333-309 Derivative Securities

Credit Points:	12.500
Level:	Undergraduate
Dates & Locations:	2008, This subject commences in the following study period/s: Summer Term, - Taught on campus. Semester 1, - Taught on campus. Semester 2, - Taught on campus.
Time Commitment:	Contact Hours: Two 1-hour lectures and a 1-hour tutorial per week; Summer semester: Twenty-four hours of lectures and twelve hours of tutorials Total Time Commitment: Not available
Prerequisites:	**333-201 Business Finance (/view/2008/333-201)** and one of **316-205 Introductory Econometrics (/view/2008/316-205)** , **316-206 Quantitative Methods 2 (/view/2008/316-206)** or **620-202 Statistics (/view/2008/620-202)** .
Corequisites:	None
Recommended Background Knowledge:	None
Non Allowed Subjects:	None
Core Participation Requirements:	For the purposes of considering request for Reasonable Adjustments under the Disability Standards for Education (Cwth 2005), and Student Support and Engagement Policy, academic requirements for this subject are articulated in the Subject Overview, Learning Outcomes, Assessment and Generic Skills sections of this entry. It is University policy to take all reasonable steps to minimise the impact of disability upon academic study, and reasonable adjustments will be made to enhance a student's participation in the University's programs. Students who feel their disability may impact on meeting the requirements of this subject are encouraged to discuss this matter with a Faculty Student Adviser and Student Equity and Disability Support: http://services.unimelb.edu.au/disability
Coordinator:	A Prof J Handley (S) Dr A Akyol (1,2)
Subject Overview:	Futures and forwards: the mechanics of trading, price determination, hedging strategies. Swaps: definition and valuation. Options: payoffs, arbitrage bounds, trading strategies, the binomial model, the Black-Scholes model and its relationship to the binomial, hedging, American options and dividends, options on futures, limitations of the binomial and Black-Scholes Models.
Assessment:	A 3-hour end-of-semester examination (70%) and a 1-hour mid-semester test (30%).
Prescribed Texts:	None
Breadth Options:	This subject is a level 2 or level 3 subject and is not available to new generation degree students as a breadth option in 2008. This subject or an equivalent will be available as breadth in the future. Breadth subjects are currently being developed and these existing subject details can be used as guide to the type of options that might be available. 2009 subjects to be offered as breadth will be finalised before re-enrolment for 2009 starts in early October.
Fees Information:	Subject EFTSL, Level, Discipline & Census Date, http://enrolment.unimelb.edu.au/fees
Generic Skills:	# High level of development: problem solving; statistical reasoning; application of theory to practice; synthesis of data and other information; evaluation of data and other information. # Moderate level of development: written communication; interpretation and analysis; critical thinking; use of computer software.

	# Some level of development: oral communication; collaborative learning; team work; accessing data and other information from a range of sources.