

COURSE SPECIFICATION DOCUMENT

Academic School/Department:	Richmond Business School
Programme:	Finance & Investment with Combined Studies
FHEQ Level:	6
Course Title:	Derivatives
Course Code:	FINC 6101
Total Hours:	160
Timetabled Hours:	45
Guided Learning Hours:	15
Independent Learning Hours:	100
Credits:	16 UK CATS credits 8 ECTS credits 4 US credits

Course Description:

This course provides students with a foundation to derivative instruments and how they are utilized by corporations and individual speculators. The course covers areas which include the market structures of the futures and options markets, the valuation of futures and options contracts, as well as their use in global risk management strategies.

Prerequisites:

ACCT 5102 Financial Decision Making, FINC 5101 Investment and Capital Markets AND 70 Credits

Aims and Objectives:

This course critically analyses the nature and role of exchange traded and over the counter derivatives. This course will be intensive as well as technical; it is advisable for serious finance students only. Key topics include Forward and Future Markets, Options on Currencies and Futures, Option Pricing Models, Risk Management, Hedging Strategies, Greek Letters, Swaps and Interest Rate Derivatives.

Programme Outcomes:

A6I, A6II, B6I, B6II

A detailed list of the programme outcomes are found in the Programme Specification. This is located at the archive maintained by Registry and found at:

<https://www.richmond.ac.uk/programme-and-course-specifications/>

Learning Outcomes:

By the end of this course, successful students should be able to:

- Develop a robust understanding of the nature and role of financial derivatives.
- Develop the skills to apply basic valuation techniques to the pricing of derivatives.
- Understand the strengths and weaknesses of derivatives as a risk-management tool.
- Understand how to identify and measure derivative risk.
- Critically analyse a broad range of trading strategies in the derivatives markets.

Indicative Content:

- Introduction to the nature and role of derivatives
- Forward contracts and futures contracts
- Valuation techniques
- Hedging strategies
- Interest rate derivatives
- Options: basic trading strategies and valuation
- Stock index options, options on future
- Risk and volatility: "Greeks"
- Value at Risk (VAR).

Assessment:

This course conforms to the University Assessment Norms approved at Academic Board and located at: <https://www.richmond.ac.uk/university-policies/>

Teaching Methodology:

This course will be delivered face to face through a combination of lectures and interactive sessions. In addition to classroom activities, there are guided learning elements that are tutor led and arranged through Blackboard. These activities can be asynchronous online sessions, flipped classrooms, set readings with discussion boards or set guest lectures for example. Set activities are monitored by the instructor to ascertain student engagement. Students are encouraged to prepare for class and to play an active part, to raise questions, following-up ideas and interact with a wide range of provided material.

Indicative Text(s):

Fabozzi, F.J. (2025) *Introduction to fixed-income analysis and portfolio management*. [S.I.]. USA: MIT PRESS.

Hull, J. (2022) *Options, futures, and other derivatives*. 11th edn., global edn. Harlow, England: Pearson.

Winston, K.J. (2023) *Quantitative risk and portfolio management: theory and practice*. Cambridge, United Kingdom; New York, NY: Cambridge University Press.

Journals:

Derivatives Quarterly.

International Journal of Financial Markets and Derivatives.

Derivatives Institutional Investor.

Journal of Derivatives.

Journal of Finance.

Websites:

Bloomberg Business Week. Available at: www.bloomberg.com (Accessed: November 2024).

The Economist. Available at: www.economist.com (Accessed: November 2024).

The Financial Times. Available at: www.ft.com (Accessed: November 2024).

The Wall Street Journal. Available at: www.wsj.com (Accessed: November 2024).

Change Log for this CSD:

Nature of Change	Date Approved & Approval Body (School or AB)	Change Actioned by Registry Services
First Edition	Nov 2024	