

**School of Administrative Studies
Faculty of Liberal Arts and Professional Studies**

AP/ADMS 4503 Derivative Securities

Summer 2020 S1 – Course Outline

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Website: Connect through Moodle

Class Hours and Rooms:

Mondays, 2:30 – 5:30 pm, in ACW 008

Thursdays, 6:00 – 9:00 pm, in ACW 008

Office Hours: Mondays/Thursdays 12:00 – 2:00 pm

Course Description

The financial world has witnessed continual innovations since the mid-seventies with new securities called derivatives. These securities, among which we find futures and forward contracts and options, are traded on basic underlying assets such as stocks, bonds, commodities, interest rates and currencies. Their lower costs as well as the innovative profits they offer, make them very attractive and useful in speculative and hedging strategies.

This course will introduce these derivatives and students will have a good knowledge of how these contracts work, how they are used, and how they are priced. Individuals who are skilled at analysing derivatives are in high demand in financial centres throughout the world.

Prerequisites

ADMS3530 (Finance) and ADMS3531 (Personal Investment Management) are prerequisites. ADMS4504 (Fixed Income Securities and Risk Management) is highly recommended to be taken concurrently with or after this course.

Student Evaluation

Group Assignments (2)	20%
Midterm Exam	35%
Final Exam	45%

Required Textbook: [Options, Futures and Other Derivatives](#), 10th Edition (or any edition after 5th), John C. Hull, Pearson Prentice Hall, 2017, ISBN: 0-13-447208-X.

The [Student Solutions Manual](#), 10th Edition (or any edition after 5th), ISBN: 0-13-462999-X, which contains solutions to all end-of-chapter questions and problems (but not the assignment questions) is **recommended**.

Method of Instruction

A combination of lectures, discussions and problem solving. Powerpoint slides will be available on the course Moodle website. Throughout the course, your active participation is encouraged. You are required to think, to analyze, to evaluate, and to apply problem-solving techniques. You are also expected to complete assigned readings and/or problem-solving materials for each class.

Calculator

You need a hand held non-programmable calculator that includes basic math functions (e.g. logarithm, exponential, square root and power functions). It also is helpful if the calculator includes basic financial functions (e.g. PV, FV, PMT). If you will pursue the CFA designation in the future, note that only two financial calculators are currently allowed for the CFA exams: the Texas Instruments BAII Plus (and BAII Plus Pro), and the Hewlett-Packard 12C (HP-12C).

Assignments

There are two group assignments. Groups of 2-3 students must be formed by the 2nd class and can't be changed. Assignments are due in class on the assigned date. Late assignments will not be accepted. If your assignment is late, you will receive a mark of zero (0). No assignments will be accepted after the solution has been made available. Under no circumstances will faxed or photocopied assignments be accepted.

Midterm and Final Exams

Midterm and Final exams are **closed book**. A **formula sheet** will be posted on the course website prior to the exam and **will be provided** during the exam. If you **miss a midterm exam** for a legitimate reason, you must write a **cumulative final exam**. There is **NO make-up midterm exam**. Students with a **conflict due to religious** reasons will be accommodated. Please inform the Course Director in writing by the **third class**. All students who need a passing grade for the course must take the final exam.

Quiz

Students are invited to complete a [math/finance quiz](#) that will be posted online in the first week of class. The answers will be discussed in the 2nd class. The quiz has no weight. Based on your performance in the quiz, it is your responsibility to brush up on the mathematical concepts needed for the course (mainly be able to solve equations with one or two variables and may involve the Exponential and Logarithm functions).

A financial calculator is required. If you will pursue the CFA designation in the future, note that only two types of calculator are currently allowed for the CFA exams: the Texas Instruments BAII Plus (BAII Plus) and the Hewlett-Packard 12C (HP-12C).

Finance Area policy on DSA (Deferred Standing Agreement)

It is the policy of the Admin Studies finance area that instructors **will NOT sign a DSA form if you miss both the midterm and final exams**. Students in this situation will need to petition for deferred exam, late withdrawal, or a remedy appropriate to their circumstances.

Relevant University/LA&PS/School Regulations

The regulations on many aspects of coursework that apply to you are on:

<http://sas.laps.yorku.ca/students/>

You are responsible for understanding and following these regulations.

Forms and Policies

Attending Physician's Statement form, for missed midterm or missed final exam:

http://www.registrar.yorku.ca/pdf/attend_physician_statement.pdf

DSA Form for missed final exam:

http://www.registrar.yorku.ca/pdf/deferred_standing_agreement.pdf

DSA Process and Petitions for ADMS classes:

<http://www.yorku.ca/laps/sas/links.html>