

FINA 737: Derivative Products & Analysis
Spring Semester 2017
Instructor: Igor Osobov
MW 11:15am – 2:00pm, DMSB 121

Office hours

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Time: Mon & Wed 10:40am – 11:10am

or by appointment

Course Overview

This graduate level course is an introduction to financial derivative products such as forwards and futures, options, and swaps. The emphasis will be on derivative contracts, implementation of trading strategies, valuation models, and supporting market structures.

Prerequisites

DMSB 715 or FINA 760

Course Materials

1. The required text is John C. Hull, Fundamentals of Futures and Options Markets, 9th edition, Pearson (2017).
2. Powerpoint slides and other course materials will be distributed through Blackboard. Some announcements may be communicated by e-mail, so you should also have your University e-mail account functioning.

Grading

Your grade in the course will be determined on your aggregate score calculated as a weighted average of the on three case studies, a mid-term examination, final examination and class participation as follows:

Case Studies:	25 points (25% of total grade)
Midterm Exam:	20 points (20% of total grade)
Final Exam:	30 points (30% of total grade)
Participation:	25 points (25% of total grade)

Grade cutoffs are **approximately** as follows:

A: ≥ 90 B: ≥ 80 C: ≥ 70 D: ≥ 60 F: < 60

Discussing cases with other students is allowed and encouraged, but each student must submit his/her own report by the deadline.

Exam Policies

- No make-up exams will be given. In case of an excused absence (e.g. medical emergency), the weights of all other grades will be adjusted proportionately. In case of an unexcused absence, you will receive a score of zero for the exam.

- All grades are assigned after a careful examination of the work submitted. Any grade disputes should be discussed with me within two weeks of the receipt of the disputed exam. No adjustments will be made after this two-week period.

Laptops, cell phones, etc

Open laptops are **NOT** allowed in class except when we perform specific exercises. No use of cell phones (text messaging included) or other gadgets is allowed.

Academic Dishonesty

The University policy regarding academic dishonesty will be strictly enforced. You are responsible for reviewing the information at <http://www.sc.edu/academicintegrity/honorcode.html>. Suspected violations of the honor code will be reported to office of academic integrity. The office of academic integrity's web site (<http://sc.edu/academicintegrity>) has useful information about the process that is followed when a suspected violation has occurred.

TENTATIVE SCHEDULE OF CLASSES

DATE	TOPIC	
03/13, 03/15	Overview of Derivatives Markets	Ch. 1
03/20	Mechanics of Futures Markets	Ch. 2
03/22	Hedging with Futures	Ch. 3
03/27, 03/29	Determination of Forward and Futures Prices	Ch. 4
04/03	Interest Rates	Ch. 5
04/05	Midterm Examination	
04/10	Mechanics of Options Markets. Properties of Stock Options	Ch. 9, 10
04/12	Option Strategies	Ch. 11
04/17	The Binomial Option Pricing Model	Ch. 13
04/19	The Black-Scholes-Merton Model	Ch. 15
04/24	The Greek letters, volatility smiles	Ch. 19, 20

Final Exam: Wednesday, April 26 at 9:00 am