



浙江大學

FINS582

Derivative Securities and Risk Management

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Instructor Contact Details

Lecturer-in-charge: TBA

Email: wlwyxy_29@zju.edu.cn

Office location: Huajiachi Campus, Zhejiang University

Consultation Time: to be announced, and by appointment

Teaching Times, Modes and Locations

The Time: TBA

Modes: Online/Face-to-face

Location: Anywhere via online/Huajiachi Campus, Zhejiang University via face-to-face

Academic Level

Undergraduate

Units of Credit

The course is worth 6 units of credit

Credit Hours

The number of credit hours of this course equals to the credits of a standard semester-long Australian university course.

Contact Hours

The course contains a total of 53 contact hours, which consists of orientation, lectures, seminars, quiz, discussion, research, case study, small tests, assignments, on-site field trip(s), in-class and after-class activities, revision and final exam. Students will receive an official transcript which is issued by Zhejiang University when completing this course.

Course Description:

This course introduces students to financial derivatives through both theoretical and practically applicable knowledge. It will be focusing on how derivatives are used in managing financial risks. Derivative securities covered in this unit will be including options, futures, forwards and swaps. It will be looking into basic pricing principles that are largely relevant to derivatives in the financial markets for the theoretical component of the course. For practical knowledge, students will look into the different types of derivative contracts and valuation techniques used in the industry today. Students will be well equipped with both analytical and problem-solving skills through interactive classes which prepare them for contemporary workplace issues. They will be able to obtain the knowledge and skills necessary for effectively resolving genuine problems in the industry,

Prerequisite:

Prior knowledge in fundamental Finance is required for taking this course.

Learning Resources

Chance, D and Brooks, R. (2014). 10th Edition. Introduction to Derivatives and Risk Management, Cengage Learning.

Learning Objectives

By the end of this course you should be able to:

- Identify the most common derivatives and apply the fundamental principles of derivatives pricing in different contexts;
- Develop an understanding of the economic intuition underlying option pricing;
- Outline the correct derivatives used for hedging the different types of risks;
- Understand and evaluate the shortcomings of hedging as well as the general health of the financial markets;
- Describe the adverse consequences of financial derivatives and how it can be exploited by unscrupulous individuals.

Course Delivery:

- Online Lecture mode includes lectures, seminars, quiz, discussion, research, case study, small tests, assignments, online field trip(s), in-class activities, revision and final exam.
- Face-to-face Lecture mode includes lectures, seminars, quiz, discussion, research, case study, small tests, assignments, on-site field trip(s), in-class and after-class activities, revision and final exam.

The following course will be taught in English. There will also be guest speakers and optional field trips available for students who would like to enhance their learning experience. All courses and others sessions will be run during weekdays.

Topics and Course Schedule:

Topic	Activities
Orientation	
Introduction to Derivatives An overview of on derivatives Origins and development Types of derivatives	Lecture; Tutorial
Derivative Markets Introductions and revolution of derivative markets Structure of derivative markets	Lecture; Tutorial
Options Pricing	Lecture; Tutorial
The Binomial model Hedge portfolio Overpriced call Underpriced call	Lecture; Tutorial

Options Pricing Model	Lecture; Tutorial
Seminar	
Key terms Stock transactions Call option transactions Put option transactions Calls and stock	Lecture; Tutorial
Advanced Option Strategies • The modified butterfly • Key criterias to consider	Lecture; Tutorial
Seminar	
Principles of Pricing	Lecture; Tutorial
Key differences Settlement of contracts Speculation and hedging	Lecture; Tutorial
Options on Futures	Lecture; Tutorial
Exploiting pricing inefficiencies Riskless profits	Lecture; Tutorial
Importance of hedging Short hedge and long hedge Hedging strategies	Lecture; Tutorial
Swaps	Lecture; Tutorial
Revision	
Final exam	

Assessments:

Class participation	15%
Class works	15%

Group Assignment	20%
Final exam	50%

Grade Descriptors:

HD	High Distinction	85-100
D	Distinction	75-84
Cr	Credit	65-74
P	Pass	50-64
F	Fail	0-49

High Distinction 85-100

Treatment of material evidences an advanced synthesis of ideas
 Demonstration of initiative, complex understanding and analysis
 Work is well-written and stylistically sophisticated, including appropriate referencing, clarity, and some creativity where appropriate
 All criteria addressed to a high level

Distinction 75-84

Treatment of material evidences an advanced understanding of ideas
 Demonstration of initiative, complex understanding and analysis
 Work is well-written and stylistically strong
 All criteria addressed strongly

Credit 65-74

Treatment of material displays a good understanding of ideas
 Work is well-written and stylistically sound, with a minimum of syntactical errors
 All criteria addressed clearly

Pass 50-64

Treatment of material indicates a satisfactory understanding of ideas
 Work is adequately written, with some syntactical errors
 Most criteria addressed adequately

Fail 0-49

Treatment of ideas indicates an inadequate understanding of ideas

Written style inappropriate to task; major problems with expression

Most criteria not clearly or adequately addressed

Academic Integrity

Students are expected to uphold the university's academic honesty principles which are an integral part of the university's core values and principles. If a student fails to observe the acceptable standards of academic honesty, they could attract penalties and even disqualification from the course in more serious circumstances. Students are responsible for knowing and observing accepted principles of research, writing and any other task which they are required to complete.

Academic dishonesty or cheating includes acts of plagiarism, misrepresentation, fabrication, failure to reference materials used properly and forgery. These may include, but are not limited to: claiming the work of others as your own, deliberately applying false and inaccurate information, copying the work of others in part or whole, allowing others in the course to copy your work in part or whole, failing to appropriately acknowledge the work of other scholars/authors through acceptable referencing standards, purchasing papers or writing papers for other students and submitting the same paper twice for the same subject.

This Academic Integrity policy applies to all students of the Zhejiang University in all programmes of study, including non-graduating students. It is to reinforce the University's commitment to maintain integrity and honesty in all academic activities of the University community.

Policy

- The foundation of good academic work is honesty. Maintaining academic integrity upholds the standards of the University.
- The responsibility for maintaining integrity in all the activities of the academic community lies with the students as well as the faculty and the University. Everyone in this community must work together to ensure that the values of truth, trust and justice are upheld.

- Academic dishonesty affects the University's reputation and devalues the degrees offered.
- The University will impose serious penalties on students who are found to have violated this Policy. The following penalties may be imposed:
 - Expulsion;
 - Suspension;
 - Zero mark/fail grade;
 - Marking down;
 - Re-doing/re-submitting of assignments or reports; and
 - Verbal or written warning.

