

DEREE COLLEGE SYLLABUS FOR:									
EC 4157 DERIVATIVES TRADING (Same as FN 4157) (Fall 2019) US Credits: 3/1.5/3									
PREREQUISITES:	Any one trading course								
CATALOG DESCRIPTION:	Characteristics, pricing and electronic trading of a variety of financial derivative securities. Mechanics of derivatives markets. Types and uses of futures, forwards, options, swaps and non-standard derivatives. Combinations and strategies.								
RATIONALE:	The overall goal of this course is to equip students with the knowledge and skills to conduct trading in financial derivative securities on currencies, stocks, bonds, commodities, and indices for the purposes of hedging. The course gives theoretical and practical insights that are useful for pricing and trading both standard and non-standard financial derivatives. The course provides hands-on training for those who join the treasury and trading departments of financial institutions and those who sit for pertinent professional examinations. The course includes practical trading exercises, where students trade on real-time simulated global markets through the use of software available in the ACG Simulated Trading Room, notably Bloomberg and Reuters. Students are given the opportunity to experience the excitement of trading and applying theoretical knowledge to real-time prices and market scenarios.								
LEARNING OUTCOMES:	As a result of taking this course, the student should be able to: <ol style="list-style-type: none"> 1. Demonstrate knowledge and understanding of the mechanics of derivatives markets 2. Distinguish between different types of derivatives and their uses 3. Utilize trading platforms for the purposes of trading derivatives 4. Build and execute trading strategies involving derivatives 								
METHOD OF TEACHING AND LEARNING:	In congruence with the learning and teaching strategy of the college, the following tools are used: <ul style="list-style-type: none"> • The class is run in a simulated trading room, equipped with Bloomberg, Thomson-Reuters closed group dealing system, Rotman Interactive Trader (RIT), TraderEx, Palisade, Morningstar. • The class consists of lectures, cases, simulation exercises, and in-class discussion of related material. • Trading workshops and guest speakers • Office Hours: Students are encouraged to make full use of the office hours of their instructor in order to consult and discuss issues related to the course content. • Use of the Blackboard learning platform for announcements and course material, including additional resources. 								
ASSESSMENT:	<p>Summative:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Trading template exercise (LO 1)</td> <td style="text-align: right;">10%</td> </tr> <tr> <td>Trading case assessment (LO 2)</td> <td style="text-align: right;">30%</td> </tr> <tr> <td>Simulation exercises (LOs 3, 4)</td> <td style="text-align: right;">60%</td> </tr> </table> <p>Formative:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Formative examination trading simulations and cases</td> <td style="text-align: right;">0%</td> </tr> </table> <p>The formative assessment aims to prepare students for the written final examination.</p> <p>The trading template exercise tests LO 1. The trading case assessment tests LO 2. The simulation exercises test LOs 3 and 4</p> <p>The final grade for this module will be determined by averaging all summative assessment grades, based on the predetermined weights for each assessment. Students are not required to</p>	Trading template exercise (LO 1)	10%	Trading case assessment (LO 2)	30%	Simulation exercises (LOs 3, 4)	60%	Formative examination trading simulations and cases	0%
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Trading case assessment (LO 2)	30%								
Simulation exercises (LOs 3, 4)	60%								
Formative examination trading simulations and cases	0%								

	resit failed assessments in this module. Failure to pass the module results in module repeat.
REQUIRED MATERIAL:	<p>McDonald M., Derivatives Markets, Pearson, latest edition.</p> <p>Boyle P., McDougall J. (2018). Trading and pricing financial derivatives: a guide to futures, options, and swaps, Walter de Gruyter, latest edition.</p>
RECOMMENDED MATERIAL:	<p>Andersen L., Phytin M. (2018). Margin in derivatives trading. Risk Books.</p> <p>Chaplin G. (2005). Credit Derivatives, Risk Management, Trading and Investing. John Wiley & Sons.</p> <p>Darbyshire, J. H. (2017). Pricing and trading interest rate derivatives: A practical guide to swaps. Aitch & Dee Limited.</p> <p>Geman H. (2005). Commodities and Commodity Derivatives: Modeling and Pricing For Agriculturals, Metals and Energy. John Wiley & Sons.</p> <p>Jewitt, G. (2015). FX derivatives trader school. Wiley.</p> <p>Lee B. (2018). Trading Options: Advanced Trading Strategies and Techniques (40 Proven Trading Strategies Included). Lee Digital.</p> <p>Murphy D. (2013). OTC derivatives bilateral trading & central clearing: an introduction to regulatory policy, market impact and systemic risk. Palgrave Macmillan.</p> <p>O'Loughlin B, O'Brien F. (2018). Fundamentals of Investment, a Practitioner's Guide. Routledge.</p> <p>Pavaskar M. (2016). Commodity Derivatives Trading: Theory and Regulation (english Edition) Format Kindle. Notion Press.</p> <p>Rhoads, R. (2011). Trading VIX derivatives: Trading and hedging strategies using VIX futures, options, and exchange- traded notes. Wiley & Sons.</p> <p>Tang Y., Li B. (2007). Quantitative analysis, derivatives modeling, and trading strategies: in the presence of counterparty credit risk for the fixed-income market. World Scientific.</p> <p>Thomsett C. M. (2019). Practical Trend Analysis: Applying Signals and Indicators To Improve Trade Timing. DEG Press.</p> <p>Thomsett C. M. (2019). The Amazing Put: The Overlooked Option and Low-risk Strategies. DEG Press.</p>
COMMUNICATION REQUIREMENTS:	Use of financial markets and trading terminology
SOFTWARE REQUIREMENTS:	Bloomberg, Thompson-Reuters, TraderEx, Rotman Interactive Trader, Palisade, MorningStar, Excel, Word, PowerPoint

<p>WWW RESOURCES:</p>	<p>www.bloomberg.com www.reuters.com www.economist.com www.ft.com www.wsj.com www.finance-yahoo.com www.jpmorgan.com www.ubswarburg.com www.adex.gr Federal Reserve Bank Economic Data: http://wueconb.wustl.edu/EconFaq/EconFaq.html International Central Banking Resource Center: http://patriot.net/~bernkopf/</p>
<p>INDICATIVE CONTENT:</p>	<ol style="list-style-type: none"> 1. Uses and economic functions of financial derivatives 2. Derivatives markets mechanics 3. Pricing and trading futures and forwards 4. Options, option combinations and option trading strategies 5. Volatility and option pricing 6. Trading non-standard options 7. Credit derivatives trading 8. Regulation in derivatives markets