FIN 410
ANALYSIS OF FINANCIAL DERIVATIVES
FALL 2015

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REQUIRED TEXT
Introduction to Derivatives and Risk Management, 8th Edition, Chance and Brooks,

COURSE DESCRIPTION
This course provides a broad introduction to the derivatives markets including options, futures, and swaps. Derivative securities play an integral part in managing risk for multinational corporations, portfolio managers, and institutional investors, as well as provide opportunities for speculators around the world. The main goal of the course is to leave the student with an understanding of various derivatives strategies and implications for portfolio management. Prerequisite: FIN 304 is required, FIN 400 is strongly recommended

EXPECTED LEARNING OUTCOMES
Upon the successful completion of FIN 410, you should have a firm understanding of the following concepts. Students should:

• Understand the meaning of a derivative security
• Explain the difference between hedging and speculation
• Distinguish between an option to buy (call) and an option to sell (put)
- Learn the use of various options strategies for portfolio management
- Learn the basic principles of futures and forward contracts
- Understand the differences between futures and forwards
- Be able to design arbitrage strategies using futures in various markets
- Describe the role of derivative instruments for risk management

**EXAMS & GRADING**

Please note the exam schedule carefully. You should pick the best time to take it as you cannot close and come back to it. So, once you open the exam you have to finish it within the allowable time given below for each exam. You have three days to pick the best time to take the exam, there will be no extensions or early taking. Schedule your work and family plans accordingly. There is no extra credit but possibility of a curve at the end of the session.

**Exam 1**
100 points
September 28-October 4 (Monday through Sunday)
45 questions - 2 hours

**Exam 2**
100 points
November 9-15 (Monday through Sunday)
60 questions - 2 1/2 hours

**Exam 3**
100 points
December 12-18 (Saturday through Friday)
70 questions - 3 hours
Final Grades will be determined by the following scale:

- **A**: 270 – 300 points
- **B**: 240 – 269 points
- **C**: 210 – 239 points
- **D**: 180 – 209 points
- **F**: less than 180 points

Grades of "I" (incomplete) will not be given to students who merely do not come to class, have failed to satisfactorily complete the course, or who beg, bother, or otherwise pester this instructor. Refer to the University's policy regarding incompletes for further information.

**COURSE OUTLINE**

Chapter 1: Introduction

Chapter 2: Structure of Options Markets

Chapter 3: Principles of Options Pricing

**EXAM 1: Chapters 1, 2, 3**

*September 28-October 4 (Monday through Sunday)*

Chapter 6: Basic Option Strategies

Chapter 8: The Structure of Forward and Futures Markets

Chapter 9: Principles of Pricing Forwards, Futures, and Options on Futures
EXAM 2: Chapters 6, 8, 9  
November 9-15 (Monday through Sunday)

Chapter 11: Forward and Futures Hedging, Spread, and Target Strategies

Chapter 12: Swaps

Chapter 16: Managing Risk in an Organization

EXAM 3: Chapters 11, 12, 16  
December 12-18 (Saturday through Friday)

NOTE: THE COURSE OUTLINE IS A GENERAL PLAN FOR THE COURSE. DEVIATIONS MAY BE NECESSARY DURING SEMESTER AND WILL BE ANNOUNCED TO CLASS IN A TIMELY FASHION.

LECTURES

You will have access to a recorded review session for each chapter in Doc-Sharing. It has been my experience that students who read the chapter thoroughly (not skimming through!) and start doing some end-of-chapter question, excel the most as they get the most when they listen to the recordings. Please take notes as you are listening to the lectures, and continue studying afterwards before taking each exam. Always feel free to email me any questions you might have, but please be specific and make references to the text or solutions manual so that I can provide you with the best advice. Study hard, be positive, and never give up!
TECHNOLOGY REQUIREMENTS

Please note that personal computer problems **DO NOT** excuse the requirement to complete all course work in a timely and satisfactory manner. Each student needs to have a backup method to deal with these inevitable problems. These methods might include the availability of a backup PC at home or work, the temporary use of a computer at a friend's home, the local library, Office Services such as Kinko's, an Internet cafe, or a bookstore such as Barnes & Noble, etc.

- To fully participate in online courses you will need to use a current Flash enabled browser. For PC users, the suggested browser is Google Chrome or Mozilla Firefox. For Mac users, the most current update of Firefox is suggested.

- You will need regular access to a computer with a broadband Internet connection. The minimum computer requirements are:
  - 512 MB of RAM, 1 GB or more preferred
  - Broadband connection required courses are heavily video intensive
  - Video display capable of high-color 16-bit display 1024 x 768 or higher resolution

- You must have a:
  - Sound card, which is usually integrated into your desktop or laptop computer
  - Speakers or headphones.
  - For courses utilizing video-conferencing tools and/or an online proctoring solution, a webcam and microphone are required.

- Both versions of Java (32 bit and 64 bit) must be installed and up to date on your machine. At a minimum Java 7, update 51, is required to support the learning management system. The most current version of Java can be downloaded at: [JAVA web site](http://www.java.com/en/download/manual.jsp)

- Current anti-virus software must be installed and kept up to date.


Running the browser check will ensure your internet browser is supported.
Pop-ups are allowed.
JavaScript is enabled.
Cookies are enabled.

- You will need some additional free software (plug-ins) for enhanced web browsing. Ensure that you download the free versions of the following software:
  - Adobe Flash Player (version 17 or later) [https://get.adobe.com/flashplayer/](https://get.adobe.com/flashplayer/)
  - Adobe Shockwave Player [https://get.adobe.com/shockwave/](https://get.adobe.com/shockwave/)

- At a minimum, you must have Microsoft Office 2013, 2010, 2007 or Open Office. Microsoft Office is the standard office productivity software utilized by faculty, students, and staff. Microsoft Word is the standard word processing software, Microsoft Excel is the standard spreadsheet software, and Microsoft PowerPoint is the standard presentation software. Copying and pasting, along with attaching/uploading documents for assignment submission, will also be required. If you do not have Microsoft Office, you can check with the bookstore to see if they have any student copies.

- For additional information about system requirements, please see: [System Requirements for LearningStudio](https://secure.ecollege.com/tamuc/index.learn?action=technical)

**ACCESS AND NAVIGATION**

Pearson LearningStudio (eCollege) Access and Log in Information

This course will be facilitated using Pearson LearningStudio, the learning management system used by Texas A&M University-Commerce. To get started with the course, go to myLeo [http://www.tamuc.edu/myleo.aspx](http://www.tamuc.edu/myleo.aspx)
You will need your CWID and password to log in to the course. If you do not know your CWID or have forgotten your password, contact Technology Services at 903.468.6000 or helpdesk@tamuc.edu.

It is strongly recommended that you perform a “Browser Test” prior to the start of your course. To launch a browser test, login to Pearson LearningStudio, click on the ”My Courses” tab, and then select the “Browser Test” link under Support Services.
Pearson Learning Studio Student Technical Support

Texas A&M University-Commerce provides students technical support in the use of Pearson LearningStudio.

Technical assistance is available 24 hours a day/ 7 days a week.

If at any time you experience technical problems (e.g., you can't log in to the course, you can't see certain material, etc.) please contact the Pearson LearningStudio Help Desk, available 24 hours a day, seven days a week.

The student help desk may be reached by the following means 24 hours a day, seven days a week.

- Chat Support: Click on 'Live Support' on the tool bar within your course to chat with a Pearson Learning Studio Representative.

- Phone: 1-866-656-5511 (Toll Free) to speak with Pearson Learning Studio Technical Support Representative.

- Email: helpdesk@online.tamuc.org to initiate a support request with Pearson LearningStudio Technical Support Representative.

Accessing Help from within Your Course: Click on the 'Tech Support' icon on the upper left side of the screen inside the course. You then will be able to get assistance via online chat, email or by phone by calling the Help Desk number noted below.

Policy for Reporting Problems with Pearson LearningStudio

Should students encounter Pearson LearningStudio based problems while submitting assignments/discussions/comments/exams, the following procedure MUST be followed:

1. Students must report the problem to the help desk. You may reach the helpdesk at helpdesk@online.tamuc.org or 1-866-656-5511
2. Students MUST file their problem with the helpdesk and obtain a helpdesk ticket number
3. Once a helpdesk ticket number is in your possession, students should email me to advise me of the problem and to provide me with the helpdesk ticket number
4. At that time, I will call the helpdesk to confirm your problem and follow up with you

PLEASE NOTE: Your personal computer/access problems are not a legitimate excuse for filing a ticket with the Pearson LearningStudio Help Desk. You are strongly encouraged to check for compatibility of your browser BEFORE the course begins and to take the Pearson LearningStudio tutorial offered for students who may require some extra assistance in navigating the Pearson LearningStudio platform. ONLY Pearson LearningStudio based problems are legitimate.

Internet Access
An Internet connection is necessary to participate in discussions and assignments, access readings, transfer course work, and receive feedback from your professor. View the requirements as outlined in Technology Requirements above for more information.

myLeo Support
Your myLeo email address is required to send and receive all student correspondence. Please email helpdesk@tamuc.edu or call us at 903-468-6000 with any questions about setting up your myLeo email account. You may also access information at myLeo. https://leo.tamuc.edu

Learner Support
Go to the following link One Stop Shop - created to serve you by attempting to provide as many resources as possible in one location. http://www.tamuc.edu/admissions/onestopshop/

Go to the following link Academic Success Center - focused on providing academic resources to help you achieve academic success. http://www.tamuc.edu/campus-Life/campusServices/academicSuccessCenter/

The Courses apps for phones have been adapted to support the tasks students can easily complete on a smaller device. Due to the smaller screen size course content is not presented.

The Courses app is free of charge. The mobile Courses Apps are designed and adapted for different devices.
Once downloaded, search for Texas A&M University-Commerce, and it should appear on the list. Then you will need to sign into the myLeo Mobile portal. The Courses App for Android and iPhone contain the following feature set:

- View titles/code/Instructor of all Courses enrolled in online
- View and respond to all discussions in individual Courses
- View Instructor Announcements in individual Courses
- View Graded items, Grades and comments in individual Courses
- Grade to Date
- View Events (assignments) and Calendar in individual Courses
- View Activity Feed for all courses
- View course filters on activities
- View link to Privacy Policy
- Ability to Sign out
- Send Feedback

| App Title:         | iPhone – Pearson LearningStudio Courses for iPhone  
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| Operating System:  | iPhone - OS 6 and above                          
|                    | Android – Jelly Bean, Kitkat, and Lollipop OS     |

**CLASS ETHICS**

You are expected to maintain high standards of integrity and honesty while pursuing your academic goal(s). The university’s statement on academic honesty is found in the Texas A&M University-Commerce Procedures, A13.12, Academic Honesty. Academic dishonesty is defined in the following manner:

"Academic dishonesty includes, but is not limited to, plagiarism (the appropriation or stealing of the ideas or words of another and passing them off as
one’s own), cheating on exams or other course assignments, collusion (the unauthorized collaboration with others in preparing course assignments), and abuse (destruction, defacing, or removal) of resource material."

Moreover, while taking any exam in this course, your **ONLY** outside source of information should be the textbook, your own personal notes, and a financial calculator or a spreadsheet program such as Microsoft Excel, by which to solve financial calculations. You are not allowed to consult with any other reference material or person while taking an exam.

**Students found to have committed academic dishonesty will automatically receive a failing grade for the course and face possible expulsion from the university.**

**STUDENTS WITH DISABILITIES**

The Americans with Disabilities Act (ADA) is a federal anti-discrimination statute that provides comprehensive civil rights protection for persons with disabilities. Among other things, this legislation requires that all students with disabilities be guaranteed a learning environment that provides for reasonable accommodation of their disabilities.

If you have a disability requiring an accommodation, please contact:

**Office of Student Disability Resources and Services**
**Texas A&M University-Commerce**
**Gee Library**
**Room 132**
**Phone (903) 886-5150 or (903) 886-5835**
**Fax (903) 468-8148**
**StudentDisabilityServices@tamuc.edu**