HUMBOLDT-UNIVERSITÄT ZU BERLIN

Derivative Securities, Sommersemester 2010

ÜB: Wed 12:15 – 13:45, Room 21a

VL: not available

Overview

This course introduces students to one of the most important and technically challenging areas in finance: derivative securities. The securities we cover include futures and forward contracts, options, swaps and exotic derivatives. We will examine the uses as well as the pricing of derivatives. Particular emphasis will be given to the Black-Scholes model and the binomial option-pricing model.

Prerequisites

It is recommended to hear *Portfolio and Capital Market Theory* before hearing *Derivatives Securities*.

Team

Instructor	Prof. Tim Adam / Valentin Burg Office hours: TBA
Teaching assistant	Valentin Burg (Email: valentin.burg@wiwi.hu-berlin.de) Office hours: TBA, Dorotheenstr.1, Room 303

Course Textbook

Fundamentals of Derivatives Markets (FuDM), by Robert McDonald, Addison Wesley.
Alternative: *Derivatives Markets* (DM), by Robert McDonald, Addison Wesley, 2006, 2nd edition

Lecture slides and additional teaching materials can be downloaded from Moodle.

Evaluation

Final exam (100%)

Preliminary Course Schedule

#	Date	Topic	Textbook (FuDM)	Textbook (DM)
1	Apr 14	Introduction to derivatives	Ch. 1&2	Ch. 1&2
2	Apr 21	Futures and forwards	Ch. 5	Ch. 5
3	Apr 28	Commodity forwards and futures	Ch. 6.3-6.4	6.1-6.11
4	May 5	Hedging with forwards and futures	-	Ch. 6.12
5	May 12	Interest rate derivatives	Ch. 7	Ch. 7
6	May 19	Swaps	Ch. 8	Ch. 8
7	May 26	Option contracts	Ch. 3	Ch. 3
8	Jun 2	Parity and other option relationships	Ch. 9	Ch. 9
9	Jun 9	Binomial Option Pricing I	Ch. 10	Ch. 10
10	Jun 16	Binomial Option Pricing II	Ch. 10	Ch. 11
11	Jun 23	The Black-Scholes Model and the Greeks	Ch. 12	Ch. 12
12	Jun 30	Implied volatility & volatility smiles	Ch. 11.5	Ch. 12.5 & 23-23.2
13	Jul 7	Delta-Hedging	Ch. 11.4	Ch. 13
14	Jul 14	Exotic Options	-	Ch. 14, 22