

SYLLABUS – FINANCE 652I

Professor: Dr. G. D. Weise
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Required Material:

- * Financial Calculator
- * Active use of **UMSL** e-mail
- * Active use of mygateway
- * Text book (TBA)
- * Signed Responsibility Statement

Recommended:

- * *Wall Street Journal*
- * Barron's or Financial Times
- * Notes (available on mygateway)

Prerequisites:

- * Financial Management (FIN6500), LOM 5300 and an overall GPA of 3.0 or better.

Objective:

To understand the functioning of the derivative markets and to use this knowledge to aid in managing a portfolio.

Grading Criteria:

Your course grade will be determined by your performance on 2 exams, 4 quizzes, class work, class participation and a Derivatives Report (**DR**). The relative weights of the above in the computation of your final grade will be as follows:

Exams	36%*	200 points
DR	18%	100 points
Class Work	18%	100 points
Class Participation	10%	50 points
Quizzes	18%	100 points
TOTAL	100.00%	550 points

*Percentages are approximate

CLASS POLICIES

- a. If you miss the midterm you may **not** make it up for any reason. However, if you receive an **approved absence prior to the exam**, you can take a final **comprehensive** exam which will be administered during the regularly scheduled final exam period—extended time will be allowed. Both the mid-term and the final are the property of the professor and will not be released to the student.
- b. Attendance is **REQUIRED** in order to pass the course since class work is completed during class and cannot be made up for any reason. You will need to bring your **calculator** to each class to complete the calculations.
- c. **With an approved absence**, a missed quiz may be made-up as long **as the solution has not been reviewed in class or posted on mygateway**. Even with an approved absence a **10% penalty** will be applied to your quiz grade. If the quiz is not completed prior to the posting of the solution you will receive a grade of zero even if your absence is approved.
- d. All quizzes and exams will be proctored by my research/teaching assistant, Kanokwan Choketaworn.
- e. A hard color copy of the derivative report (DR) is due at the beginning of class on **April 18th, 2011**. Late reports are subject to a 10% penalty *per late day*. Late reports that have no objective verification of the time and date turned in will receive the maximum penalty of 70%. A faxed project or e-mailed late report is an acceptable form of verification of time and date but a hard copy must still be delivered to the Professor for grading. **Please avoid disturbing other professors or the Department Chair by requesting time verification.**
- f. The signed Responsibility Statement (found at the end of this syllabus) is due on **January 26th, 2011**.
- g. **Important:** Save all of your exams and quizzes until the end of the semester. Make a **back-up copy** of all your research and class work.
- h. Students are responsible for material covered in the *pre-requisite classes*.

IMPORTANT DATES

1. No classes on March 28th and March 30th – Spring Break
2. The mid-term is scheduled for March 16th, 2011.
3. The final is scheduled for Monday May 9th, 2011 (Check University Schedule for time)

COURSE OUTLINE

Introduction to Course
Introduction to Options Markets
Structure of Options Markets
Introduction to Futures Markets



Arbitrage Limits on Options
Option Valuation
Greek Hedging
Reading Cash Bond/Stock Quotes and Measuring Accrued Interest
Futures Pricing
Short Term Interest Valuation-Cash Market
Short Term Interest Rate Futures and Options



Long Term Interest Rate Futures
Stock Index Futures and SSFs
Option Strategies
Futures Options, Swaps and Other Derivatives

IMPORTANT NOTE:

Extra credit is sometimes provided during the semester. However, it is **NOT possible** for one individual student to receive extra credit work unless it is made available to all students equally. **A PENALTY WILL APPLY TO STUDENT WHO REQUEST INDIVIDUAL EXTRA CREDIT.**

FINAL GRADES WILL BE ASSIGNED USING THE FOLLOWING SCALE

93.0000%-100.0000% (+)*	A
90.0000%-92.9999%	A-
87.0000%-89.9999%	B+
83.0000%-86.9999%	B
80.0000%-82.9999%	B-
77.0000%-79.9999%	C+
73.0000%-76.9999%	C
70.0000%-72.9999%	C-
69.9999%-Below	F

***It is possible to earn more than 100% since extra credit work is made available to all students equally throughout the semester.**

IF NECESSARY, REVIEW THE FOLLOWING:*

1. Stock valuation
2. Bond valuation and accrued interest
3. Discounting and compounding in both discrete and continuous time.
4. Equity instruments, debt instrument and market indexes.
5. Short-term debt instruments (i.e. money market instruments) valuation.

***The above information was covered in your pre-requisite classes.**

**RESPONSIBILITY
STATEMENT**
DUE: January 26th, 2011

*I have read and understood the contents of this syllabus **and the Derivative Report**. I agree to abide by the terms of the syllabus during the Winter Semester of 2011. The professor has adequately addressed all of my questions or concerns relating to the syllabus. I further understand that I am responsible for the prerequisite material required for this class and that under **NO** circumstances will extra credit opportunities be given to me except when provided to the class as a whole.*

Print Name: _____

Signature: _____

Date: _____