

BACHELOR PROGRAM

MAJOR: ECONOMICS, FINANCE AND BANKING

CONCENTRATION: SECURITIES.

SYLLABUS

1. **Course Title:** *DERIVATIVES MARKET*

2. **Course Code:**

3. **Number of Credits:** 02 credits

4. **Level:** Third academic year

5. **Teaching Time Allocation:**

+ Attendance 70%

+ Self – study 30%

6. **Pre-Requisites:** Student studied a number of courses including Probability Theory and Statistics, Econometrics, Higher Mathematics and Financial Markets prior to this course.

7. **Course Aims & Learning Objectives:**

- Course Aims: This course aims to introduce background knowledge of derivatives such as rights, warrants, forwards, futures and options. Furthermore, this course gives students a number of derivatives pricing models to have effective strategies and investment decisions.
- Course Objectives : The specific objectives are as follows:
 - o O1: Briefly introduce an overview of the derivatives market
 - o O2: Briefly introduce an overview of the derivatives market
 - o O3: Present and discuss basic knowledge on right and warrant
 - o O4: Introduce and discuss basic knowledge on forward contracts
 - o O5: Introduce and discuss basic knowledge on future contracts and its trading mechanism in the market

- O6: Introduce and discuss basic knowledge on option contracts and its trading mechanism in the market

8. Course description:

This course provides the knowledge of derivatives which play an important role in risk hedging. The content of this course includes five chapters. Chapter 1. An overview of derivatives market: gives students some basic concepts such as the definition of derivatives and derivatives markets, the classification of derivatives, the mechanics of derivatives markets and the classification of counterparties in derivatives markets such as hedgers, speculators and arbitrageurs. Chapter 2. Rights and warrants: presents the concepts of rights and warrants such as definition, characteristics and the objective of offering these kinds of derivatives. In addition, it also introduces students to the pricing models of them. Chapter 3. Forwards: presents the definition, the characteristics and the counterparties of forward contracts. The pricing models of forwards and forward contracts are applied to have an effective hedging strategy. It is recommended that students should study the practice of currency forwards in Vietnam. Chapter 4. Futures: gives a basic knowledge of futures and introduces students to the mechanics and operation of future trading of some future markets in the world. Furthermore, it presents the pricing models of future and the comparison of futures and forwards. Students should study the practice of future contracts on agricultural products in Vietnam. Chapter 5. Options: gives some basic concepts including the definition and the classification of options as well as the positions on an option. Some of the biggest options markets around the world are also introduced. Furthermore, this chapter goes in depth on the analysis of factors affecting option price. In practice, students are able to study the practice of the options on gold, currency and security in Vietnam.

9. Student Learning Activities:

In order to have a good achievement in this course, it is the student's duty to attend class fully. In addition, students must do their assignments and participate in classroom discussions. Students also have a presentation of relating topics.

10. Recommended Resources:

- Textbook:

(1) Bui Kim Yen & Than Thi Thu Thuy 2009, *Stock markets*, 1st edition, Thong Ke, Ho Chi Minh City. (R1)

(2) Hull. JC 2005, *Options, Futures and Other Derivatives*, 6th edition, Prentice Hall, New Jersey. (R2)

- Reference books:

(3)Reilly, FK & Brown KC 2003, *Investment Analysis and Portfolio Management*, 7th edition, Thomson, Toronto. (R3)

11. Evaluation:

- Discussion: 5%
- Presentation: 10%
- Mid exam: 15%
- Final exam: 70%

12. Course Grading Scale: Based on the credit based program/

13. Learning Activities:

Teaching period	Lecture	Text Book	Student Preparation	Learning objectives	Achieved objectives
5 hours	Chap 1. Overview of derivatives markets	1 st Textbook	Read before lecture Classroom discussion	Obtaining the basic concepts of derivatives and derivatives markets	O1, O2
5 hours	Chap 2. Rights and warrants	1 st Textbook	Presentation and discussion	Understanding of rights and warrants	O3
6 hours	Chap 3. Forwards	2 nd Textbook	Presentation and discussion	Understanding of forwards, the operations and mechanics of forward markets. Understanding of the practice of forward trading in Vietnam	O4
7 hours	Chap 4. Futures	2 nd and 3 rd Textbook	Presentation and discussion	Understanding of futures, the future pricing models, the operations and mechanics of future markets in Vietnam and another countries.	O5
7 hours	Chap 5. Option	2 nd and 3 rd Textbook	Presentation and discussion	Understanding of options , option pricing models, the operations and mechanics of option markets in Vietnam and another countries .Make an effective decision in	O6

				investing options.	
Summary : 30 hours					

Ho Chi Minh City, 3 April 2013

COURSE COORDINATOR

LECTURER

Dr. Than Thi Thu Thuy