UNIVERSITY OF HAWAI'I AT MĀNOA
SHIDLER
COLLEGE OF BUSINESS
• International Excellence •

FIN 412 – Options & Other Derivatives
Spring 2021
TA: Hamza Essaidi (essaidi@hawaii.edu)

Professor Tray Spilker
Office: BUSAD E-601K
Email: tray.spilker@hawaii.edu

Tues/Thu 10:30-11:45am
Office hours: Thu 12pm-1pm
TA Office hours: Tues 12-1pm

Zoom: https://hawaii.zoom.us/j/99373448818
Meeting ID: 993 7344 8818
Passcode: 920978

Description This course is an introduction to derivative assets such as futures, forwards, swaps, and options, and risk management. The focus of the course is understanding the use of derivatives in practice. We will cover the pricing of these derivative assets as well as securities that contain embedded options. We will consider risk management strategies such as static and dynamic hedging, and trading strategies such as speculation and arbitrage. Applications will be considered from equity, commodity, and bond markets.

Prerequisite FIN 311: Investments. Exposure to accounting, statistics, calculus, economics, and Microsoft Excel are helpful.

Required Material *Fundamentals of Futures and Option Markets, 9th ed.*, John C. Hull, Pearson. 2017

Supplemental material: available on Laulima

- Lecture slides
- Problem solutions
- Sample midterms and final exams
- Readings
- Spreadsheets

Graded Assignments *Attendance:* Attendance is required for this course. This includes turning on your camera during Zoom classes! Excessive absence will result in loss of points. You are responsible for obtaining any information that you might have missed during an absence. I occasionally will ask someone to present homework solutions in front of class. Attendance will account for 10% of the course grade.

Homework: Assigned homework will assist you in understanding concepts and preparing for exams. Most of homework assignments are not graded and solutions will be provided. You have my permission to discuss the homeworks amongst yourselves (unless I specifically state otherwise); however, you must each turn in individual copies of the homework if requested. This section will account for 10% of your course grade.

Exams: There will be graded mid-term and final exams, which will each account for 40% of your course grade. Exams will be closed book and closed notes. However, a calculator and one 8.5”x11” cheat sheet is allowed (front and back). Except for extenuating circumstances, ***no make-up exam*** will be allowed. The final exam will focus on material covered in the second half of the course, but may include material from the first half.

Plus or minus grades are used to distinguish performance within letter grades. ***You must earn 65 points to receive a C minus in the course.***

Disabilities Any student with special needs should bring this to my attention as soon as possible, but not later than the second week of class. Students with disabilities are encouraged to contact the KOKUA Program for information and services. Contact KOKUA at 956-7511, kokua@hawaii.edu, or at the Queen Lili‘uokalani Center for Student Services room 013.

Integrity Cheating and Plagiarism will not be tolerated. All incidents will be handled in accordance with the UH *Student Code of Conduct.* The UH Student Code of Conduct, is available at: http://www.hawaii.edu/student/conduct.

Tentative Schedule: The schedule is subject to change as the semester progresses.

Week	Date	Topic	Chapter
1	12-Jan	Syllabus and Introduction	1
	14-Jan	Mechanics of Futures Markets	2
2	19-Jan		
	21-Jan	Forward and Futures Prices	5
3	26-Jan		
	28-Jan		
4	2-Feb	Hedging with Futures	3
	4-Feb		
5	9-Feb	Interest Rates	4
	11-Feb	Interest Rate Futures	6
6	16-Feb		
	18-Feb	Swaps	7
7	23-Feb		
	25-Feb	*Review for 1st Half*	
8	2-Mar	**Mid-Term Exam**	
	4-Mar	*Review of Mid-Term*	
9	9-Mar	Mechanics of Option Markets	9
	11-Mar		
10	16-Mar	**Spring Break**	
	18-Mar		
11	23-Mar	Properties of Stock Options	10
	25-Mar	Option Trading Strategies	11
12	30-Mar		
	1-Apr	Valuing Options: Binomial Trees	12
13	6-Apr		
	8-Apr	Valuing Options: Black-Scholes-Merton Model	13
14	13-Apr		
	15-Apr	Dynamic Hedging and The Greeks	17
15	20-Apr		
	22-Apr		
16	27-Apr	*Review for 2nd Half*	
	29-Apr	**Final Exam**	