

**AMRITA VISHWA VIDYAPEETHAM**  
**DEPARTMENT OF MANAGEMENT, KOCHI**  
**MBA PROGRAMME 2016-18**

**Trimester VI**

**Financial Derivatives and Risk Management – October 2016**

**COURSE OUTLINE & SESSION PLAN**

**1. Course Objective**

This course is designed to: (a) familiarize Finance students with the theoretical and practical aspects of financial futures, options and other derivatives. Over the last 30 years the market for these instruments have grown enormously and have become one of the most important tools of modern finance, from both academic and practical standpoint.

**2. Expected Learning Outcome**

Students are expected to demonstrate a working knowledge of the analysis of derivative instruments, including forwards, futures, options and swaps.

**3. Course objectives and Outcomes**

CO	Critical and integrative Thinking	Effective written and oral communication	Societal and Environmental Awareness	Ethical Reasoning	Leadership
CO1: Theoretical Knowledge	3	1	0	2	0
CO2: Skill sets for derivative instruments	3	1	0	2	1
CO3: Solving financial problems	3	1	0	2	1

**Course contributes mostly to: Employability/ Skill Development**

**4. Evaluation Scheme (at least 4 components)**

Assignments – 20%  
Class participation – 20%  
End Term – 40%  
Quiz – 20%

## 5. Detailed Sessions Plan

There are three broad segments to the course:

Forwards and Futures

Options

Other derivatives

1	Introduction to Derivatives	Session 1,2
2	Introduction to Forwards and Futures, pricing of these instruments and Hedging using futures	Sessions 3,4,5
3	Interest rate futures	Session 6,7
4	Introduction to options, properties of stock options	Sessions 8,9,10
5	Pricing of Options – Binomial and BSM models	Sessions 11,12
6	Trading strategies using options	13,14,15
6	The Greek letters in options	Sessions 16,17,18
7	VaR	Session 19,20
8	Swaps	Session 21,22
9	Wiener process and Ito's Lemma	Session 23,24

## 6. Prescribed Text Book

Hull and Basu, Options, Futures and Other Derivatives, 7<sup>th</sup>ed. This text book is an industry standard reference.

Computer: A working knowledge of excel is a prerequisite for the course. Much of the homework will require spreadsheet program.

Lectures: 30 hours    Sessions: 24