

## FUTURES CONTRACTS

Futures contracts are agreements to buy or sell assets at a set price on a future date. They're traded on exchanges, used for speculation or hedging, and help with risk management and price discovery in financial markets.

## SWAPS

Swaps are like financial agreements between two parties to exchange cash flows over a specified period. They are often used to hedge against fluctuations in interest rates, exchange rates, or even commodity prices.

## OPTIONS CONTRACTS

They give you the right, but not the obligation, to buy (a call option) or sell (a put option) an underlying asset at a predetermined price (the strike price) on or before a specified date (the expiration date).

## FORWARDS

Forwards are like customized contracts between two parties to buy or sell an asset at a predetermined price on a future date. They are a bit like futures contracts, but they are not standardized and are tailored to the specific needs of the parties involved.

# Types of Derivatives

