



<b>Course Code</b> FIN-450	<b>Course Title</b> Options and Futures Markets	<b>Credits (ECTS)</b> 6
<b>Department</b> Economics and Finance	<b>Semester</b> Spring	<b>Prerequisites</b> FIN-266; ECON-390
<b>Type of Course</b> Elective	<b>Field</b> Finance	<b>Language of Instruction</b> English
<b>Level of Course</b> Undergraduate	<b>Year of Study</b> 3 <sup>rd</sup> – 3 <sup>4th</sup>	<b>Lecturer(s)</b> TBA
<b>Mode of Delivery</b> Face-to-face	<b>Work Placement</b> N/A	<b>Co-requisites</b> None
<b>Recommended Optional Programme Components:</b> N/A		

#### **Objectives of the Course:**

The main objectives of the course are to:

- Provide an overview of the key derivative markets principles.
- Understand how the principles of valuation, pricing, hedging SWAPS are used in practice in Finance.
- Show how financial markets use financial instruments (forwards, futures and options) in investments and corporate financial management.
- Develop the ability to use the above underlying concepts in financial markets.
- Use theory to address practical problem solving.

#### **Learning Outcomes:**

After completion of the course students are expected to be able to:

1. Explain the importance and role of options and futures in finance.
2. Examine how the use of derivatives is applied in investment and corporate financial management.
3. Calculate and apply derivative techniques, to reduce corporate risk exposure.
4. Explain the use of Options Pricing Theory in corporate finance.
5. Estimate the valuation of European and American options and their underlying features.

#### **Course Contents:**

1. Forwards and Futures.
2. Institutional Structure.
3. Pricing, Hedging, SWAPS, Commodity Futures.
4. Introduction to Options.

5. Definition and Sample hedging Strategies with Options.
6. Options Pricing Theory
7. Distribution-Free Properties of Options.
8. Binomial Options Pricing.
9. Valuation of European and American Options.
10. The Black-Scholes Model, Characteristics of Black-Scholes Prices.

**Learning and Teaching Methods:**

Lectures, Case Study Analysis and Discussion, In-Class Exercises, Homework Exercises, Assignment.

**Assessment Methods:**

Homework, Assignment, Mid-semester Exam, Final Exam.

**Required Textbooks/Reading:**

<b>Authors</b>	<b>Title</b>	<b>Publisher</b>	<b>Year</b>	<b>ISBN</b>
Hull, John C.	<i>Options, Futures and Other Derivatives 6th edition</i>	Prentice Hall	2005	