of the SSFs, the motivations for trading SSFs and the importance of SSFs to investors and fund managers. This module also explores the SSFs' contract specifications that set out the terms and conditions of how the SSFs will be traded.

### OBJECTIVE

Upon completion of this module, participants will be able to:

- i. describe the underlying instruments for the SSFs
- ii. identify the motivations for traders and investors to trade SSFs
- iii. explain the importance of SSFs to investors and fund managers
- iv. identify the SSFs' contract specifications

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## Module 11: Trading Single Stock Futures (SSFs) (25 minutes\*)

### OVERVIEW

SSF is a futures contract where the underlying instrument is the selected single stock traded on Bursa Malaysia. This module will explain the strategies to trade SSFs and the ways to manage risks of SSFs trading.

### OBJECTIVE

Upon completion of this module, participants will be able to:

- i. explain the trading strategies of the SSFs contract
- ii. identify the risks and returns of SSFs trading
- iii. describe the ways to manage risks of SSFs trading

*\* includes trading simulation*



# E-LEARNING PROGRAMME: DEL PROGRAMME OUTLINE

## Module 12: Technical and Fundamental Analysis in Derivatives Trading (10 minutes)

### OVERVIEW

Technical and fundamental analysis are useful for traders or investors to identify price patterns and market trends in derivatives trading. This module will explain the differences between technical and fundamental analysis and how to use technical analysis in derivatives trading.

### OBJECTIVE

Upon completion of this module, participants will be able to:

- differentiate between technical and fundamental analysis
- explain the use of technical analysis in derivatives trading

## Module 13: Trading FCPO Using Technical Analysis (10 minutes)

### OVERVIEW

This module will explain how to read trading charts, identify the three major trends for trading charts and describe basic trading patterns and indicators used for FCPO trading.

### OBJECTIVE

Upon completion of this module, participants will be able to:

- explain trading charts in technical analysis
- identify major trends in the charts
- describe patterns and indicators

## Module 14: Trading FKL1 and FM70 Using Technical Analysis (10 minutes)

### OVERVIEW

This module will explain how to use technical analysis in trading FKL1 and FCPO contracts. Participants will discover the ways to read trading charts, identify the three major trends of trading charts and describe basic trading patterns and indicators used for FKL1 and FM70 trading.

### OBJECTIVE

Upon completion of this module, participants will be able to:

- read trading charts
- identify the three major trends of trading charts
- describe the trading tools for FKL1 & FM70 trading

## Module 15: Introduction to Spread Trading (10 minutes)

### OVERVIEW

This module will provide an overview of spread trading which is a trading technique for futures contracts. This module also explains the difference between spread trading and outright trading, types of spread trading and the benefits of spread trading.

### OBJECTIVE

Upon completion of this module, participants will be able to:

- differentiate spread and outright trading
- describe types of spread trading
- explain the benefits of spread trading



# E-LEARNING PROGRAMME: DEL PROGRAMME OUTLINE

## Module 16: Trading Calendar Spread – FCPO and FKLI (10 minutes)

### OVERVIEW

Calendar spread trading is a strategy where traders buy and sell the same futures contract of different expiration dates simultaneously. This module will explain the ways to construct a calendar spread trading, calculate profit & loss and how to manage spread trading.

### OBJECTIVE

Upon completion of this module, participants will be able to:

- identify ways to construct spread trading
- calculate profit and loss from the trading
- explain ways to manage calendar/time spread

## Module 17: Trading Psychology in Derivatives (10 minutes)

### OVERVIEW

The right trading psychology is one of the key determinant factors to successful derivative trading. This module will explain the common pitfalls and mistakes in trading, how market news and sentiment affect traders' decision making and the habits of successful traders or investors.

### OBJECTIVE

Upon completion of this module, participants will be able to:

- identify the common pitfalls in derivatives trading
- explain the impact of market news and sentiments on a trader's decision
- describe the habits of a successful trader or investor

## Module 18: Be a Smart Derivatives Trader or Investor (10 minutes)

### OVERVIEW

Risk management helps traders and investors to optimise returns and control losses in derivatives trading. They are also exposed to unauthorised investment schemes and products with the promise of a consistently high return. A smart trader and investor should be able to identify the common red flags in trading.

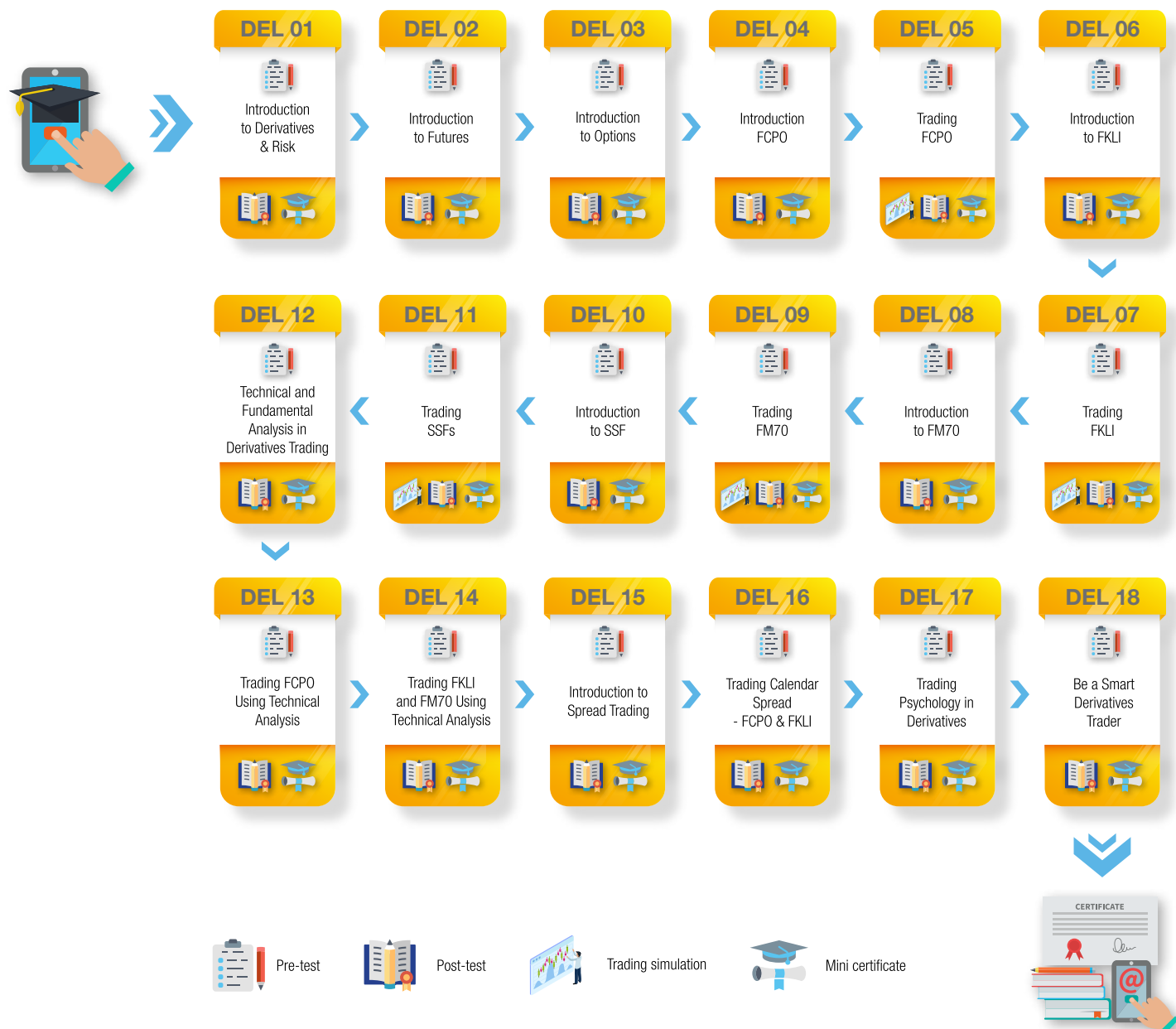
### OBJECTIVE

Upon completion of this module, participants will be able to:

- explain the risk management mechanism for derivatives trading
- identify the elements of a smart trader or investor
- explain the rights of traders or investors



# DEL PROGRAMME FLOW



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