

SYLLABUS :-

Derivatives and Risk Management(2-0-0- 2 Credit)Course Objective- The objective of this course is to familiarize students with the world of futures and options and how these instruments are traded in exchanges. Forward contracts, swaps, and many different types of options contracts are regularly traded financial institutions for trading profit and risk management. This course will enable to students to understand the intricacies of financial derivatives and its importance for financial risk management. Course Contents- Introduction to Derivative MarketsMechanics of Futures MarketsHedging Strategies Using FuturesDetermination of Forward and Futures PricesInterest Rate FuturesMechanics of Options MarketsProperties of Stock OptionsTrading Strategies Involving OptionsBinomial TreesWiener Processes and Itos LemmaBlack-Scholes-Merton ModelOptions on Stock Indices and CurrenciesOptions Greeks and its derivationsVolatility SmilesEstimating Volatilities and CorrelationsCredit Risk and Credit DerivativesInterest Rate DerivativesSwaps and SwaptionsCases related to Derivatives Mishaps Suggested Text and Reference Books- 1.Options Futures and Other Derivatives, Hall and Basu, Pearson Publication2.Financial Derivatives- Pricing and Risk Management, Robert W. Kolb and James A. Overdahl, John Wiley and Sons3.Derivatives Demystified- A Step-by-Step Guide to Forwards, Futures, Swaps and Options, Andrew M. Chisholm, Wiley Finance Series