

## FNCE90020 Derivative Securities

<b>Credit Points:</b>	12.50
<b>Level:</b>	9 (Graduate/Postgraduate)
<b>Dates &amp; Locations:</b>	2011, Parkville This subject commences in the following study period/s: Semester 1, Parkville - Taught on campus. Semester 2, Parkville - Taught on campus.
<b>Time Commitment:</b>	Contact Hours: One three-hour lecture per week Total Time Commitment: Estimated total time commitment of 120 hours per semester
<b>Prerequisites:</b>	This subject is only available to those students who would satisfy the entry criteria for the Master of Applied Finance.
<b>Corequisites:</b>	None
<b>Recommended Background Knowledge:</b>	None
<b>Non Allowed Subjects:</b>	None
<b>Core Participation Requirements:</b>	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: <a href="http://www.services.unimelb.edu.au/disability/">http://www.services.unimelb.edu.au/disability/</a>
<b>Coordinator:</b>	Dr John Handley, Prof Bruce Grundy
<b>Contact:</b>	Graduate School of Business and Economics Level 4, 198 Berkeley Street Telephone: +61 3 8344 1670 <b>Online Enquiries</b> ( <a href="https://nexus.unimelb.edu.au/OnlineEnquiryForm.aspx?campaigncode=CMP-01311-VZ8293&amp;cssurl=https://nexus.unimelb.edu.au/cssfiles/gsbe.css&amp;redirecturl=http://www.gsbe.unimelb.edu.au/contactus/nexus/gsbe.html">https://nexus.unimelb.edu.au/OnlineEnquiryForm.aspx?campaigncode=CMP-01311-VZ8293&amp;cssurl=https://nexus.unimelb.edu.au/cssfiles/gsbe.css&amp;redirecturl=http://www.gsbe.unimelb.edu.au/contactus/nexus/gsbe.html</a> ) Web: <a href="http://www.gsbe.unimelb.edu.au">www.gsbe.unimelb.edu.au</a> ( <a href="http://www.gsbe.unimelb.edu.au">http://www.gsbe.unimelb.edu.au</a> )
<b>Subject Overview:</b>	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.
<b>Objectives:</b>	On successful completion of this subject students should be able to: <ul style="list-style-type: none"> <li># Explain factors affecting option prices, including volatility and dividends;</li> <li># Calculate arbitrage bounds;</li> <li># Devise trading strategies for options;</li> <li># Explain the impact of dividends on option pricing;</li> <li># Use the Black-Scholes model for option pricing; and</li> <li># Calculate and use hedge parameters in option pricing.</li> </ul>
<b>Assessment:</b>	One 3-hour end-of-semester examination (70%) Assignments not exceeding 3000 words (30%)
<b>Prescribed Texts:</b>	You will be advised of prescribed texts by your lecturer.
<b>Breadth Options:</b>	This subject is not available as a breadth subject.
<b>Fees Information:</b>	Subject EFTSL, Level, Discipline & Census Date, <a href="http://enrolment.unimelb.edu.au/fees">http://enrolment.unimelb.edu.au/fees</a>

<b>Generic Skills:</b>	On successful completion of this subject, students should have improved the following generic skills: <ul style="list-style-type: none"><li># Oral communication</li><li># Written communication</li><li># Collaborative learning</li><li># Problem solving</li><li># Team work</li><li># Statistical reasoning</li><li># Application of theory to practice</li><li># Interpretation and analysis</li><li># Critical thinking</li><li># Synthesis of data and other information</li><li># Using computer software</li></ul>
<b>Related Course(s):</b>	Master of Applied Finance Postgraduate Certificate in Applied Finance