

Derivative Securities

Business Administration 316

Section: D100

Term: 2000 Summer

Instructor: Geoff Poitras

Office: WMX 3331

Phone: 291-4071

e-mail: poitras@sfu.ca

Discussion Topics: Course Objectives:

The course provides both a theoretical and practical introduction to derivative securities: futures, options and forward contracts.

Course Coverage:

A. Futures and Forward Contracts

1. Introduction
2. Price determination: Hedgers, speculators and arbitrageurs.
3. Hedging Strategies.
4. Speculative Strategies: The Mechanics of spread trading.

B. Options

1. Introduction
2. Option Strategies
3. Option Valuation I: Mathematical background
4. Option Valuation II: Black-Scholes and its developments
5. Applications of options valuation to other areas.

Grading: 15% Participation (futures/options game) & Assignments

35% Midterm Exam

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50% Final Exam

100%

Required Texts: Hull; Introduction to Futures & Options Markets, 3rd ed, Prentice-Hall: 1998.

Dubofsky, Options & Financial Futures, McGraw-Hill: 1992.

Recommended Texts:

Materials/Supplies:

Prerequisite/Corequisite: Prerequisites:

BUS 312 & BUEC 333; 60 credit hours.

Students with credit for BUS 416 may not take BUS 316 for further credit.

Notes: The exams will be based on assignments which will be handed out during the term.

This outline is derived from a course outline repository database that was maintained by SFU Student Services and the University's IT Services Department. The database was retired in 2014 and the data migrated to SFU Archives in 2015.