FINA 737: Derivative Contracts & Analysis
Spring 2015 Course Syllabus

Instructor: Ö zgür “Oz” İnce
Class meetings: TR, 4:25 – 7:10pm, DMSB 126
Office: DMSB 461A
Office hours: By appointment
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(Please include “737:” at the beginning of your subject line of your email)

Course description: This graduate level course is an introduction to financial derivative products such as forwards and futures, options, and swaps. The emphasis will be on derivative contracts, implementation of trading strategies, valuation models, and supporting market structures.

Prerequisites: DMSB 715 or FINA 760. You should be familiar with financial markets and investments. I assume that you are aware of basic concepts in calculus and statistics: equations, exponential, logarithm, random variables, mean, variance, etc. Familiarity with Excel is expected.

Text and other course materials:

(8th edition from 2012 is acceptable as substitute)

I will post slides, notes, spreadsheets, assignments, and readings on Blackboard.

Grading policy:

Homeworks: There will be five homework assignments. Discussion with other students is allowed and encouraged, but each student must submit his/her own answers by the deadline.

Case studies: There will be two case studies for teams of up to two students. Each team’s case report has to be submitted in hard copy in class on the due date.

Exam: One comprehensive final exam on Thursday, April 30th.

Participation: I expect you to have read the assigned material prior to class and to be prepared to engage in active discussion and apply your knowledge. Given the small size of the class, my goal is to minimize the amount of time I spend lecturing the material from the book, and instead engaging in in-class discussions and problem solving. Given the intensity of the course schedule, this will require you to read around 50-70 pages of fairly advanced material from the book prior to each class twice a week.

Homeworks 25%
Case studies 20%
Final Exam 30%
Participation 25%
Tentative schedule:

<table>
<thead>
<tr>
<th>WEEK</th>
<th>SUBJECT</th>
<th>Chapter #</th>
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<tbody>
<tr>
<td>3/17, 3/19</td>
<td>Introduction, futures</td>
<td>1-3</td>
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<tr>
<td>3/24, 3/26</td>
<td>Interest rates, forward and future prices</td>
<td>4-6</td>
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<tr>
<td>3/31, 4/2</td>
<td>Swaps, securitization</td>
<td>7-9</td>
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<tr>
<td>4/7, 4/9</td>
<td>Option mechanics, trading strategies</td>
<td>10-13</td>
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<tr>
<td>4/14, 4/16</td>
<td>Black-Scholes, employee stock options, indices etc.</td>
<td>15-17</td>
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<tr>
<td>4/21, 4/23</td>
<td>Futures options, Greek letters, volatility smiles</td>
<td>18-20</td>
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<tr>
<td>4/30</td>
<td>Final Exam (Cumulative)</td>
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University of South Carolina Honor Code

It is the responsibility of every student at the University of South Carolina Columbia to adhere steadfastly to truthfulness and to avoid dishonesty, fraud, or deceit of any type in connection with any academic program. Any student who violates this Honor Code or who knowingly assists another to violate this Honor Code shall be subject to discipline.

The Honor Code is intended to prohibit all forms of academic dishonesty and should be interpreted broadly to carry out that purpose. The following examples illustrate conduct that violates this Honor Code, but this list is not intended to be an exhaustive compilation of conduct prohibited by the Honor Code:

- Giving or receiving unauthorized assistance, or attempting to give or receive such assistance, in connection with the performance of any academic work.
- Unauthorized use of materials or information of any type or the unauthorized use of any electronic or mechanical device in connection with the completion of any academic work.
- Access to the contents of any test or examination or the purchase, sale, or theft of any test or examination prior to its administration.
- Use of another person’s work or ideas without proper acknowledgement of source.
- Intentional misrepresentation by word or action of any situation of fact, or intentional omission of material fact, so as to mislead any person in connection with any academic work (including, without limitation, the scheduling, completion, performance, or submission of any such work).
- Offering or giving any favor or thing of value for the purpose of influencing improperly a grade or other evaluation of a student in an academic program.
- Conduct intended to interfere with an instructor’s ability to evaluate accurately a student’s competency or performance in an academic program.

Whenever a student is uncertain as to whether conduct would violate this Honor Code, it is the responsibility of the student to seek clarification from the appropriate faculty member or instructor of record prior to engaging in such conduct.