KOREA ADVANCED INSTITUTE OF SCIENCE AND TECHNOLOGY
GRADUATE SCHOOL OF FINANCE AND ACCOUNTING
FINANCE MBA

Derivatives
(FMB505)

Fall 2013

Instructor: Dr. Hwang-hyun Kwon
E-mail: hkwon@kdb.co.kr
Phone: 02-787-7611
Lectures: Wednesdays, 7:00 $\sim$ 10:00 PM
Teaching Assistant: TBA

Course Description
This course is an introduction to derivatives, financial instruments whose value is *derived* from underlying assets. The purpose of the course is to provide students with the understanding of the derivatives market, such as futures, swaps, and options markets. The topics covered are the use of derivatives as hedging instruments, their valuation, trading strategies, and risks associated with them.

Readings
The main text for the course is
John C. Hull, *Options, Futures, and Other Derivatives*, 8th Edition, Pearson Education

An inevitably subjective list of other useful resources, not only for the course but the profession in general, are
Espen G. Haug, *The Complete Guide to Option Pricing Formulas*, 2nd Edition, McGraw-Hill
Amir Sadr, *Interest Rate Swaps and Their Derivatives:A Practitioner's Guide*, Wiley

Grade Weighting

Attendance	10%
Assignments	20%
Midterm Exam	30%
Final Exam	40%

Course Outline(Tentative)
The weekly coverage might change as it depends on the progress of the class(*see next page*).

Week	Topic
Week 1	Introduction: Overview of Derivatives Market
Week 2	Interest Rates
Week 3	Forward and Futures: Characteristics & Valuation
Week 4	Forward and Futures: Interest Rate Futures
Week 5	Swaps
Week 6	Options: Market Mechanics
Week 7	Options: Characteristics & Trading Strategies
Week 8	Midterm Exam
Week 9	Options: No Arbitrage Principle & Binomial Option Pricing Model
Week 10	Options: Black-Scholes Model
Week 11	Options: Options on Indices, Currencies and Futures
Week 12	Options: Hedging Options with Greeks
Week 13	Options: Volatility Smiles
Week 14	Credit: Credit Derivatives
Week 15	Risk: Measures of Risk
Week 16	Final Exam