

BUSM 7022 DERIVATIVES

Credit Points 10

Legacy Code 51169

Coordinator Peter Kavalamthara (<https://directory.westernsydney.edu.au/search/name/Peter Kavalamthara/>)

Description This subject provides an introduction to the major classes of derivatives: forwards, futures, swaps and options. These are studied in detail with the objective of elucidating the ways in which these instruments can be used for the purposes of hedging, speculation and arbitrage. In addition to the analysis of derivative usage and market growth, considerable attention is given to the objective of gaining an understanding of the fundamentals of derivative pricing.

School Business

Discipline Business And Management

Student Contribution Band HECS Band 4 10cp

Check your fees via the Fees (https://www.westernsydney.edu.au/currentstudents/current_students/fees/) page.

Level Postgraduate Coursework Level 7 subject

Restrictions

Students must be enrolled in a postgraduate Business program.

Learning Outcomes

On successful completion of this subject, students should be able to:

1. Evaluate the operational mechanics of derivatives trading;
2. Analyse the roles of the key participants in derivatives markets;
3. Evaluate the institutional and organisational structure of key derivatives markets;
4. Analyse the theoretical background to derivatives pricing such as cash and carry arbitrage and probability-based models;
5. Explain the history of derivatives markets and risk management generally.

Subject Content

The nature of derivatives

Mechanics of futures markets

Hedging strategies

Using derivatives for risk management

Determination of forward and futures prices

Interest rate futures

Swaps

Mechanics of options markets

Properties of stock options

Trading strategies involving options

Introduction to option pricing models

Assessment

The following table summarises the standard assessment tasks for this subject. Please note this is a guide only. Assessment tasks are regularly updated, where there is a difference your Learning Guide takes precedence.

Type	Length	Percent	Threshold	Individual/Group Task
Intra-session Exam	1.5 hours	30	N	Individual
Critical Review	20 minutes	20	N	Group
Final Exam	2 hours	50	Y	Individual

Prescribed Texts

- Hull, J 2014, Fundamentals of futures and options markets, 8th edn, Pearson, Harlow, Essex. [Available online]

Teaching Periods

Quarter 2 (2024)

Parramatta City - Macquarie St

On-site

Subject Contact Peter Kavalamthara (<https://directory.westernsydney.edu.au/search/name/Peter Kavalamthara/>)

View timetable (https://classregistration.westernsydney.edu.au/even/timetable/?subject_code=BUSM7022_24-Q2_PC_1#subjects)