

# 1 PRMIA Section 1 - Bond Markets

- Compare and contrast a retail and an investment bank
- Define market-making and origination
- Describe the various market participants by group
- Compare and contrast a proprietary trader and a market-maker(dealer) and an inter-dealer broker
- Define bid-price and offer-price
- Compare and contrast sovereign, agency, corporate and municipal bonds
- Describe on-the-run, off-the-run and benchmark securities
- Compare and contrast general obligation and revenue bonds
- Define a sinking fund
- Define property clauses and call provision
- Define types of foreign bonds (Yankee, Bulldog, Samurai, Alpine and Matador)
- Compare gross and net interest payments
- Compare and contrast the primary and secondary markets
- Compare and contrast a public offer and a private offer
- Describe the process of underwriting a new issue
- Define underwriter, lead manager and book-runner
- Define a fixed-price re-offer mechanism
- Define a bought-deal
- Describe the characteristics of the Eurobond market
- Define the different day-count conventions
- Define default and recovery rates
- Describe how a bonds rating affects the yield spread
- Describe the role of Rating Agencies

## 1.1 The Futures Market

- Define a futures contracts
- Discuss some of the reasons that futures markets exist
- Define open-outcry, contract size, tick size, limit up, limit down, expanded limit, initial margin, maintenance margin, mark-to-market, daily settlement, delivery month, offsetting transaction, volume and open interest
- Discuss types of orders in futures markets
- Discuss the importance of standardization in futures contracts
- Discuss the role of the clearing house
- Compare and contrast physical delivery and cash-settlement
- Discuss the process of physical settlement
- Define and discuss the various types of orders
- Define flex option
- Discuss the exercise of an option on a futures contract
- Discuss the various participants in futures markets: hedgers, speculators, managed futures investors
- Calculate initial margin and change in margin due to market movements
- Define calendar spread and basis

- Discuss the size of markets for energy
- Discuss the various energy futures markets
- List the major energy futures contracts
- Describe various options on energy
- Discuss using futures markets to hedge energy risk
- Construct an energy hedge using futures contracts
- Discuss physical delivery in energy markets
- Define basis contracts in OTC energy markets
- Discuss the role of the Singapore Market
- Discuss the role of the European Market
- Discuss the role of the North American OTC energy market
- Discuss the role of NordPool
- Discuss the role that Platts plays in the energy market
- Discuss the Coal market
- Discuss the weather derivatives market
- Discuss the emergence of green trading
- Define Heating Degree Day (HDD) and Cooling Degree Day (CDD)
- Discuss the issues of future energy trading