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**MASTER OF BANKING, INVESTMENT AND FINANCE
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EXECUTIVE SUMMARY

Based on the positive trends of the futures market, it can be concluded that in addition to active speculators in the market, there are hedgers as well. Position protection against the price risk becomes more relevant in the unstable individual segments of the global economy and the crisis in the international markets.

This study deals with the theory of hedging in derivatives market, as well as, the practice of using these operations of financial derivatives in developed countries. The study focuses on the main hedging strategy, which is the basis of complex strategies creation. In this study less attention is paid to more complex strategies, as they include the basic strategy. With knowledge of the technique of basic strategies, the investor will be able to build one that will satisfy all the exact needs.

The aim of this paper is to study the latest techniques of pricing and hedging of financial options, comparing new techniques with traditional techniques, in the financial industry, as well as an analysis of the possibility of imperfect hedging in the Russian derivatives market.

The first chapter is defined relevance of the chosen topic and described the history and development of the derivatives market in Russia.

The second chapter consists of theoretical aspects, it describes the concept of derivatives market. Description of the theory of hedging of financial options and the strategies of hedging using options contracts, The Black-Scholes model and volatility.

The third chapter describes Methods of imperfect hedging of financial options, Algorithm of successful hedging, and successful hedging variety, described the major foreign futures and options markets. Moreover, the third chapter identifies examples of hedging various risks in companies, the use of hedging instruments at the foreign trade operations by Forex market participants.

The fourth chapter (practical) chapter shows the practical aspects of hedging on Sberbank shares and a currency pair USD - RUR example. In this study various sources of information, both Russian and foreign authors, were used. The foundation of this study can be found in John Hull "Options, futures and other derivatives" research and Burenin A. N. "Forwards, futures, options, exotic, and weather derivatives" research, in addition, was used the information of interviews with investment banks and assistance of the project manager (Prof. Kostas Giannopoulos).

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