The Hong Kong University of Science & Technology
Department of Finance

FINA 690T: Fixed Income Derivatives

Fall 2006

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Course Description

This course teaches fixed-income derivatives and related topics. The course begins with varieties of floating-rate instruments. It then moves on to topics in applications of interest-rate futures in managing interest rate risk. The bulk of the course is devoted to all kinds of non-standard interest-rate swaps, including currency swaps. Finally, it touches upon topics in interest-rate options such as caps, floors, swaptions, and in bonds with embedded interest-rate options. Both economic intuition and quantitative skills are emphasized.

Recommended Readings

(MPP) Martellini, L., Priaulet, P. and Priaulet, S., 2003, *Fixed-Income Securities: Valuation, Risk Management and Portfolio Strategies*, The Wiley Finance Series.

(SS) Suresh Sundaresan, 2001, *Fixed Income Markets and Their Derivatives*, 2nd edition, Southwestern.

(BT) Bruce Tuckman, 2003, *Fixed Income Securities: Tools for Today's Markets*, 2nd edition, Wiley.

Grading

Midterm exam (100 min.)	40 points	4th week
Final exam (150 min.)	60 points	8th week