

Syllabus

for course at first level

Introduction to Financial Derivatives
Introduktion till finansiella derivat

7.5 Higher Education
Credits
7.5 ECTS credits

Course code:	FE3135
Valid from:	Autumn 2023
Date of approval:	2022-02-10
Changed:	2022-10-20
Department	Stockholm Business School
Main field:	Företagsekonomi
Specialisation:	G2F - First cycle, has at least 60 credits in first-cycle course/s as entry requirements

Decision

The syllabus is established by the head of Stockholm Business School, Stockholm University.

Prerequisites and special admittance requirements

60 credits in the main field of Business Administration, including Finance I, 7,5 credits, Finance II, 7,5 credits, and 30 credits from Organization I, 7,5 credits, Marketing I, 7,5 credits, Accounting I, 7,5 credits, Organization II, 7,5 credits, Marketing II, 7,5 credits, Accounting II, 7,5 credits; or equivalent. In addition, statistics, 7,5 credits.

Course structure

Examination code	Name	Higher Education Credits
3135	Introduction to Financial Derivatives	7.5

Course content

This course provides an introduction to financial derivatives and their markets and instruments. The course deals with strategies for how investors and other stakeholders can effectively use derivatives to manage risks, speculate or for arbitrage purposes. The course describes the most common derivative instruments, such as futures contracts, options and swaps. Valuation principles and parity conditions are analyzed and valuation models are applied, including the binomial model.

The purpose of this course is to give students an understanding of and good knowledge of the basic properties of the most common derivative instruments, as well as an ability to apply elementary valuation methods.

Learning outcomes

Upon successful completion of this course, the student shall be able to:

Knowledge and understanding

1. Demonstrate ability to describe common derivative instruments and their functionality and be able to describe different concepts and theories in derivative pricing.
2. Demonstrate ability to understand the basic characteristics of the commonly used derivative instruments.

Skills and abilities

3. Demonstrate ability to perform valuation of derivative instruments by applying scientific valuation methods and interpret the results.
4. Demonstrate ability to describe and implement different investment strategies.

Judgement and approach

5. Demonstrate ability to critically examine and reflect on how different assumptions and principles affect derivatives markets.

Education

The teaching consists of lectures, seminars and group work, and requires a significant portion of self-study on the part of students.

The language of instruction is English.

Teaching takes place on campus, supplemented with digital resources with the intention of generating the highest possible educational quality.

For more detailed course information, see the study guide, published on the learning platform no later than one month before the course commences.

Forms of examination

a) Forms of examination

Assessment for the course will be continuous and is carried throughout the different course activities. Each assessment task is weighted in relation to its importance in the overall assessment of the course. The student's results from the different assessment tasks are added up to a total course score that will then translate into the final grade for the course.

Assessment tasks

The course contains the following weighted assessment tasks:

1. Individually written exam: assesses intended learning outcomes 1-5; constitutes 75% of total course points.
2. Written home assignment: assesses intended learning outcomes 1–4; constitutes 5% of total course points.
3. Written home assignment: assesses intended learning outcomes 3 & 5; constitutes 5% of total course points.
4. Written home assignment: assesses intended learning outcomes 4 & 5; constitutes 5% of total course points.
5. Oral assignment: assesses intended learning outcomes 3 & 5; constitutes 5% of total course points.
6. Oral assignment: assesses intended learning outcomes 4 & 5; constitutes 5% of total course points.

The examination is conducted in English.

If the student has a certificate from Stockholm University with a recommendation for special support, the examiner has the opportunity to give an adapted test or let the student complete the test in an alternative way.

b) Grading scale

Grading takes place according to a criterion-referenced seven-point grading scale:

A = Excellent

B = Very good
C = Good
D = Satisfactory
E = Sufficient
Fx = Failed, some more work required
F = Failed, much more work required

c) Grading and assessment criteria

Grading criteria

The course's grading criteria are designed as overall assessments, combined qualitative descriptions of what the student is expected to do in order to demonstrate how well the course's learning outcomes are achieved. A higher grade-level presupposes the abilities at lower levels.

A (Excellent) ☐

The student demonstrates ability to evaluate and relate to the content of the course from a comprehensive, critically reflective perspective, as well as to transfer and apply insights in new, meaningful contexts.

B (Very Good) ☐

The student demonstrates ability to, from an overarching and coherent perspective of the field, understand and use concepts to explain how different aspects of the course relate to each other, interconnect and become meaningful.

C (Good) ☐

The student demonstrates ability to discuss the content, tasks and complex issues dealt with in the course from several well-developed but mainly independent perspectives.

D (Satisfactory) ☐

The student demonstrates satisfactory ability to discuss the content, tasks and complex issues dealt with in the course in a way that, albeit in-depth and elaborate, is decidedly one-dimensional.

E (Sufficient) ☐

The student demonstrates sufficient ability to discuss the content, tasks and complex issues dealt with in the course in a way that is decidedly one-dimensional.

Fx (Fail) ☐

The student's knowledge, skills and abilities display minor flaws, overall or in significant parts.

F (Fail) ☐

The student's knowledge, skills and abilities display major flaws, overall or in significant parts.

Assessment criteria

The course's assessment criteria, which serve as support for the assessment of the course's assessment tasks, are announced at the start of the course.

d) Final grade

The course comprises 0–100 course points. A passing grade (A–E) in the course requires and that all learning outcomes are met and at least 50 course points.

The scale for the final grade is tied to fixed score intervals: A: 90–100; B: 80–89; C: 70–79; D: 60–69; E: 50–59; Fx: 45–49; F: 0–44. The grades correspond to the total course points a student obtains (over a total of 100) for all the weighted assessment tasks combined as part of the continuous assessment for the course. Current rounding rules are applied (0,5–0,9 course points are rounded up to the nearest higher, full course point).

Each assessment task is awarded 0–100 points. The points from an individual assessment task are multiplied by its percentage weight, constituting its course points. The course points for all assessment tasks are summed up to a total score between 0 and 100 course points. The total score is translated into a corresponding course grade A–F.

Assessment task 1 is assessed on a 100-point scale.

Assessment tasks 2–6 are assessed on a 100-point scale in two intervals:

- Weak performance: 100 points
- Strong performance: 0 points

For more information on how the assessment tasks are assessed, see the study guide.

The student is responsible for completing the course's assessment tasks and obtaining a passing grade. If a passing grade is not obtained, the student can re-sit assessment task 1, at which the result is added to the course points achieved at the course's other assessment tasks. Acquired course points are forfeited if a passing grade is not obtained at the re-sit exam.

If 45–49 course points are achieved, a grade Fx is obtained. If less than 45 course points are achieved, a grade F is obtained.

A student who after the course's two regular exams does not obtain a passing grade lose the course points obtained and is referred to re-register at a later course instance.

Re-registration implies that:

- first-time registered students have priority access to the course's group registration;
- a students can re-sit assessment task 1 to obtain a passing grade without attending the course's learning activities or other assessment tasks.

If there are special reasons, the examiner may grant the student exemption from the obligation to participate in certain compulsory teaching or completion of compulsory parts. The student can then be assigned a compensation assignment.

Exemption from an assessment task is granted if the student presents a written certificate (e.g. a medical certificate), whereupon the student may re-sit the assessment task at a later date decided by the head of course, and while maintaining previously acquired course points.

The application for exemption should be submitted to the director of studies immediately after, or during planned absences well before the date when the assessment task is carried out. A granted exemption expires at the end of the immediately following semester.

e) Failed grades

For each course instance, two examination opportunities are normally offered. If during an academic year, a course instance is missing, at least one examination instance is offered.

A student who has received the grade F on an examination twice in a row by one and the same examiner have the right to have another examiner appointed at the next examination, unless there are special reasons to the contrary. The request is made to the director of studies.

A student who has received a passing grade on an examination may not retake the examination or complete a previously not completed assessment task to achieve a higher grade. A passing grade cannot be changed to a failing grade at the student's request.

Assessment tasks which are not submitted on time are not assessed.

f) Supplementary assignments

The grade Fx is not possible to complete.

Interim

If the course is discontinued, or its contents are substantially altered, students have the right to be examined according to this syllabus once per semester for three further semesters.

Limitations

This course may not be included in a degree together with a course, taken in Sweden or elsewhere, of identical or partially similar content.

Required reading

Course literature and other teaching materials are specified on the course's webpage no later than two months prior to the course commences.