



# Rotman Commerce UNIVERSITY OF TORONTO

## Course Outline

### RSM 435H1F Futures and Options Markets

#### Fall 2017

**Course meets:** L0101 Wednesday, 1 - 3 p.m., WW 120  
L0201 Thursday, 2 - 4 p.m., WO 25  
L0501 Wednesday, 6 - 8 p.m., RT142

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**Instructor:** Kevin Wang, Rotman Room 462  
**E-Mail:** [kwang@rotman.utoronto.ca](mailto:kwang@rotman.utoronto.ca)  
**Phone:** 416-946-5059  
**Office Hours:** Thursday 5pm-7pm (or we can discuss anything right after any class)

## Course Scope and Mission

This course covers the analysis of derivative instruments such as forwards, futures, swaps and options. By the end of the course, students will have good knowledge of how these contracts work, how they are used and how they are priced.

## Course Prerequisites

ECO204Y1/ECO206Y1, RSM332H1

Exclusion: ACT370H1

## Required Readings

Hull, John C., *Options, Futures, and Other Derivatives, 10th Edition*

Hull, John C., *Solutions Manual for Options, Futures, and Other Derivatives, 10th Edition*

## Evaluation and Grades

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Work	Weighting	Date
Assignments	15%	
Midterm Exam	20%	
Project	20%	
Final Exam	45%	During the Final Exam period

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There will be one midterm counting for 20% and one final examination counting for 45% of the course grade. For the exams, you may use a calculator and a single-sided 8.5" × 11" crib sheet on which you may write down anything. If the sheet is typed or contains photocopied materials, the font size must be 10 points or larger.

The midterm test will be on **Monday, October 16, 8:30-10PM** (i.e., a test of 90 minutes). Note that there will be regular classes (October 17 and 18) in that week.

In addition, there will be two group-based assignments that in total count for 15% of the final grade. Students are expected to work in groups of three to five persons. There should be only one submission from each group. Assignments are due at the start of the designated class. Late submissions will not be accepted.

For the project, your group will build a hedge fund, i.e., an unconstrained portfolio including derivatives and other assets (e.g., stocks and ETFs), to obtain the highest possible return. Details will be discussed in the first class and an instruction file will be provided.

Students are expected to attend classes and make efforts to participate in class discussions. There may be bonus marks (1 to 3) to reward active class participation.

### Rotman Portfolio Manager

For the hedge fund project, the Rotman Portfolio Manager (**RPM**) will be used, which is a simulation tool for trading and managing your portfolio. RPM may be downloaded and accessed from your laptop or desktop. Rotman students have access to the Finance Trading Lab 24 hours a day. Lab assistants are available on site to provide help on weekdays during regular hours. RPM online help is also available from the lab assistants.

## Missed Midterm

Students who miss the test for reasons entirely beyond their control (e.g. illness) may submit a request for special consideration. Provided that notification and documentation are provided in a timely manner, and that the request is subsequently approved, no academic penalty will be applied.

In such cases, students must notify Rotman Commerce on the date of the missed test (or due date in the case of course work) and submit supporting documentation (e.g. [Verification of Student Illness or Injury form](#)) to the Rotman Commerce Program Office within **48 hours** of the originally scheduled test or due date. Students who do not provide Rotman Commerce with appropriate or sufficient supporting documentation will be given a grade of 0 (zero) for the missed test or course deliverable.

**Note that the physician's report must establish that the patient was examined and diagnosed at the time of illness, not after the fact. Rotman Commerce will not accept a statement that merely confirms a report of illness made by the student and documented by the physician. Documentation submitted in support of petitions for missing tests and assignments must be original; no faxed or scanned copies will be accepted.**

If one misses the make-up exam due to a legitimate reason (again, which needs to be cleared by Rotman Commerce), **the weight goes to the final** – the final exam will have a weight of 65%.

## Course Web Page

Instead of the Blackboard, I will use a course web page. The link will be provided in the first week to those enrolled. If you enroll after the first week, please email me and I will send you the link.

## Email

At times, the course instructor may decide to communicate important course information by email. As such, all UofT students are required to have a valid UTmail+ email address. You are responsible for ensuring that your UTmail+ email address is set up AND properly entered on the ROSI system. For more information please visit <http://help.ic.utoronto.ca/category/3/utmail.html>

Forwarding your utoronto.ca email to a Hotmail, Gmail, Yahoo or other type of email account is not advisable. In some cases, messages from utoronto.ca addresses sent to Hotmail, Gmail or Yahoo accounts are filtered as junk mail, which means that important messages from your course instructor may end up in your spam or junk mail folder.

## **Recording Lectures**

Lectures and course materials prepared by the instructor are considered by the University to be an instructor's intellectual property covered by the Canadian Copyright Act. Students wishing to record a lecture or other course material in any way are required to ask the instructor's explicit permission, and may not do so unless permission is granted (note: students who have been previously granted permission to record lectures as an accommodation for a disability are, of course, excepted). This includes tape recording, filming, photographing PowerPoint slides, Blackboard materials, etc.

If permission is granted by the instructor (or via Accessibility Services), it is intended for the individual student's own study purposes and does not include permission to "publish" them in anyway. It is absolutely forbidden for a student to publish an instructor's notes to a website or sell them in any other form without formal permission.

## **Accessibility Needs**

The University of Toronto is committed to accessibility. If you require accommodations for a disability, or have any accessibility concerns about the course, the classroom or course materials, please contact Accessibility Services as soon as possible:

[accessibility.services@utoronto.ca](mailto:accessibility.services@utoronto.ca) or <http://www.studentlife.utoronto.ca/as>

## **Academic Integrity**

Academic Integrity is a fundamental value essential to the pursuit of learning and scholarships at the University of Toronto. Participating honestly, respectfully, responsibly, and fairly in this academic community ensures that the UofT degree that you earn will continue to be valued and respected as a true signifier of a student's individual work and academic achievement. As a result, the University treats cases of academic misconduct very seriously.

*The University of Toronto's Code of Behaviour on Academic Matters*

<http://www.governingcouncil.utoronto.ca/policies/behaveac.htm> outlines the behaviours that constitute academic misconduct, the process for addressing academic offences, and the penalties that may be imposed. You are expected to be familiar with the contents of this document. Potential offences include, but are not limited to:

In papers and assignments:

- Using someone else's ideas or words without appropriate acknowledgement.
- Submitting your own work in more than one course without the permission of the instructor.
- Making up sources or facts.
- Obtaining or providing unauthorized assistance on any assignment (this includes collaborating with others on assignments that are supposed to be completed individually).

On test and exams:

- Using or possessing any unauthorized aid, including a cell phone.
- Looking at someone else's answers
- Misrepresenting your identity.
- Submitting an altered test for re-grading.

Misrepresentation:

- Falsifying institutional documents or grades.
- Falsifying or altering any documentation required by the University, including (but not limited to), medical notes.

All suspected cases of academic dishonesty will be investigated by the following procedures outlined in the *Code of Behaviour on Academic Matters*. If you have any question about what is or not is permitted in the course, please do not hesitate to contact the course instructor. If you have any questions about appropriate research and citation methods, you are expected to seek out additional information from the instructor or other UofT resources such as College Writing Centres or the Academic Success Centre.