

Syllabus: FINA 222 Derivative Securities

Instructor: Professor NI, Sophie X.

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Course Material:

The lecture notes are the official text for the course. They will be distributed each class and posted to the course website. I also strongly recommend that you get the following text book to serve as a reference:

- Fundamentals of Futures and Options Markets by John Hull, 6th edition, Prentice Hall, 2006.

Also, please do purchase Nicholas Dunbar's little book INVENTING MONEY, which I recommend as a fun complement to the materials in the course, and as background for our discussion in the end of the semester

Grade:

Homework 20%, completed by individual

Case, 20%, completed by group up to 4 persons

Final Exam, 60%

Topics

The following table describes the topics I intend to cover during the term. Some topics may be added or expanded according to the interests of the class. The syllabus below shows the sections of each of text book which relate to the material covered in that lecture.

1	Introduction	Ch1
2	Forwards and Futures	Ch2
3	Forwards and Futures Prices	Ch5
4	Swaps	Ch7
5	No Arbitrage Bounds on Option Pricing	Ch9
6	No Arbitrage and State-price Density	
7	Dynamic Arbitrage and Binominal Model	CH11
8	Binominal Model Application	
9	The Black-Scholes-Merton Model	Ch12
10	Extension of Black Scholes Formula	
11	The Behavior of Volatility	Ch17
12	Managing Option Risk	Ch15
13	Credit Derivatives	Ch21