



UNIVERSITI TEKNOLOGI MARA

ASC460: FINANCIAL DERIVATIVES

Course Name (English)	FINANCIAL DERIVATIVES APPROVED
Course Code	ASC460
MQF Credit	3
Course Description	The course introduces the student on the derivative products features and theory related as well as its application in the financial markets.
Transferable Skills	Demonstrate ability to identify and articulate self skill , knowledge and understanding confidently and in a variety of context
Teaching Methodologies	Lectures, Tutorial
CLO	CLO1 outline the concept of financial risk management and derivatives CLO2 Analyse the use of derivative securities as tools in managing financial risk CLO3 Define the key terms of financial economics at an introductory level CLO4 Compare the different types of derivative instruments CLO5 Illustrate and produce payoff, profit of basic derivatives contracts and also profit of basic trading strategies
Pre-Requisite Courses	No course recommendations
Topics	
1. Introduction to Derivatives 1.1) Development and uses of derivatives 1.2) The role of financial markets 1.3) Buying and selling of financial assets	
2. Malaysian Derivatives Markets and Trading 2.1) Overview of Global Derivatives Trading 2.2) Malaysian Derivatives Exchange 2.3) Malaysian Derivatives Clearing House 2.4) Derivatives Regulation in Malaysia	
3. Forward Contracts 3.1) The basic of forward contracts 3.2) Forward positions 3.3) The payoff of forwards	
4. Options Contracts 4.1) Introduction to Options 4.2) Call Options 4.3) Put Options 4.4) Summary of Forward and Option Position 4.5) Uses and Applications of Options	
5. Introduction to Risk Management 5.1) Basic Risk Management from the Producer's Perspective 5.2) Basic Risk Management from the Buyer's Perspective 5.3) Rationale for Managing Risk	
6. Futures Contracts 6.1) The basic of futures contracts 6.2) Mechanics of futures trading 6.3) Uses of index futures	

7. Swaps

7.1) The basic of a swap

7.2) Commodity swaps

7.3) Interest rates swaps

Assessment Breakdown	%
Continuous Assessment	40.00%
Final Assessment	60.00%

Details of Continuous Assessment	Assessment Type	Assessment Description	% of Total Mark	CLO
	Assignment	Assignment given for each chapter	10%	CLO1 , CLO2 , CLO3 , CLO4 , CLO5
	Quiz	Quiz 2	2%	CLO3 , CLO4 , CLO5
	Quiz	Quiz 1	3%	CLO1 , CLO2 , CLO3
	Test	Test 1	12%	CLO1 , CLO2 , CLO3
	Test	Test 2	13%	CLO3 , CLO4 , CLO5

Reading List	Recommended Text	McDonald, Robert L. 2009, <i>Fundamentals of Derivatives Markets</i> , Ed., , Pearson Education Inc. [ISBN:]
	Reference Book Resources	<ul style="list-style-type: none"> • Hull, John C. 2009, <i>Fundamentals of Futures and Options Markets</i>, Ed., , Pearson Education, Inc [ISBN:] • Obiyatullah Ismath Bacha 2001, <i>Financial Derivatives: Markets and Applicatio</i>, UPM Press • Robert W. Kolb,James A. Overdahl 2002, <i>Financial Derivatives</i>, Wiley [ISBN: 0471232327] • Robert W. Kolb,James A. Overdahl 2010, <i>Financial Derivatives</i>, John Wiley & Sons [ISBN: 9780470499108] • Graeme A. Guthrie 2009, <i>Real Options in Theory and Practice</i>, Oxford University Press [ISBN: 9780195380637]
Article/Paper List	This Course does not have any article/paper resources	
Other References	This Course does not have any other resources	