



Course Specifications

Course Title:	Financial Derivatives Securities Valuation
Course Code:	FIN 465
Program:	Bachelor
Department:	Finance
College:	College of Business Administration
Institution:	Prince Sultan University

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A. Course Identification

1. Credit hours:	45
2. Course type	
a.	University <input type="checkbox"/> College <input type="checkbox"/> Department <input checked="" type="checkbox"/> Others <input type="checkbox"/>
b.	Required <input type="checkbox"/> Elective <input checked="" type="checkbox"/>
3. Level/year at which this course is offered:	
4. Pre-requisites for this course (if any):	FIN 320
5. Co-requisites for this course (if any):	None

6. Mode of Instruction (mark all that apply)

No	Mode of Instruction	Contact Hours	Percentage
1	Traditional classroom	45	100%
2	Blended	-	-
3	E-learning	-	-
4	Distance learning	-	-
5	Other	-	-

7. Contact Hours (based on academic semester)

No	Activity	Contact Hours
1	Lecture	45 hours
2	Laboratory/Studio	-
3	Tutorial	-
4	Others (office hours)	3 hours/week
	Total	45 hours

B. Course Objectives and Learning Outcomes

1. Course Description

This course provides students with the techniques, concepts and applications relevant to financial derivative securities. Topics include analysis of various types of options and strategies of options, trading, principles of trading commodities on future markets, speculation and hedging using derivative securities.

2. Course Main Objective

- Understanding the main techniques and concepts related to derivative securities
- Understanding how options, futures and forward contracts are used for hedging and speculation
- Use the main financial models to evaluate options and other contracts.

3. Course Learning Outcomes

CLOs		Aligned PLOs
1	Knowledge and Understanding	
1.1	CLO1 - To describe the nature of the derivatives securities, Futures, Forwards, Options and Swaps and how are they different that other financial instruments.	PLO1



CLOs		Aligned PLOs
1.2	CLO2 - To describe the use of financial derivatives securities in speculation, hedging and arbitrage.	PLO1
1.3	CLO3 – To describe the characteristics of each of the derivatives securities in now days business environment and how can they help to improve the performance of the firm	PLO1
2	Skills :	
2.1	CLO4 - To evaluate the possible hedging strategies using different derivatives securities to reduce risk of firms.	PLO2
2.2	CLO5 - To evaluate the possible speculation and arbitrage strategies using different derivatives securities to increase profitability at both the individual level and firm level.	PLO2- PLO5a PLO5b
2.3	CLO6 - To analyze the payoff of each derivatives securities from the point of view of both the issuer and the holder.	PLO2- PLO5a
3	Values:	
3.1	Able to understand, analyze and communicate ideas and thoughts in an interactive setting.	PLO4a –PLO4b
3.2	Able to utilize softwares and data analysis methods to analyze and present decision suggestions	PLO5

C. Course Content

No	List of Topics	Contact Hours
1	Topic 1: Introduction	5
2	Topic 2: Mechanics of Futures Markets	5
3	Topic 3: Chapter 3: Hedging Strategies Using Futures	6
4	Topic4: Interest Rates	4
5	Topic 5: Determination of Forward and Futures Prices	6
6	Topic 6: Mechanics of Options Markets	5
7	Topic 7 Properties of Stock Options	4
8	Topic 8: Introduction to Binomial Trees	5
9	Topic 9: Swaps	5
Total		45

D. Teaching and Assessment

1. Alignment of Course Learning Outcomes with Teaching Strategies and Assessment Methods

Code	Course Learning Outcomes	Teaching Strategies	Assessment Methods
1.0	Knowledge and Understanding		
1.1	To describe the nature of the derivatives securities, Futures, Forwards, Options and Swaps and how are they different that other financial instruments	Lectures Theoretical Discussions, Multimedia Real life Examples Web based cases	Quiz H.W In class questions



Code	Course Learning Outcomes	Teaching Strategies	Assessment Methods
1.2	To describe the use of financial derivatives securities in speculation, hedging and arbitrage.	Lectures Theoretical Discussions, Multimedia Real life Examples Web based cases	Exam Quiz H.W In class questions
1.3	To describe the characteristics of each of the derivatives securities in now days business environment and how can they help to improve the performance of the firm.	Lectures Theoretical Discussions, Multimedia Real life Examples Web based cases	Quiz H.W In class questions
2.0	Skills		
2.1	To build hedging, speculations and arbitrage strategies using various types of derivatives.	Lectures Real life Examples Web based cases	Exam Quiz H.W In class problem solving questions
2.2	To analyze the payoff of each derivatives securities from the point of view of both the issuer and the holder.	Lectures Real life Examples Web based cases	Exam Quiz H.W In class problem solving questions
2.3	To measure the value of the derivatives securities using the most common approaches.	Lectures Real life Examples Web based cases	Exam Quiz H.W In class problem solving questions
2.4.	Able to understand, analyze and communicate ideas and thoughts in an interactive setting	Real life Examples Web based cases	Exam Quiz H.W In class problem solving questions
3.0	Values		
3.1	Able to utilize softwares and data analysis methods to analyze and present decision suggestions.	Real life Examples Web based cases	Exam Quiz H.W In class problem solving questions

2. Assessment Tasks for Students

#	*Assessment task	Week Due	Percentage of Total Assessment Score
1	Quizzes 1 and 2	Week 4 and Week 10	10%
2	Assignments	Ongoing	5%
3	Class participation	Ongoing	5%
4	(Basic Research, Reading and analysis (Group work	Week 15	10%
5	Major Exams	Week 5 and Week 11	30%
6	Final Examination	Week 16	40%

*Assessment task (i.e., written test, oral test, oral presentation, group project, essay, etc.)

E. Student Academic Counseling and Support

Arrangements for availability of faculty and teaching staff for individual student consultations and academic advice:

06 office hours. Students can communicate with their instructor through email and LMS.



F. Learning Resources and Facilities

1. Learning Resources

Required Textbooks	<u>Main Textbook:</u> John C. Hull, Fundamentals of Futures and Options Markets, Global Edition , 8 th edition, 2017, Pearson Publications, ISBN-10: 1292155035, ISBN-13: 9781292155036
Essential References Materials	<u>Recommended:</u> Sundaram and Das, Derivatives Principles and Practice , 2nd edition, McGraw-Hill Irwin, 2015,
Electronic Materials	Web Sites: www.google.com/finance; www.cnbc.com; finance.yahoo.com; www.investopedia.com
Other Learning Materials	

2. Facilities Required

Item	Resources
Accommodation Classrooms, laboratories, demonstration) (.rooms/labs, etc	Traditional classroom
Technology Resources AV, data show, Smart Board, software,) (.etc	.data show, Smart Board, DerivaGEM4.0
Other Resources Specify, e.g. if specific laboratory) equipment is required, list requirements or (attach a list	Traditional classroom

G. Course Quality Evaluation

Evaluation Areas/Issues	Evaluators	Evaluation Methods
Effectiveness of teaching and assessment	Students	Students evaluation survey
Extent of Achievement of CLOs	Students	Course Exit Survey
Quality of Learning/ Assessment	Chairperson/Peers Class Observation	Class Observation

Evaluation areas (e.g., Effectiveness of teaching and assessment, Extent of achievement of course learning outcomes, Quality of learning resources, etc.)

Evaluators (Students, Faculty, Program Leaders, Peer Reviewer, Others (specify)

Assessment Methods (Direct, Indirect)

H. Specification Approval Data

Council / Committee	
Reference No.	
Date	



