

FIN 512 - Course Information

General.

1. **Welcome to Financial Derivatives.** This course aims to provide a thorough examination of derivatives models and markets. Please see the syllabus for an overview of the content.
2. The course is designed to be a complement to the other classes in which you learn derivative modelling techniques and solution algorithms. Our unique objective is to understand the application and limitations of the models *in the real world*.
3. My office hours are Tuesday 1:00-3:00, or by appointment.

Classes.

1. Most classes will be lectures. Feel free to interrupt to ask questions at any time!
2. We will also cover several case studies of derivatives usage and modelling. Please purchase the packet of case materials at the bookstore.
3. Lecture notes will be handed out in class, and also posted on the course Compass page. There is no required text book.

Assignments.

1. For each case that we cover, I will hand out study questions one week in advance. We will then analyze the cases in class. (See the syllabus for the case titles and dates.)
2. In addition you are required to submit written analyses of **eight** of the cases covered over the course of the term.
 - You get to choose which 8 out of the total. We will discuss a total of 14 to 16. You can choose the ones that match your own interest and that fit with times when your schedule is lighter. You don't have to tell me in advance which you will do.
 - Your written analysis must be handed in *at or before* the class at which the case is discussed. You can also email it to me *before class* on the due date. (Make sure it is in an easily printable format.)
 - Your write-up should be less than 7 pages.
 - Written assignments will be graded according to a scale of 1 to 10, based on (a) analytical quality; (b) clarity of writing; (c) thoroughness and scope; (d) originality/creativity.
 - You are welcome to do these assignments in a group of up to 3 people if you learn better this way. I will expect a somewhat better standard of work for assignments done by groups.
3. Even if you have not chosen to do a written analysis of a given case, I will still expect you to participate in the discussion.
 - Your contribution to the discussions will affect your grade.
 - If you cannot attend a case discussion, make sure that I know the reason why.

4. Remember: work done with other people must clearly identify all the contributors. Otherwise it's plagiarism. Likewise, turning in any work that is not your own or copying work from any other sources can get you expelled from the University. Please get in touch with me at any time if you are unsure about "the rules of the game."
5. You are responsible for knowing and abiding by the University's "Code of Policies and Regulations Applying to All Students." The code is available at <http://admin.illinois.edu/policy/code/index.html>.
 - In particular, any violation of **academic integrity** as spelled out in Article 1, Part 4 of the code (see http://admin.illinois.edu/policy/code/article1_part4_1-402.html) will be pursued according to the specified procedures.

Exams.

1. There will be a mid-term exam and a final exam. The final exam date will be determined by the University later in the term. The mid-term will be on the last class date before Spring break.
2. The exams will be closed book, but one page of notes (2-sided) and an ordinary pocket calculator will be allowed.
3. Sample exams and solutions will also be made available for study in advance.

Grades.

1. The final exam will account for 35% of your grade. The mid-term will account for 15%. The written assignments and class participation will account for the remaining 50%.
2. The grading standard will follow school policy. Most grades will be A or B. About 1/3 will be A- or higher.
3. It is possible to fail the course, but it is very unlikely if you turn in the assignments on time, participate in class, and make a good effort on the exams.