

### **FIN 553: Derivatives Market**

To understand issues pertaining to pricing and hedging with options on individual stocks and indexes, to examine forwards and futures contracts for equity indexes, commodities, and currencies, and to analyze second generation derivative products such as interest rates and the management of credit risks.

This course focuses on financial derivative securities. Their role in financial management is becoming increasingly important, especially in portfolio management. This course covers valuation of various options and futures as well as their use in risk management. Specific topics include options and futures pricing models, options strategies, and contemporary topics such as index arbitraging.

### **Learning Outcomes**

At the end of this course students should be able to:

1. To have a discussion and explain in detail financial instruments such as options, futures, swaps and other derivative securities.
2. Describe and understand the economic environment in which such instruments operate.
3. Develop and employ theoretical valuation methods to price these financial instruments.
4. Apply these instruments in managing the risk of investing and hedging activity at the individual and the corporate level.

### **Text book**

Derivatives Markets (3rd Edition) (Pearson Series in Finance)by Robert L. McDonald