

# **FIN359 Derivative Securities**

**Level:** 3

**Credit Units:** 5 Credit Units

**Language:** ENGLISH

**Presentation Pattern:** EVERY JULY

## **Synopsis:**

Derivative securities have become very important for risk management in businesses. Understanding how derivative securities can be used to hedge interest rate risk, currency risk, equity portfolio risk and credit risk is very important for students of finance. This course will equip students with the knowledge and skills needed for using derivative securities to hedge financial risk.

## **Topics:**

- Basics of Call and Put Options, Put-call Parity
- Option Pricing (Binomial and Black-Scholes model) and Greeks in Options
- Commodity Price Risk Management
- Interest Rate Risk Management
- Equity Portfolio Risk Management
- Currency Risk Management and Credit Risk

## **Textbooks:**

John C. Hull: Fundamentals of Futures and Options Market, Global Edition 8 Pearson  
ISBN-13: 9781292155036

John C. Hull: Fundamentals of Futures and Options Market, Global Edition 8 Pearson  
ISBN-13: 9781292155036-AA

**Learning Outcome:**

- Describe the basics of options
- Apply option pricing models to value options
- Design strategies to hedge interest rate risk
- Develop hedging techniques for currency risk management
- Propose strategies to hedge equity portfolio risk
- Construct strategies to manage credit risk
- Apply valuation models to value options
- Formulate strategies to hedge interest rate risk, currency risk, credit risk, and equity portfolio
- Demonstrate the essential knowledge and interpersonal skills to work effectively in a team
- Demonstrate proficiency in writing

<b>Continuous Assessment Component</b>	<b>Weightage (%)</b>
PRE-COURSE QUIZ	2
PRE-COURSE QUIZ	2
PRE-COURSE QUIZ	2
TUTOR-MARKED ASSIGNMENT	38
PARTICIPATION	6
<b>Sub-Total</b>	<b>50</b>

<b>Examinable Component</b>	<b>Weightage (%)</b>
Written Exam	50
<b>Sub-Total</b>	<b>50</b>

**Weightage Total** **100**