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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