



Nanchang University
FINM320: Risk Management and Derivatives
(Last Updated in Jan. 2024)

Credit: 4

Contact Hours

This course is composed of 24 lecture sessions, 3 tutorial sessions and 9 office contact hours. Each lecture session takes 2 contact hours in length; each tutorial session takes 3 contact hours in length; There will be a Q-A review session(3 contact hours) and Final Exam (3 contact hours)at the end of this term. This course has 72 contact hours in total.

Course Description

This course is designated to train students the necessary skill for analysis of financial derivatives and risk management. We intend to study the basic theory of pricing and use of financial derivatives, including Credit Risks and Assessment , different attribute and application of derivatives in risk management.

Note: This Syllabus is subject to change based on the needs of the class.

Required Textbook

Futures and Other Derivatives, *John C. Hull*

Grading

- Participation 5%
- Homework 20%
- Presentation 15%
- Midterm 25%
- Final Exam 35%

A+	96-100	A	90-95	A-	85-89
B+	82-84	B	78-81	B-	75-77
C+	71-74	C	66-70	C-	62-65
D	60-61	F	< 60		



Course Schedule

The course has 24 class sessions in total. All sessions are 2 contact hours in length. At the end of this term, there will be a Q-A review session(3 contact hours) and Final Exam (3 contact hours).

Note: the course outline and required readings are subject to change.

Class 1:

Introduction

Class 2:

Overview of Risk Management

Class 3:

Managing Risks

Class 4:

Type of Business Risks and Derivatives

Class 5:

Forward and Future

Class 6:

Settlement of Forward Contract

Class 7:

Commodity Futures

Class 8:

Stock and Index

Class 9:

Interest Rate and Currency Swaps

Class 10:

Introduction to Options

Class 11:

Option Pricing

Class 12:

Binomial Option Pricing Model



Class 13:
Midterm

Class 14:
Multi-period Binomial Model

Class 15:
Binomial Tree

Class 16:
Delta Hedging Sensitivities

Class 17:
Hedging Strategies with Options

Class 18:
Exotic Options

Class 19:
Introduction of Credit Derivatives

Class 20:
Credit Risks and Assessment

Class 21:
Default Swaps of Credit

Class 22:
Future Options

Class 23:
Interest Rate Options

Class 24:
Overall Review

Attending Policy

Regular and prompt attendance is required. Under ordinary circumstances, you may miss two times without penalty. Each absence over this number will lower your course grade by a third of a letter and missing more than five classes may lead to a failing grade in the course. Arriving late and/or leaving before the end of the class period are equivalent to absences.



Policy on “Late Withdrawals”

In accordance with university policy, appeals for late withdrawal will be approved ONLY in case of medical emergency and similar crises.

Academic Honesty

Nanchang University expects all students to do their own work. Instructors will fail assignments that show evidence of plagiarism or other forms of cheating, and will also report the student's name to the University administration. A student reported to the University for cheating is placed on disciplinary probation; a student reported twice is suspended or expelled.

General Expectations:

Students are expected to:

- Attend all classes and be responsible for all materials covered in class and otherwise assigned;
- Complete the day's required reading and assignments before class;
- Review the previous day's notes before class and make notes about questions you have about the previous class or the day's reading;
- Participate in class discussions and complete required written work on time;
- Refrain from texting, phoning or engaging in computer activities unrelated to class during the class period;
- While class participation is welcome, even required, you are expected to refrain from private conversations during the class period.

Special Needs or Assistance

Please contact the Administrative Office immediately if you have a learning disability, a medical issue, or any other type of problem that prevents professors from seeing you have learned the course material. Our goal is to help you learn, not to penalize you for issues which mask your learning.