Douglas College

EFFECTIVE: SEPTEMBER 2004
CURRICULUM GUIDELINES

A.	Division:	**Instruction**	Effective Date:	September 2004	
B.	Department / Program Area:	**Commerce & Business Admin. Business**	Revision	X	New Course [ ]
			If Revision, Section(s) Revised:	**C,F,H,I,L,P**	
			Date of Previous Revision:	**2004-04**	
			Date of Current Revision:	**2004-09**	

C:	**FINC 4450**	**D:**	**Derivatives and Specialized Products**	**E:**	**3**
	Subject & Course No.		Descriptive Title		Semester Credits

F: Calendar Description:

Derivatives and specialized products is a course which will examine topics dealing with derivative securities. Derivative securities are often utilized in the management of interest rate, exchange rate, commodity and equity price risks. Derivative securities also provide a vehicle for investors to speculate. The types of derivative securities, their use in modern finance, and methods for pricing them will be the subject matter for this course.

G: Allocation of Contact Hours to Type of Instruction / Learning Settings

Primary Methods of Instructional Delivery and/or Learning Settings:

Lectures and Seminars

Number of Contact Hours: (per week / semester for each descriptor)

Lecture:	**4 Hours**
Total:	**4 Hours**

Number of Weeks per Semester:

15 Weeks X 4 Hours per Week = 60 Hours

H: Course Prerequisites:

FINC 3390 and English 12 with a letter grade of “C” or better or approved equivalent.

I: Course Corequisites:

FINC 4440

J: Course for which this Course is a Prerequisite

Nil

K: Maximum Class Size:

35

L: PLEASE INDICATE:

- [ ] Non-Credit
- [X] College Credit Non-Transfer
- [ ] College Credit Transfer:

SEE BC TRANSFER GUIDE FOR TRANSFER DETAILS (www.bccat.bc.ca)

M: Course Objectives / Learning Outcomes

At the end of the course, the successful student should be able to:

1. analyze and understand the meaning of risk;
2. utilize derivative securities for the purpose of managing risk;
3. determine the value of different derivative securities;
4. analyze the mechanics of futures and options trading.

N: Course Content:

1. Discussion of risk.
2. Mechanics and pricing of forwards and futures.
3. Interest rate futures.
4. Swaps.
5. Options markets.
6. Properties of stock options.
7. Trading strategies involving options.
8. Option pricing: the binomial model.
9. Option pricing: the Black-Scholes model.
10. Options on stock indices, currencies, and futures.

O: Methods of Instruction

Material will be presented within a lecture format.

P: Textbooks and Materials to be Purchased by Students

- Hull, J. Fundamentals of Futures and Options Markets, Latest Ed. Toronto: Prentice Hall Canada. (required)
- Ritchken, P. Derivative Markets: Theory, Strategy, and Applications, Latest Ed. HarperCollins Publishers Ltd. (optional)

Q: Means of Assessment

Minimum of 3 evaluations, none of which will exceed 40%, for a total of 100%.

R: Prior Learning Assessment and Recognition: specify whether course is open for PLAR

No.

Course Designer(s): **Joe Ilsever for Les Marshall**

Education Council / Curriculum Committee Representative

Dean / Director**: Rosilyn G. Coulson**

Registrar: **Trish Angus**

Date of Revision: April 2004