

# COURSE DETAIL

## DERIVATIVES

**Country**

United Kingdom - England

**Host Institution**

London School of Economics

**Program(s)**

London School of Economics

**UCEAP Course Level**

Upper Division

**UCEAP Subject Area(s)**

Economics

**UCEAP Course Number**

169

**UCEAP Course Suffix****UCEAP Official Title**

DERIVATIVES

**UCEAP Transcript Title**

DERIVATIVES

**UCEAP Quarter Units**

6.00

**UCEAP Semester Units**

4.00

## Course Description

This course focuses on derivatives, with a particular emphasis on equity derivatives (standard call and put options, exotic options), futures and forward contracts, and interest rate derivatives (swaps, caps and floors, swaptions). It systematically addresses three basic questions: how do these products work, i.e. what are their payoffs? How can they be used, for hedging purposes or as part of trading strategies? And above all: how are they priced? The course emphasises a small number of powerful ideas: absence of arbitrage, replication, and risk-neutral pricing. These are typically introduced in the context of discrete-time models, but the course also covers some well-known continuous-time models, starting with a comprehensive treatment of the Black-Scholes model. The level of mathematics is appropriate for third-year students with a solid quantitative background.

### Language(s) of Instruction

English

### Host Institution Course Number

FM322

### Host Institution Course Title

DERIVATIVES

### Host Institution Campus

London School of Economics

### Host Institution Faculty

### Host Institution Degree

### Host Institution Department

Finance

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