COURSE DETAILS

Course Code: F71DM
Full Course Title: Derivatives Markets
SCQF Level: 11
SCAF Credits: 7.5
Available as Elective: No

DELIVERY LEVEL

Undergraduate: Yes  Postgraduate Taught: Yes  Postgraduate Research: No

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

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<th>Course Code</th>
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<td>F71DP</td>
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<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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