



COURSE SYLLABUS

Derivatives Securities, 7.5 credits

Derivatives Securities, 7,5 högskolepoäng

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| Course Code: FSOR23 | Education Cycle: Second-cycle level |
| Confirmed by: Council for Undergraduate and Masters Education Oct 24, 2007 | Disciplinary domain: Technology |
| Valid From: Jan 15, 2024 | Subject group: NA1 |
| Version: 4 | Specialised in: A1N |
| | Main field of study: Business Administration, Economics |

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.

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

It is the responsibility of the examiner to ensure that each course is evaluated. At the outset of the course, the programme evaluators in the course must be contacted. In the middle of the course, the examiner should meet the programme evaluators to identify strengths/weaknesses in the first half of the course.

At the end of the course, the examiner should remind students to fill in the survey. The examiner should also call a meeting with the programme evaluators to debrief the course, based on course evaluation data and comments. The next time the course runs, students should be informed of any measures taken to improve the course based on the previous course evaluations.

At the end of each study period, JIBS' Director of Quality and Accreditation crafts a "Course Evaluation Quarter Report", presenting the quantitative results from course evaluation surveys. The Associate Dean of Education, The Associate Deans of Faculty, Programme Directors, and JSA President and Quality receive the report.

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 plagiarising. 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 plagiarising 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

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