



COURSE SYLLABUS

Derivatives Securities, 7.5 credits

Derivatives Securities, 7,5 högskolepoäng

Course Code:	FSOR23	Education Cycle:	Second-cycle level
Confirmed by:	Council for Undergraduate and Masters Education Jan 4, 2013	Disciplinary domain:	Technology
Revised by:	Oct 22, 2014	Subject group:	NA1
Valid From:	Jul 1, 2013	Specialised in:	A1N
Version:	2	Main field of study:	Business Administration, Economics
Reg number:	IHH2015/01525-313		

Intended Learning Outcomes (ILO)

On completion of the course the students will be able to:

Knowledge and understanding

- Understand the general features of derivatives markets.
- Understand the opportunities created by derivative securities in connection with the financial management of firms.

Skills and abilities

- Identify the derivative securities providing the best match to the firms' financial needs, in different scenarios.
- Price derivative securities, by means of analytical and numerical methods.
- Use numerical techniques to tackle the mathematical problems that arise in connection with the use and the pricing of derivatives securities.

Judgement and approach

- Appreciate the intrinsic limitations of the numerical strategies conventionally used in the models used to price derivative securities.

Contents

The course focuses on the opportunities created by derivative securities for firms and financial operators in general, with an emphasis on the hedging of risks deriving from business operations. The main classes of securities considered are forward contracts, futures contracts, swaps, and options. The broad class of options includes both standard stock options, and more specific securities such as currency options, warrants issued by companies, and also "exotic options." In each case, we consider the structure of the securities, their pricing - typically by no-arbitrage techniques - and their use, illustrated by several examples.

Special attention is paid to the possibilities offered by computer routines allowing tackling the complex mathematical problems that are typically faced by financial operators, in connection with the use and the pricing of derivatives securities.

Type of instruction

Lectures and workshops.

The teaching is conducted in English.

Prerequisites

Bachelors's degree in Business Administration or Economics (or the equivalent).

Examination and grades

The course is graded A, B, C, D, E, FX or F.

All ILOs are tested in a written examination, counting for 6 credits. The ILOs related to skills and abilities and approach are also tested in a number of written assignments, counting for 1.5 credits in total. The grade is translated to the ECTS grading scale (A, B, C, D, E, Fx or F).

Registration of examination:

Name of the Test	Value	Grading
Written test ¹	6 credits	A/B/C/D/E/FX/F
Written assignment ¹	1.5 credits	A/B/C/D/E/FX/F

¹ All parts of the compulsory examination in the course must be passed with a passing grade (A-E) before a final grade can be set. The final grade of the course is determined by the sum total of points for all parts of the examination in the course. Grade is set in accordance to JIBS grading policy.

Course evaluation

Course evaluation

It is the responsibility of the examiner to ensure that each course is evaluated. At the outset of the course, evaluators must be identified (elected) among the students. The course evaluation is carried out continuously as well as at the end of the course. On the completion of the course the course evaluators and course examiner discuss the course evaluation and possible improvements. A summary report is created and archived. The reports are followed up by program directors and discussed in program groups and with relevant others (depending on issue e.g. Associate Dean of Education, Associate Dean of faculty, Director of PhD Candidates, Dean and Director of Studies). The next time the course runs, students should be informed of any measures taken to improve the course based on the previous course evaluation.

Other information

Academic integrity

JIBS students are expected to maintain a strong academic integrity. This implies to behave within the boundaries of academic rules and expectations relating to all types of teaching and examination.

Copying someone else's work is a particularly serious offence and can lead to disciplinary action. When you copy someone else's work, you are plagiarizing. You must not copy sections of work (such as paragraphs, diagrams, tables and words) from any other person, including another student or any other

author. Cutting and pasting is a clear example of plagiarism. There is a workshop and online resources to assist you in not plagiarizing called the Interactive Anti-Plagiarism Guide.

Other forms of breaking academic integrity include (but are not limited to) adding your name to a project you did not work on (or allowing someone to add their name), cheating on an examination, helping other students to cheat and submitting other students work as your own, and using non-allowed electronic equipment during an examination. All of these make you liable to disciplinary action.

Course literature

Literature

- McDonald, Robert L., Derivatives Markets, second edition, 2006. New York: Pearson Education.
- Additional articles and handouts, posted on the web-page of the course.