

FNCE90011 Derivative Securities

Credit Points:	12.50
Level:	9 (Graduate/Postgraduate)
Dates & Locations:	2010, Parkville This subject commences in the following study period/s: Semester 1, Parkville - Taught on campus. Semester 2, Parkville - Taught on campus.
Time Commitment:	Contact Hours: Three hours per week of lectures Total Time Commitment: Estimated total time commitment of 120 hours per semester
Prerequisites:	This subject is only available to students enrolled in the Postgraduate Diploma in Finance, the Master of Finance (or the Master of Financial Management), and for students in the Master of Management who have successfully completed 333-642 Corporate Financial Policy (/view/2010/333-642) and 333-693 Investment Management. (/view/2010/333-693)
Corequisites:	None
Recommended Background Knowledge:	None
Non Allowed Subjects:	None
Core Participation Requirements:	For the purposes of considering requests for Reasonable Adjustments under the Disability Standards for Education (Cwth 2005), and Students Experiencing Academic Disadvantage Policy, academic requirements for this subject are articulated in the Subject Description, Subject Objectives, Generic Skills and Assessment Requirements for this entry. The University is dedicated to provide support to those with special requirements. Further details on the disability support scheme can be found at the Disability Liaison Unit website: http://www.services.unimelb.edu.au/disability/
Coordinator:	Dr Ali Akyol, Dr John Handley, Dr Jonathan Dark
Contact:	Graduate School of Business and Economics Student Centre Level 4, 198 Berkeley Street Telephone: +61 3 8344 1670 Online Enquiries: http://www.gsbe.unimelb.edu.au/future/unity_forms/contact.html (http://www.gsbe.unimelb.edu.au/future/unity_forms/contact.html/) Web: www.melbournegsm.unimelb.edu.au (http://www.gsbe.unimelb.edu.au/)
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 securities, 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: <ul style="list-style-type: none"> # 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; # Calculate and use hedge parameters in option pricing.
Assessment:	Three hours of examination (70%) Assignments totalling no more than 3000 words (30%)
Prescribed Texts:	You will be advised of prescribed texts by your lecturer.
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: <ul style="list-style-type: none"># 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# Using computer software
Related Course(s):	Master of Finance Master of Financial Management Master of Management (Finance) Postgraduate Diploma in Finance