

## Annexure I – Syllabus Outline

### NISM-Series-IV: Interest Rate Derivatives Certification Examination

#### Objective of the Examination

The examination seeks to create a common minimum knowledge benchmark for the approved users and sales personnel of the trading members who are registered as such in the Currency Derivatives Segment of a recognized stock exchange and trading in Interest Rate Derivatives.

The examination aims to enable a better understanding of various derivatives products available in exchange traded interest rate derivatives markets, risks associated with those products and the trading, clearing and settlement mechanisms of interest rate derivatives. The examination also covers knowledge competencies related to the understanding of regulations governing the interest rate derivatives markets in India.

On successful completion of the examination the candidate should:

- Know the basics of fixed income securities and interest rate derivative products in India.
- Understand the analytical framework of interest rate futures and options traded in Indian exchanges.
- Understand various hedging, trading and arbitrage strategies that can be built using interest rate derivatives.
- Understand clearing, settlement and risk management of interest rate futures and options.
- Know the legal and regulatory environment in which the interest rate derivatives markets operate in India.

#### Examination Specifications

This is a computer-based examination with multiple choice questions.

The examination consists of 100 questions of 1 mark each adding to 100 marks.

The examination should be completed in 2 hours.

There shall be negative marking of 25% of the marks assigned to the question for each wrong answer.

The passing score for the examination is 60 marks.

#### Syllabus Outline with Weights

Unit No.	Unit Name	Weightage
Unit 1	Introduction to Interest Rate, Interest Rate Instruments and Fixed Income Markets	10
Unit 2	Interest Rate Derivatives	5
Unit 3	Exchange Traded Interest Rate Futures	20
Unit 4	Exchange Traded Interest Rate Options	15
Unit 5	Strategies using Interest Rate Derivatives	15
Unit 6	Trading Mechanism in Exchange Traded IRD	10
Unit 7	Clearing, Settlement and Risk Management of IRD	10
Unit 8	Regulatory Environment for Exchange Traded IRD	5
Unit 9	Accounting and Taxation of IRD	5
Unit 10	Code of Conduct and Investor Protection Measures	5