

FIN 6360
Spring 23
Derivatives Market

Professor Dupinderjeet Kaur

Email: Dupinderjeet.Kaur@utdallas.edu

Office: 14.405

Office hours: Thursday 12:00 noon – 1:00 pm (or by appointment)

Class hours: Tuesday 10:00 am – 12:45 pm

Classroom: JSOM 2.901

TA name: Shivangi Bhatia

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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.

Expected Class Behavior: I do not allow use of Laptops/Tablets etc. in class unless you are taking notes on them. Your cell phones should be on silent and put away. If you want to use/check your phone please step outside. I will call you out if I see any disruptive behavior.

Readings

The required textbook for the course is:

Hull, John, Options, Futures, and Other Derivatives, Prentice Hall, 10th edition.

I will also provide a set of lecture notes before class. The lecture notes will be also posted on the course website. These notes are not a substitute for attending classes since the class discussion will add value to the notes.

Course grades will be determined as follows

Exam I - 35%

Exam II - 35%

Assignments - 30%

Grading Schedule

SCALE: Total score of ≥ 93 is A

$89 \leq \text{score} < 93$ is A-

$86 \leq \text{score} < 89$ is B+

$83 \leq \text{score} < 86$ is B

$79 \leq \text{score} < 83$ is B-

$76 \leq \text{score} < 79$ is C+

$73 \leq \text{score} < 76$ is C

69<=score<73 is C-
59<=score<69 is D+
score<59 is F

Exams

- Financial calculators are allowed.
- No make-up exams will be allowed.
- You must bring a pencil, an eraser, an acceptable financial calculator, and your UTD Comet Card. You won't be able to take the Exam without a Comet Card (Driver License is not accepted)
- You can take one sided handwritten cheat sheet to the Exam.
- All exams will be administered in the UTD Testing Center. **Seat Reservations are required at:** <https://ets.utdallas.edu/testing-center/>

Exam 1: 03/06/2023 - 03/10/2023

Exam 2: 05/01/2023 - 05/05/2023

Makeup Exams – There will be NO MAKEUP EXAMS unless you have a medical or family emergency for which you have document(s) to show (flat tire is not an emergency).

Assignments

- HW assignments will be posted every week on eLearning.
- Students are expected to keep a track of the submission deadlines, no separate announcement will be posted regarding HW deadlines.
- No late works is accepted.
- Please work individually on HW assignments, any collaboration would be considered cheating and reported to appropriate authorities.
- Please do not discuss HWs on any group chats.
- You will get 2 attempts to submit your HW.

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/judicialaairs/UTDJudicialAairs-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.

UT Dallas Syllabus Policies and Procedures link (<https://go.utdallas.edu/syllabus-policies>)

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/>.

UT Dallas Policies and Procedures

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

Course outline

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

Week 1	Course Outline and Introduction (Chapter 1,2)
Week 2	Interest Rates (Chapter 4)
Week 3	Forward and Futures (Chapter 5)
Week 4	Swaps (Chapter 7)
Week 5	Options (Chapter 10,11)
Week 6	Options (Chapter 12), Binomial Trees (Chapter 13)
Week 7	Review
Week 8	Exam I
Week 9	Spring Break
Week 10	Introduction to Stochastic Behavior of Prices (Black and Scholes) (Chapter 14,15)
Week 11	Greek Letters and Binomial Trees (Chapter 19,21)
Week 12	Value at Risk (Chapter 22)
Week 13	Volatility Smiles (Chapter 20)
Week 14	Volatility Estimation (Chapter 23)
Week 15	Credit Derivatives and Structured Finance (Chapter 8, 24, 25), Review
Week 16	Exam II