



Rotman Commerce UNIVERSITY OF TORONTO

Course Outline

RSM 435H1F L0101

Futures and Options Markets

Summer 2018

Course Meets: Mon, Wed 5pm - 7pm in SS1071 [some exceptions, see page 5]

Instructor: Harry G. G. Burke
 E-Mail: harry.burke@alumni.utoronto.ca
 Course website: <https://portal.utoronto.ca>
 Office Hours: Monday and Wednesday 7pm - 8pm and by appointment, more around exams

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.

Registration Requirements

Prerequisites: ECO204Y1/ECO206Y1, RSM332H1

Exclusion: ACT370H1

Readings

The required textbook will be referred to as "Hull":

-Hull, John, Options, Futures, & Other Derivatives, 10th Edition

-Hull, John, Solutions Manual for Options, Futures, & Other Derivatives, 10th Edition

Other readings, both required and optional, will be made available on the course website.

Evaluation and Grades

<u>Work</u>		<u>Due Date[s]</u>
Graded Problem Sets	20%	May 16 th , May 23 rd , May 30 th , June 6 th , June 13 th , June 18 th
Midterm Examination	30%	Friday June 1 st 5:00pm - 7:00pm in room TBA
Final Examination	50%	TBA by FAS, range is June 20 th to June 26 th

Evaluation and Grades - Problem Set Details

There will be problem sets distributed throughout the semester to help foster and test your understanding of the curriculum. Six graded problem sets will require submission on the dates above and will be graded out of four. Only your highest five grades out of these six submissions will count towards your final grade. Graded Problem Sets one through five are due by 5:10pm at the start of class; late submissions will not be accepted. Graded Problem Set six is due June 18th and is to be submitted to the Rotman Commerce office by 4pm. Except for unusual circumstances, grades on homework assignments are final and re-grading requests will not be accepted. Medical notes for late submissions will also not be accepted. Though you are permitted to work with your peers on the graded problem sets, you must submit your own work.

Evaluation and Grades - Midterm Examination Details

There will be one midterm examination held on Friday June 1st counting for 30% of your final grade. The midterm examination will cover all topics discussed in lectures 01, 02, 03, 04, and 05, as well as the corresponding readings and problem sets. You are permitted to bring in a calculator and an 8.5 × 11 inch single-sided 'crib' sheet on which may contain written information of your choice. If the sheet is typed or contains photocopied materials, the font size has to be 10 point or larger. The calculator cannot be capable of storing text and cannot have graphing functions.

Evaluation and Grades - Final Examination Details

There will be a final examination held between June 20th and June 26th [inclusive] counting for 50% of your final grade. The final exam will cover the entire course, including all lectures, corresponding readings, and problem sets. You are permitted to bring a calculator and an 8.5 × 11 inch single-sided 'crib' sheet which may contain written information of your choice. If the sheet is typed or contains photocopied materials, the font size has to be 10 point or larger. The calculator cannot be capable of storing text and cannot have graphing functions.

Missed Midterm

Students who miss a test or assignment 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 or the instructor with appropriate or sufficient supporting documentation will be given a grade of 0 [zero] for the missed test or course deliverable.

Documentation submitted in support of petitions for missing tests and assignments must be original; no faxed or scanned copies will be accepted.

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.

Students who miss the midterm due to illness and have provided the necessary documentation [outlined above] will have the weight shifted to the final examination.

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 or <http://www.accessibility.utoronto.ca/>.

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.

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.

Blackboard and the Course Page

The online course page for this course is accessed through Blackboard. To access the course page, go to the UofT Portal login at <https://portal.utoronto.ca/> and log in using your UTORid and password. Once you have logged in, look for the My Courses module where you'll find the link to all your course websites. If you don't see the course listed here but you are properly registered for the course in ROSI, wait 48 hours. If the course does not appear, go to the Information Commons Help Desk in Robarts Library, 1st floor, for help, or explore the Portal Information and Help at <http://www.portalinfo.utoronto.ca/content/information-students> and review the Frequently Asked Questions.

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.

The approximate lecture schedule and important dates for the course are as follows:

Lecture	Date	Location	Topic[s]	Readings, etc.	Deliverable [if any]
01	Monday May 7 th	SS1071	-Introduction to Course -Futures -Hedging Using Futures	Hull 1, 2, 3	
02	Wednesday May 9 th	SS1071	-Topics on Interest Rates	Hull 4	
03	Monday May 14 th	SS1071	-Forwards/Futures Pricing -after class guest speaker Michael Hlinka	Hull 5	
04	Wednesday May 16 th	SS1071	-Interest Rate Futures	Hull 6	Graded Problem Set 1 due
05	Wednesday May 23 rd	SS1071	-Swaps	Hull 7	Graded Problem Set 2 due
06	Monday May 28 th	SS1071	-Options Markets -Stock Options	Hull 10, 11	
07	Wednesday May 30 th	SS1071	-Options Trading Strategies	Hull 12	Graded Problem Set 3 due
***	Friday June 1 st 5pm to 7pm	TBA	-Lectures 01 through 05	All relevant readings	Midterm Examination
08	Monday June 4 th	SS1071	-Binomial Option Pricing	Hull 13, 18.9	
09	Wednesday June 6 th	SS1071	-BSM Model -Options on Stock Indices -Options on Currencies -Futures Options	Hull 14, 15, 17, 18	Graded Problem Set 4 due
10	Monday June 11 th	SS1071	-Greeks -after class guest speakers Derek Bastien Brooke Biscoe	Hull 19	
11	Wednesday June 13 th	SS1071	-topics on 2007 Credit Crisis -Valuation Adjustments	Hull 8, 9	Graded Problem Set 5 due
***	Monday June 18 th Must submit by 3:59pm	Commerce Office			Graded Problem Set 6 due
***	TBA by FAS: June 20 th to 26 th	TBA	-Lectures 01 through 11	All required readings	Final Examination