FNCE90011 Derivative Securities

Credit Points:	12.5
Level:	9 (Graduate/Postgraduate)
Dates & Locations:	2016, 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 Graduate Diploma in Finance, Postgraduate Diploma in Finance, the Master of Finance and for students in the Master of Management who have successfully completed FNCE90018 Corporate Financial Policy and FNCE90056 Investment Management.

Subject	Study Period Commencement:	Credit Points:
FNCE90018 Corporate Financial Policy	Semester 1, Semester 2	12.50
FNCE90056 Investment Management	Semester 1, Semester 2	12.50

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:	Assoc Prof Neal Galpin, Dr Thijs Van Der Heijden
Contact:	**Semester 1** Neal Galpin: **neal.galpin@unimelb.edu.au (mailto:neal.galpin@unimelb.edu.au)** **Semester 2** Thijs Van Der Heijden: **thijsv@unimelb.edu.au (mailto:thijsv@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.
Learning Outcomes:	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; # Calculate and use hedge parameters in option pricing # Explain factors affecting the pricing of forward and futures contracts # Devise appropriate hedging strategies using a mix of different derivative securities.
Assessment:	3000 word assignment or equivalent, due in Weeks 7-9 (30%) Three-hour end-of semester examination (70%)
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: # 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):	Graduate Diploma in Finance Master of Accounting Master of Finance Master of Management (Accounting and Finance) Master of Management (Finance) Master of Management (Finance)
Related Majors/Minors/ Specialisations:	150 Point Master of Management (Finance)