

# **Interest Rate Derivatives (FE524)**

Syllabus as of July 5, 2016

Professor: Woo Hwa Koh

1<sup>st</sup> Half, Fall 2016

Time: 10:00 - 11:20am, Mon & Wed

Office Hour: By appointment

Office: S384

E-mail: whkoh@business.kaist.ac.kr

Teaching Assistant: TBA

## Prerequisites

FE504 and FE514

I will assume that you have some familiarity with:

- Time value of money
- Compounding of interest rates
- The CAPM
- Pricing options with trees
- Black-Scholes

## Course Materials

Lecture Slides: to be posted on the course homepage

Reference books:

- Fixed Income Securities: Valuation, Risk, and Risk Management, Pietro Veronesi
- Fixed Income Markets and their Derivatives, 3<sup>rd</sup> edition, Suresh Sundaresan

## Grading

- Final: 70%
- Assignment: 20%
- Attendance & participation: 10%

## Exam

The final exam (week 8) is in class, closed-book and timed. The time and place will be announced.

## Assignments

You are free to work with others on the homework, but each student must turn in his or her own assignment. Late assignments will not be accepted.

## Course Schedule (Tentative)

Topic 1: Spot rates and Forward rates

Topic 2: Interest rate swaps and Floating rate bonds

Topic 3: Interest rate options