

FIN 6360
Fall 2021
Derivatives Market

***Syllabus is subject to change at any time during the semester. ***

Class hours: Wednesday 4:00pm-6:45pm
Classroom: JSOM 2.802

Instructor Contact Information

Professor Dupinderjeet Kaur
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Office Location JSOM 14.405
Office Hours: Thursday 11:30 am – 1:00 pm
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TA Office Hours: TBD

Course Description

Examines the valuation of derivative securities such as options and futures contracts, as well as the use of these instruments in managing business and financial risks. The topics to be covered include pricing of futures contracts, swaps, and options, the use of derivative instruments in hedging, portfolio insurance, exotic options, and the valuation of options on debt instruments.

Class lectures

- The lectured delivered in class would be streamed on MS stream live.
- A recorded lecture will be posted on MS stream prior to the class as well. Note that this will not be the recording of the in class lecture, the material in the recording will be same as covered in the class.
- A recording of live lecture will be posted if needed.

Participation Quizzes

- You will be taking a Quiz each week with 5 Multiple choice questions based on the lecture that week.
- These quizzes will available for 24 hours at the end of the class.
- Once you start you will have to finish in 15 minutes.

- Please make sure that you listen and work through problems in the lecture to be able to do the questions on the Quiz.
- The questions on the Quiz will be made available one by one and you won't be able to backtrack (meaning once you click to the next question, you won't be able to go back to the prior question).
- One participation Quiz (the one with the lowest score) will be dropped before the final grade calculation.

HWs

- You will have one HW due every week.
- The HW will be available at the end of the class time
- The HW will be ***due before the beginning of the next class.***
- You will be responsible for keeping a track of the deadline, no announcement will be posted regarding deadlines.
- You will be uploading your HW in eLearning.
- You will have 2 attempts to upload your correct file.
- Please **don't** email your HW file to me or the TA.
- No late work would be accepted.

Midterm Exam

- You will be taking three midterm Exams.
- The Exams are not cumulative.
- Calculators are allowed.
- You can use one sided (regular size paper) hand written (not typed) cheat sheet for the Exam.
- You will be taking Exam at the UTD testing center. Please make sure you reserve a seat for yourself on the Exam day. <https://www.registerblast.com/utdallas/Exam/List>
- Reservations should be made 72 hours before the Exam.
- Once you start the Exam you will have 105 minutes to finish it.

Course grades will be determined as follows

Midterm I - 20%

Midterm II - 20%

Midterm III - 20%

Assignments - 20%

Participation - 20%

Final grades will be given on a curve, according to official University guidelines.

Academic Integrity

The University of Texas at Dallas administers student discipline within the procedures of recognized and established a due process. Procedures are defined and described in the Rules and Regulations, Series 50000, Board of Regents, The University of Texas System, and in Title V, Rules on Student Services and Activities of the university's Handbook of Operating Procedures. Copies of these rules and regulations are available to students in the Office of the Dean of Students, where staff members are available to assist students in interpreting the rules and regulations (SU 1.602, 972-883-6391) and online at http://www.utdallas.edu/judicial_airs/UTDJudicialA_airs-HOPV.html. Scholastic Dishonesty: Any student who commits an act of scholastic dishonesty is subject to discipline. Scholastic dishonesty includes but is not limited to cheating, plagiarism, collusion, submitting for credit any work or materials that are attributable in whole or in part to another person, taking an examination for another person, or any act designed to give an unfair advantage to a student or the attempt to commit such acts.

Students with disabilities

Any student with a documented disability who requires academic accommodations should contact Office of Student AccessAbility at (972) 883-2098. Faculty is not required to provide accommodations without an official accommodation letter from the Office. Please notify me as quickly as possible if the material being presented in class is not accessible (e.g., instructional videos need captioning, course packets are not readable for proper alternative text conversion, etc.). Contact Office of Student AccessAbility at (972) 883-2098 or reference the website for more disability-related information: <http://www.utdallas.edu/studentaccess/>.

Readings

The required textbook for the course is:

Hull, John, Options, Futures, and Other Derivatives, Prentice Hall, 11th edition.

Course outline

This is a tentative outline of the topics that will be covered. There might be some slight variation due to unforeseen time constraints.

The information contained in the following link constitutes the University's policies and procedures segment of the course syllabus. Please go to <https://go.utdallas.edu/syllabus-policies> for these policies.

Week 1	25-Aug	Course Outline and Introduction (Chapter 1,2)
Week 2	1-Sep	Interest Rates (Chapter 4)
Week 3	8-Sep	Forward and Futures (Chapter 5)
Week 4	15-Sep	Swaps (Chapter 7)
Week 5	22-Sep	Midterm I **
Week 6	29-Sep	Options (Chapter 10,11)
Week 7	6-Oct	Options (Chapter 12), Binomial Trees (Chapter 13)
Week 8	13-Oct	Introduction to Stochastic Behavior of Prices (Black and Scholes) (Chapter 14,15)
Week 9	20-Oct	Greek Letters and Binomial Trees (Chapter 19,21)
Week 10	27-Oct	Midterm II
Week 11	3-Nov	Volatility Smiles (Chapter 20), Value at Risk (Chapter 22)
Week 12	10-Nov	Volatility Estimation (Chapter 23)
Week 13	17-Nov	Credit Derivatives and Structured Finance (Chapter 8, 24, 25) If time permits.
Week 14	24-Nov	Thanksgiving Break
Week 15	1-Dec	Midterm III

**Note the Exception: Testing Center is closed on Sep 22nd. You can take first midterm anytime on Sep 21st or 23rd during Testing Center's business hours.