



FIN 580 – Derivatives I: Basic Derivatives Strategies and Pricing

00 – Organizational Preliminaries

Stefan Ruenzi

University of Mannheim

<http://intfin.bwl.uni-mannheim.de>

lsruenzi@bwl.uni-mannheim.de

Tel: +49 (621) 181-1646

0. Organizational Issues

1. Introduction

2. Trading Strategies

3. Forwards

4. Futures

5. Swaps

6. Options

7. Impact of Derivatives on Markets & the Macroeconomy

FIN580 – Derivatives I

Organizational Preliminaries

- When and where is this course?
- Where do I get information and what textbook will we use?
- What should I know and what do I have to do?
- What can I expect from the professor?
- What is 'Derivatives I' (not) about?

When and where is this course?

- Lectures: Mon, 13:45-15:15 (Pre-Recorded via ILIAS or Zoom Room ID: 219 411 6319)
- Exercise Classes: Wed, 13:45-15:15 (Zoom Room ID: 603 902 5834); starts on October 14th October + Q&A Session shortly before the exam
- Final Exam: TBA
- Responsible TA: Santanu Kundu (L9, 1-2, Room 504)

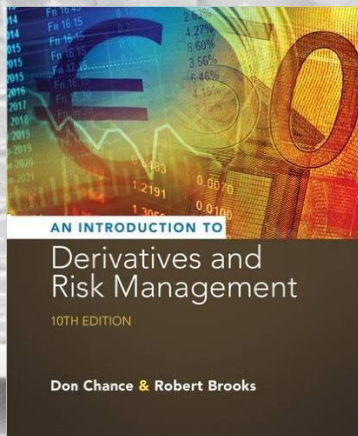
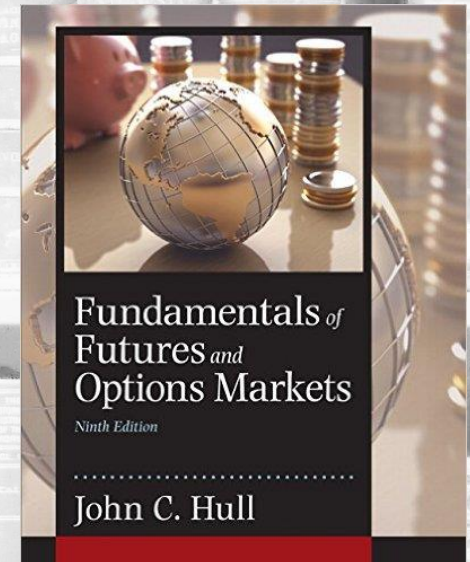
Where do I get information about the course?

- In Lectures & Exercise Classes
- Website: <http://intfin.bwl.uni-mannheim.de>
- Slides and Videos will be provided for downloading on Illias system – Please register!
- Announcements send to class via Illias; forum on Illias can be used for communication
- Textbooks and additional readings as announced

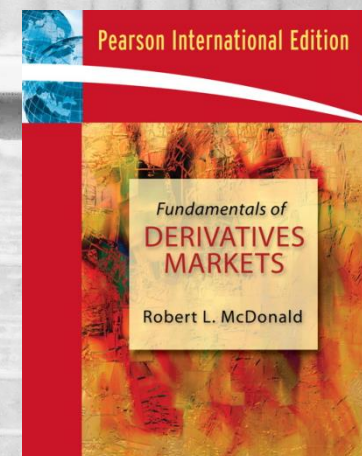
Textbooks & Readings I

Introductory Books

Hull, J. (2016): *Fundamentals of Futures and Options Markets (9th Edition)*



Chance, D. M. & Brooks, R. M. (2015): *Introduction to Derivatives and Risk Management (10th edition)*

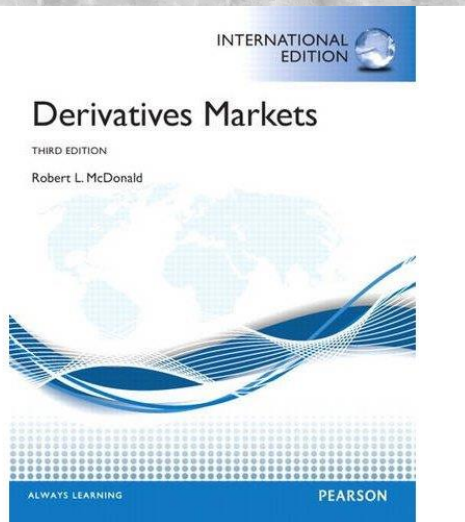
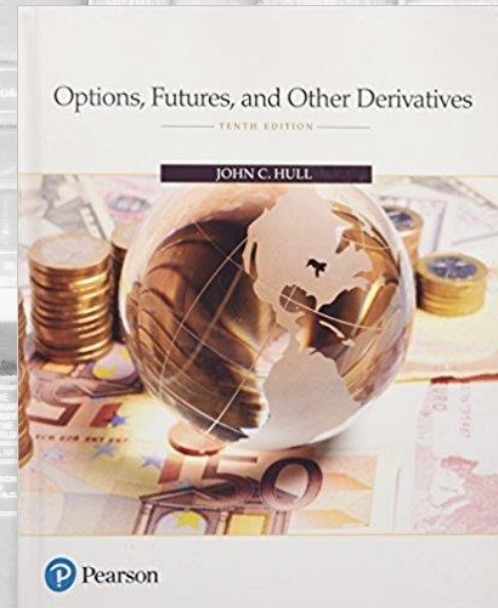


McDonald, R. M. (2008): *Fundamentals of Derivatives Markets (International edition)*

Textbooks & Readings II

Main Suggested Textbooks

Hull, J. (2017): *Options, Futures, and Other Derivatives (10th Edition)*. **OFD**.



McDonald, R. L. (2012): *Derivatives Markets*. **DM** (3rd edition)

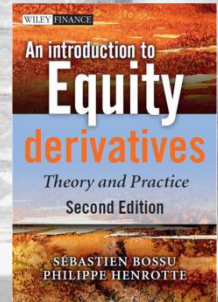
Textbooks & Readings III

Alternative Textbooks

Cox, J.; Rubinstein, M. (1985)
Options Markets.



Bossu, S.; Henrotte, P. (2012)
An Introduction to Equity Derivatives (2nd edition).



Prisman, E.Z. (2001)
Pricing Derivatives Securities.



Elliott, R.J., van der Hoek, J. (2009)
Binomial Models in Finance.

Baxter, M; Rennie, A. (1996)
Financial Calculus: An Introduction to Derivative Pricing

Neftci, S.N. (2014)
An Introduction to the Mathematics of Financial Derivatives (3rd ed.).

What should I know and what do I have to do?

You should be familiar with

- **Basic math and statistics (expected values, variances & covariances, statistical distributions)**
- **Basic knowledge from BSc Finance core course(s)**

You should ...

- **Listen/watch lectures**
- **Check the website for announcements**
- **Register on Illias and look out for messages**
- **Go through slides *before* watching the respective lectures**
- **Prepare solutions to assigned problems *before* exercise classes**



What is this course NOT (mainly) about?

- **Corporate risk management**
- **Real options**
- **Advanced pricing techniques using concepts from continuous time finance or calibration exercises.**


Why should I take this course?

- **Fascinating area of finance (Nobel Prices)**
- **Crucial to know how these important (and dangerous) instruments work**
- **Models we analyze are extremely flexible and used in practice (e.g. Binomial Model, Black/Scholes)**
- **Excellent job market prospects**

Assignments

→ **Register on Illias for Derivatives I**

→ **Make up your mind on the question: “Why did I take this course”**



“When a person with money meets a person with experience, the person with the experience winds up with the money and the person with the money winds up with the experience.”