

East Texas A&M University
FIN 512 – Derivatives and Risk Management – Summer 2025 – 01W (50274)
Syllabus

Instructor: Dr. Sharier Azim Khan, CFA
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Class Room: Online/ Web Based Class. You MUST check your email and course D2L (MyLeo) on a regular basis.

Class Times: All lecture videos will be uploaded in MyLeo (D2L Brightspace). In addition, live Q&A sessions will be held thru Zoom. The exact dates and times of the live Q&A sessions will be announced during the term.

Course Description and Objectives

This course introduces students to the fundamental principles, theories, and techniques used in some of the more common financial derivatives and their respective markets. We will cover the risk management methods of hedging, speculation, and arbitrage within the topics of equity options, futures, forwards, swaps, and foreign currency contracts. The course aims to introduce students to the topic of risk management by using derivatives and somewhat complex financial instruments and methods. Students will accordingly enhance their capabilities of analytical problem solving in common business environments.

Prerequisites

FIN 504, and college level knowledge of Mathematics.

Course Materials

Textbook (recommended): Robert McDonald, *Derivatives Markets*, 3rd Edition, Pearson [Note: All lecture materials and lecture videos will be uploaded in D2L and you will not need textbook if you work along BOTH lecture slides AND the videos.]

Financial calculator: Texas Instruments BAII Plus or BAII Plus Professional

Laptop/Desktop: Microsoft (MS) Excel.

Grading System

Course total score will be based on the following components as below:

D2L Homework Quizzes (9*4 points)	=	36 points
Mid-Term Exam	=	32 points
Final Exam	=	<u>32 points</u>
Total	=	100 points

Grades will be based upon the following standard:

90 points or above	=	A
80 --- 89 points	=	B
70 --- 79 points	=	C
60 --- 69 points	=	D
Below 60 points	=	F

Note: Instructor reserves the right to modify the above grading system with prior announcement in class or thru D2L/ email

Course Requirements

This course will use the MyLeo (D2L Brightspace) course management system. Please check the D2L regularly for course information, class lecture materials, homework quizzes, assignment, exam dates and announcements. D2L quizzes and assignments typically will have due dates and will not be available for submission after the due date. Because technical problems may arise, please do not wait until the last minute to complete assignments and quizzes. Use only Chrome to access this course on MyLeo (D2L Brightspace). D2L is a Windows-based product. Safari, Firefox, Edge, Internet Explorer (IE) are not supported browsers. Often your assignments are not fully visible/accessible from browsers other than Chrome. If you are using a Mac iOS, you must download the Chrome app. However, the app does not fully guarantee your full accessibility.

Examinations

Exams will be primarily of an objective nature, e.g., problem solving, true-false, and multiple-choice. You will need your financial calculator for each exam. You must not discuss exam contents with any other person. You are on your honor to help preserve the integrity of the exam. Make-up exams will ONLY be considered under extenuating circumstances. Work, personal travel, etc. are NOT extenuating circumstances. Extenuating circumstances would include school sponsored excused event (communicated by faculty advisor/coach), hospitalization, medical emergency, physical injury, or death of an immediate family member. You will be required to provide proof of the extenuating circumstance to be approved for a make-up exam. Make-up exams for students attending school-sponsored events, are scheduled before event departure.

Homework Quizzes

There will be several homework quizzes given during the term through D2L. Each homework quiz will typically cover a chapter and may include both conceptual and problem questions. Each homework quiz will have its deadline and there will be NO extension on the deadline.

Tentative Course Schedule

Dates	Chapter/ Exam/ Others
Jul 7-13	1: Introduction to Derivatives 2: Introduction to Forwards and Options
Jul 14-20	3: Insurance, Collars, and other Strategies 5: Financial Forwards and Futures
Jul 21-27	Mid-Term Exam: Chapters 1-3 & 5 6: Commodity Forwards and Futures 7: Interest Rate Forwards and Futures
Jul 28- Aug 3	8: Swaps 9: Parity and other Option Relationships 12: The Black-Scholes Formula
Aug 4-6	Final Exam: Chapters 6-9 & 12

Note: All dates are tentative and may be changed with prior announcement in class or thru D2L/ email.

Use of Artificial Intelligence (AI)

East Texas A&M University acknowledges that there are legitimate uses of Artificial Intelligence, ChatBots, or other software that has the capacity to generate text, or suggest replacements for text beyond individual words. **Any use of such software must be documented.** Any undocumented use of such software constitutes an instance of academic dishonesty (plagiarism). In any case, students are fully responsible for the content of any assignment they submit, regardless of whether they used an AI, in any way. **This specifically includes cases in which the AI plagiarized another text or misrepresented sources.**

East Texas A&M Supports Students' Mental Health

The Counseling Center at East Texas A&M, located in the Halladay Building, Room 203, offers counseling services, educational programming, and connection to community resources for students. Students have 24/7 access to the Counseling Center's crisis assessment services by calling 903-886-5145. For more information regarding Counseling Center events and confidential services, please visit www.tamuc.edu/counsel

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 Services

Email: StudentDisabilityServices@tamuc.edu

Web: <https://www.tamuc.edu/student-disability-services/>

Academic Integrity

Students at East Texas A&M University are expected to maintain high standards of integrity and honesty in all of their scholastic work. For more details and the definition of academic dishonesty, see the following procedures:

Undergraduate Academic Dishonesty 13.99.99. R0.03

<https://inside.tamuc.edu/aboutus/policiesproceduresstandardsstatements/rulesprocedures/13students/undergraduates/13.99.99.R0.03UndergraduateAcademicDishonesty.pdf>

Graduate Student Academic Dishonesty 13.99.99. R0.10

<https://inside.tamuc.edu/aboutus/policiesProceduresStandardsStatements/rulesProcedures/13students/graduate/13.99.99.R0.10.pdf>

Nondiscrimination Statement

East Texas A&M University will comply in the classroom, and in online courses, with all Federal and state laws prohibiting discrimination and related retaliation on the basis of race, color, religion, sex, national origin, disability, age, genetic information, or veteran status. Further, an environment free from discrimination on the basis of sexual orientation, gender identity, or gender expression will be maintained.

Campus Concealed Carry

Texas Senate Bill - 11 (Government Code 411.2031, et al.) authorizes the carrying of a concealed handgun in East Texas A&M University buildings only by persons who have been issued and are in possession of a Texas License to Carry a Handgun. Qualified law enforcement officers or those who are otherwise authorized to carry a concealed handgun in the State of Texas are also permitted to do so. Pursuant to Penal Code (PC) 46.035 and East Texas A&M Rule 34.06.02.R1, license holders may not carry a concealed handgun in restricted locations.

For a list of locations, please refer to the Carrying Concealed Handguns On Campus document and/or consult your event organizer.

Web url:

<https://inside.tamuc.edu/aboutus/policiesProceduresStandardsStatements/rulesProcedures/34SafetyOfEmployeesAndStudents/34.06.02.R1.pdf>

Pursuant to PC 46.035, the open carrying of handguns is prohibited on all East Texas A&M campuses. Report violations to the University Police Department at 903- 886-5868 or 9-1-1.