

C15.0043
Futures and Options
Summer 2010
June 29, 2010 to August 5, 2010

Instructor

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Class Time and Location

Time: Tuesdays and Thursdays, 3:00 – 5:00 pm.

Location: TBA

Course Description

This course is designed to introduce finance students to the theoretical and practical aspects of financial futures, options, and other derivatives. Over the last 35 years, the markets for these versatile instruments have grown enormously and have generated a profusion of innovative products and ideas, not to mention periodic crises. Derivatives have become one of the most important tools of modern finance, from both the academic and the practical standpoint. However, the subject matter requires relatively greater use of quantitative methods and theoretical reasoning than many other courses, and most students will find it quite challenging.

Prerequisites

- Foundations of Financial Markets (C15.0002)
- The study of derivative securities is quantitative by nature and the material in this course is very technical. Students should have a background in basic finance and should be comfortable using math and working with numbers. Please keep this in mind in deciding whether to take the course.

Textbook

- Hull: Options, Futures, and Derivative Securities, 7th ed. Prentice-Hall, 2008.

Alternative Textbook

Hull has a lower level version of his textbook, often known as "Baby Hull." It covers most of the same material, but with less mathematical rigor. You can use the lower level book, if you prefer.

- Hull: Fundamentals of Futures and Options Markets, 6th ed. Prentice-Hall, 2007.

Other required materials

All class materials, including class notes, homework assignments, spreadsheets, sample problems and exams, will be available for downloading from Blackboard. Lecture notes and assignments will also be distributed in class.

Grading

There will be weekly assignments, a midterm and a final exam. The final grade will depend on

- Class participation 10%
- Assignments 20%
- Midterm 30%
- Final 40%

Course structure

There are three segments to the course

- Forwards and Futures
- Options
- Derivatives and Advanced Topics