



## *Derivatives and Hedging*

### Overview

#### **INTRODUCTION**

This interactive self-study course provides an overview of financial risk management and derivative instruments for financial professionals, including but not limited to, CPAs, CFPs, and accounting professionals. As an expert in derivatives and hedging, Mr. Walker discusses and fully explains the various types of risk that impact financial markets today, as well as the four major categories of derivatives commonly used to hedge these risks (i.e. forwards, futures, swaps, and options). To complete this course and receive credit, you must read the material and, during the course, to test your comprehension of each of the learning objectives, answer the review questions. After completing each section's review questions, you can evaluate your progress by comparing your answers to both the correct and incorrect answers and the reason for each. Once you have read all of the materials and completed the review questions, fully understanding the correct and incorrect answers, you can complete the final examination, of which you must score a 70 percent or higher in order to receive CPE credit.

#### **AUTHOR**

Michael J. Walker, CPA, is based in New England and has several years of accounting experience in several of the largest financial institutions in the world. He has an extensive technical accounting background that includes hands-on experience with U.S. GAAP, Canadian GAAP, and International Financial Reporting Standards (IFRS). His specialized expertise includes the accounting for financial instruments, hedging strategies, and variable interest entities. He graduated from Bentley University with a BS in finance and an MS in accountancy.

#### **COURSE DESCRIPTION**

This course is designed to provide a clear and relevant overview of derivatives and hedging, beneficial to any financial professional seeking to gain knowledge and understanding about today's financial markets. A Derivative is a financial product that derives its value based on an underlying asset, liability, or other variable (such as an interest rate, foreign currency, or commodity price). Derivatives have become very popular tools for "hedging" (i.e. reducing) financial risk; they have also become an increasingly standard item on big companies' balance sheets. Yet understanding how they work, what they are used for, and how they can affect the bottom line of a business has proven to be a significant challenge for the accounting and auditing industries.

#### **TOPICS COVERED**

- Risks associated with Derivatives and Hedging
- Tools for Hedging Financial Risk
- Forwards
- Futures
- Swaps
- Options



**FIELD OF STUDY**

Finance

**PUBLICATION/REVISION DATE**

7/31/16

*Please Note: This course must be completed within 1 year of date of receipt of the course for CPE credit.*



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