333-662 Derivative Securities

Credit Points:	12.50
Level:	9 (Graduate/Postgraduate)
Dates & Locations:	2009, This subject commences in the following study period/s: Semester 1, - Taught on campus. Semester 2, - Taught on campus.
Time Commitment:	Contact Hours: 36 hours per semester (Semester 1, Semester 2). Total Time Commitment: Not available
Prerequisites:	This subject is only available to those students that would satisfy the entry criteria for the Master of Applied Finance.
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:	Dr John Handley
Subject Overview:	This subject covers derivative markets and derivative securities. It discusses pricing, risk management and regulatory aspects of derivative securities. Topics include: forwards and futures markets, options markets, arbitrage and trading strategies, basic pricing concepts, the cost-of-carry model, the Black-Scholes model, hedging and risk management techniques.
Objectives:	On successful completion of this subject students should be able to: # Explain factors affecting option prices, including volatility and dividends; # Calculate arbitrage bounds; # Devise trading strategies for options; # Explain the impact of dividends on option pricing; # Use the Black-Scholes model for option pricing; and # Calculate and use hedge parameters in option pricing.
Assessment:	One 3-hour end-of-semester examination (70%) and assignments not exceeding 3000 words (30%).
Prescribed Texts:	None
Breadth Options:	This subject is not available as a breadth subject.
Fees Information:	Subject EFTSL, Level, Discipline & Census Date, http://enrolment.unimelb.edu.au/fees
Generic Skills:	On successful completion of this subject, students should have improved the following generic skills: # Oral communication;

	# Written communication; # Collaborative learning; # Problem solving; # Team work; # Statistical reasoning; # Application of theory to practice; # Interpretation and analysis; # Critical thinking; # Synthesis of data and other information; and # Using computer software.
Related Course(s):	Master of Applied Finance