

**California State University, Northridge**  
**David Nazarian College of Business and Economics**  
**Department of Finance, Financial Planning and Insurance**

**SYLLABUS**  
**Finance 436 – Futures and Options (Class # 13151)**  
**Fall 2015**

Professor: John Zhou  
Office: JH 4113 (818) 677-4543  
Department: JH 3125 (818) 677-2459  
Office Hours: TR 12:30 - 2:00 PM

Days and Time: TR 2:00 - 3:15 PM  
Facility: JH 2228  
E-mail: [zhong-guo.zhou@csun.edu](mailto:zhong-guo.zhou@csun.edu)  
Website: [www.csun.edu/~zz1802](http://www.csun.edu/~zz1802)

**I. COURSE OUTLINE**

This course covers derivative markets and their securities that include forward contracts, futures contracts, and option contracts. We will cover the structure of futures and options and will emphasize the theoretical framework of pricing models, their practical implications in hedging and risk management and the mechanics of an economic rationale for using futures and options.

**II. TEXT**

Required: Fundamentals of Futures and Options Markets by John C. Hull, Eighth Edition, Pearson (Textbook only, ISBN-13: 978-0132993340)  
Required: Course material will be posted on Moodle at <http://moodle.csun.edu/>  
Required: A financial calculator

**III. PREREQUISITE**

Finance 352

**IV. ASSIGNMENTS**

Problem sets will be assigned throughout the semester. These questions are designed to provide students with problem-solving experience. Some of the problems will be reviewed in class. Problem solving is crucial to understand the subject matter for students and to prepare for tests.

**V. RECOMMENDED READINGS AND DATABASE**

WSJ, Yahoo-finance, and Telemet database

**VI. EXAMS**

There will be 2 midterms and a final. The tests are basically noncumulative. Students who are absent from any exam without prior permission from the instructor will receive a score of zero for that exam. No exceptions.

## VII. GRADING

Midterm 1	30%
Midterm 2	30%
Final	40%

The grade will be based on the overall score of the course as follows:

90 or above (A); 87-89 (A-); 84-86 (B+); 80-83 (B); 77-79 (B-); 74-76 (C+); 70-73 (C); 67-69 (C-); 64-66 (D+); 60-63 (D); below 60 (F)

## VIII. TENTATIVE SCHEDULE

### TOPICS

Introduction  
Mechanics of Futures Markets  
Hedging Strategies  
Interest Rates

### Review for Midterm Exam 1

**Midterm Exam 1 is on September 30, 2014 and it covers Chapters 1-4**

Forward and Futures Prices  
Interest Rate Futures  
Swaps  
Securitization and Credit Crises of 2007

### Review for Midterm Exam 1

**Midterm Exam 2 is on October 28, 2014 and it covers Chapters 5-8**

Mechanics of Options Markets  
Properties of Stock Options  
Trading Strategies  
Option Pricing Models: Binomial Trees

**Thanksgiving Holiday on November 26, 2015**

Option Pricing Models: B-S-M Model  
Options on Stock Indices and Currencies

### Review for Final

**Final is on 12/10 from 3:00 PM to 5:00 PM and it covers Chapters 9-13 and 15**

### READINGS

Chapter 1  
Chapter 2  
Chapter 3  
Chapter 4

Chapter 5  
Chapter 6  
Chapter 7  
Chapter 8

Chapter 9  
Chapter 10  
Chapter 11  
Chapter 12

**No class**

Chapters 13  
Chapter 15

## IX. WITHDRAWAL AND ACADEMIC DISHONESTY POLICIES

I will follow the withdrawal and academic dishonesty policies set by the California State University, Northridge.