

SYLLABUS FIN 512: DERIVATIVES

Professor: Dr. Alper Gormus

Office Hours:

Commerce : Mondays 12:00 p.m. to 2:00 p.m.

Thursday 4:00 p.m. to 6:00 p.m.

E-mail: al.gormus@tamuc.edu

Course Description:

This course is designed to provide intermediate-level understanding of Derivative Securities and Markets. Topics include investing and hedging using Options, Futures, Forwards and Swaps.

Course Format:

- Lectures and Assignments – The course will be conducted on a lecture basis with discussions and questions encouraged. Some out-of-class assignments might be given.
- Exams – 3 exams total (two midterms and one final). (YOU NEED SCANTRONS FOR ALL EXAMS)

I DO COVER additional material which are not in your book. Your in-class notes are very important and you ARE responsible for any material covered in class.

I will NOT necessarily follow the book page-by-page. This is why, I cannot tell you that we will cover a chapter, because most of the time, I will cover some material from that chapter and omit others. This is to help you with only receiving relative and up-to-date material. I WILL NEVER ask you a question on an exam which I did not cover in a lecture or specifically asked you to read from the book. With a seminar class, your lectures and class notes are priority and the book is just a supplement. Please see the TOPICS LIST provided for reference. You CANNOT pass a seminar class by just reading the book (attending all lectures is a MUST). As most of the time the class lecture will cover all of the topics, please follow the topics as we cover them in class and locate corresponding sections in the book as a “supplemental” learning route (additional examples etc.) This excludes any section or chapter in the book I tell you to specifically read/know during a lecture.

Textbook:

Required Text: Introduction to Derivatives and Risk Management by Chance.
ISBN: 9781133190196

Software and Calculator: For the course, you will need access to Microsoft Excel (minimally used). You may NOT use Palm Pilots, calculators with extended memory, cell phones or other

similar devices on the examinations. If you need to watch your time during the exams, please bring a watch. You are allowed to use your laptop for note taking purposes only, however, **I have a “one strike and you’re out” policy. This means that if I ever catch you checking your email or surfing the internet etc. you will never be allowed to bring a laptop again.**

Final Exam:

Comprehensive. Topics include everything covered for the entire semester.

Grading:

Simple average of your midterms and the final exam grade:

This grade distribution for this option is as follows:

90 - 100% = A

80 - 89% = B

70 - 79% = C

60 - 69% = D

Below 60% = F

I believe in complete fairness. Above cut-offs are non-negotiable. Please at no time request to be “bumped up” a letter grade because you are “so close.” I do not do any special treatment for any one individual. Whatever grade “bumping” I do to one, I do for the entire class with the same proportions. Class average at the end of the semester will determine if any curves will be given.

For your privacy, NO grades (including exams, assignments, or final grades) will be posted in a public area and NO grades will be disclosed over the phone or e-mail. Exams will be returned in-class and you will have an opportunity during class to review your work. You can also come during office hours to check your grades.

Topics List (topics will be covered in the order below):

Introduction to Derivatives, Intro to Futures

Forwards

Futures vs. Forwards

Intro to Forwards and Futures Pricing

Futures Arbitrage Strategies

Exam 1

Introduction to Options

Principles of Options Pricing

Intro to Black-Scholes Options Pricing

Exam 2

Hedging

SWAPs

Final Exam

Make-Up Examination Policy:

No make-up exams are offered. Your final grade is based on your two mid-terms and the final (total of three exams minus any attendance penalty). If you miss a mid-term exam (given it is for an university approved reason and I must verify), I will count your final as double. Taking the final exam is mandatory and if you miss it, you will receive a zero grade.

Policy on Attendance:

Daily attendance will be taken. Students are allowed to miss only 2 class periods (two weeks of material) without penalty. Any additional absences will deduct 2 points of your final % grade. I advise you to use your 2 days wisely and save them to be used at times of absolute necessity (i.e. sickness).

Electronics Policy:

You must turn-off and put away all cell phones and communication devices during examinations. If you need to watch your time, please bring a watch to the exams. Laptops are allowed while only restricted to be used for note-taking purposes (please refer to “Calculators and Laptops” section above).

TECHNICAL PROBLEMS AND QUESTIONS

Personal computer problems do not excuse the requirement to complete all course work in a timely and satisfactory manner. Each student needs to have a backup method to deal with these inevitable problems. These methods might include the availability of a backup PC at home or work, the temporary use of a computer at a friend's home, the local library, Office Services such as Kinko's, an Internet cafe, or a bookstore such as Barnes & Noble, etc.

Technical assistance is available 24 hours a day/ 7 days a week. If you have questions related to eCollege, A&M-Commerce's online course management system, click on "TECHNICAL SUPPORT" on the left side of your course screen. An email box will appear. Fill out this technical support form, click submit, and your questions will be forwarded to the technical support staff. A resolution will be sent to you from the technical support staff

via email. If at any time you experience technical problems (e.g., you can't log in to the course, you can't see certain material, etc.) please contact the eCollege HelpDesk, available 24 hours a day, seven days a week. The HelpDesk can be reached by sending an email to helpdesk@online.tamuc.org or by calling 866-656-5511. Additionally, you can click on the "Help" button located at the top of each page for more information.

If you use an Internet Service Provider other than the university, please contact a company representative if you are having difficulty accessing the Internet. Other support questions may be addressed to Computing, Telecommunications, and Information Systems (CTIS). The CTIS help desk is staffed Monday-Friday from 8am – 5pm and can be reached at 903-468-6000. The after-hours and weekend emergency phone number is 877-808-1607. When the after-hours support number is dialed, the answering service representative will ask for your name and phone number. The representative will then contact the on-call CTIS technician who should return your call within about 15 minutes.

CLASS ETHICS

You are expected to maintain high standards of integrity and honesty while pursuing your academic goal(s). The university's statement on academic honesty is found in the Texas A&M University-Commerce Procedures, A13.12, Academic Honesty. Academic dishonesty is defined in the following manner:

"Academic dishonesty includes, but is not limited to, plagiarism (the appropriation or stealing of the ideas or words of another and passing them off as one's own), cheating on exams or other course assignments, collusion (the unauthorized collaboration with others in preparing course assignments), and abuse (destruction, defacing, or removal) of resource material."

Moreover, while taking any of the quizzes or exams in this course, your **only** outside source of information should be the textbook, your own personal notes, and a financial calculator or a spreadsheet program (i.e. EXCEL) by which to solve financial calculations. You are not allowed to consult with any other reference material or person while taking an exam.

Students found to have committed academic dishonesty will automatically receive a failing grade for the course and face possible expulsion from the university.

Students with Disabilities:

The Americans with Disabilities Act (ADA) is a federal anti-discrimination statute that provides comprehensive civil rights protection for persons with disabilities. Among other things, this legislation

requires that all students with disabilities be guaranteed a learning environment that provides for reasonable accommodation of their disabilities. If you have a disability requiring an accommodation, please contact:

Office of Student Disability Resources and Services

Texas A&M University-Commerce

Gee Library

Room 132

Phone (903) 886-5150 or (903) 886-5835

Fax (903) 468-8148

StudentDisabilityServices@tamuc.edu