

FINA 4350 – Options and Futures Spring 2008 (Section 22366)

Instructor: Guowei Zhang
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Class Time: 2:30-4:00pm MW @ 130 MH
Office Hours: 1:30-2:30pm MW or by appointment

Course Description

This course covers three main topics: Options, Futures and Credit Derivatives (mainly Credit Default Swaps). We will emphasize the practical application (trading strategies and hedging applications) and the pricing methods. In terms of pricing, we cover both theoretical pricing models and Monte Carlo method. The goal of this course is to facilitate students understand the role of these derivatives in investment and risk management.

Course Pre-requisites

The pre-requisite for this course is successful completion of FINA 3332 or equivalent, DISC 3331, and ECON 2304.

Course Text, References and Computing Software

1. **Fundamentals of Futures and Options Markets** (6th. Edition) – 2007, John C. Hull, Prentice Hall, ISBN: 0136012337. Chapters 2, 3, 4, 5, 7, 8, 9, 10, 12, 15, 21
2. **Monte Carlo Methods in Financial Engineering** – 2003, Paul Glasserman, Springer, ISBN: 0387004513. Chapters 1, 3.
3. **Characteristics and Risks of Standardized Options** published by the Options Clearing Corporation – OCC. Go to www.cboe.com. It is at the bottom of the page
4. R, a statistical package (<http://www.r-project.org>), will be used intensively in this course.

Course Evaluation and Grades

Grading will be based on group homework assignments and projects (50%), three in-class midterm exams (50%) which will be held on **Feb. 18th**, **Mar. 26th** and **Apr. 28th**. These are tentative schedule. Actual exam date may differ. Makeup exams will only be allowed if you provide a medical certificate or some other extraordinary personal reason for absence.

Academic Honesty

As a University of Houston student, you are assumed to be aware of the University's Academic Honesty policies. A copy of these policies can be obtained, by you, for free from the University bookstore or through the University of Houston web-site. If you have not read these policies before (or if it's been a while since you last read them) you should read (re-read) them as soon as possible.

Information for Students with Disabilities

The Center for Students with Disabilities provides a wide variety of academic support services to all currently-enrolled UH students who have any type of mental or physical disability of either a temporary or permanent nature. If you feel that you may need assistance of this nature, you may wish to call the Center at (713) 743-5400. In addition, you should inform me about any special needs as soon as possible.