## COURSE DETAILS

<table>
<thead>
<tr>
<th>Course Code:</th>
<th>F71DM</th>
</tr>
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<tbody>
<tr>
<td>Full Course Title:</td>
<td>Derivatives Markets</td>
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<tr>
<td>SCQF Level:</td>
<td>11</td>
</tr>
<tr>
<td>SCAF Credits:</td>
<td>7.5</td>
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<tr>
<td>Available as Elective:</td>
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## DELIVERY LEVEL

<table>
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<tr>
<th>Undergraduate:</th>
<th>Yes</th>
<th>Postgraduate Taught:</th>
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<th>Postgraduate Research:</th>
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Additional Information:

## COURSE AIMS

To provide students with systematic understanding of and critical awareness of the practice of financial markets.

## LEARNING OUTCOMES – SUBJECT MASTERY

On completion of this course the student should be able to:

- understand the process and requirements of trading in derivatives contracts.
- compare and contrast the features of the main derivatives contracts
- understand the main uses of derivatives in hedging, arbitrage and speculation
- critical understanding of the features, including risks, associated with derivative products
- conceptual understanding of the main types of derivatives products and their usage.

## LEARNING OUTCOMES – PERSONAL ABILITIES

At the end of the course students should be able to:
F71DM Derivatives Markets

• follow complex lines of reasoning and financial concepts
• calculate fair prices of forward contracts
• demonstrate an awareness of the practical aspects involved in the trading of derivatives contracts
• possession of knowledge required to work with derivative products in the financial industry
• understand the features of the most common derivatives
• gain familiarity with the derivative products industry
• understand the context within which market professionals work

• find problem solutions in group
• plan and organize self-study and independent learning
• awareness of the financial risks associated with derivative products

• ability to accurately calculate prices
• communicate effectively problem solutions to peer

SYLLABUS

• Introduction: importance of derivatives, history of derivative trading; uses of derivatives.
• Forward contracts; European and American Options; over-the-counter and exchange-traded derivatives
• Options: basics, strategies and profit diagrams, margining.
• Properties of derivative prices: forward pricing with and without dividends; put-call parity.
• Futures contracts; marking-to-market; relationship between forward and futures prices.
• Bond and interest-rate derivatives.

Further topics: (e.g. Exotic options, commodities)

COURSE RELATIONSHIPS

<table>
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<tr>
<th>Course Code</th>
<th>Level</th>
<th>Title</th>
<th>School</th>
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<tr>
<td>F71DP</td>
<td>11</td>
<td>Derivative Pricing and Financial Modelling</td>
<td>School of Math and Comp Sci.</td>
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LOCATION AND ASSESSMENT METHODS

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<tr>
<th>Edi</th>
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<th>Ork</th>
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