

Course Outline

Course Code	RSM 435 H1 F
Course Name	Futures and Options Markets
Term, Year	Fall, 2022
Course Schedule	L0101 – Th 9-11 – RT 142 L0201 – Th 11-1 – RT 142 T0101/T0201 – F 12-1/F 1-2 - Online
Web page URL	https://q.utoronto.ca/courses/280855

Instructor Details

Name	Email	Phone	Office Hours	Office Link
Alexandra MacKay alexandra.mackay@rotman.utoronto.ca		416-978-0704	Tues Sep 13: 1-2pm Tues Sep 20: 9-10am Tues Sep 27: 1-2pm Tues Oct 4: 1-2pm Tues Oct 11: 1-2pm Tues Oct 18: 9-10am Tues Oct 25: 9-10am Tues Nov 1: 9-10am Tues Nov 8: 1-2pm Tues Nov 15: 9-10am Tues Nov 22: 9-10am Tues Nov 29: 9-10am December: TBA	See posted zoom link
Email is a really good way to reach me. However, I receive a LOT of email. Please put RSM435 in the subject line of your email to me. It will help me recognize you as a student with a question or concern.				

Course Scope, Mission and Learning Outcomes

RSM435 - Futures and Options - as its name suggests, is about the analysis of financial derivative securities such as forward, futures, options and swaps. You will become well informed regarding how these contracts work, how they are used and how they are priced.

You will develop skills to communicate your knowledge of financial derivatives. This will include contributing to discussion in class, producing video answers to questions and creating clear written reports. Arguably, the ability to communicate knowledge may be as essential as the knowledge itself.

Course Prerequisites

Prerequisite: ECO204Y1/ECO206Y1 and RSM332H1

Exclusion: ACT370H1

Course Materials

Required Readings

Hull, John C., Options, Futures, and Other Derivatives, 11th Edition, Pearson-Prentice Hall, 2022

Evaluation and Grades

Grades are a measure of the knowledge and skills developed by a student within individual courses. Each student will receive a grade on the basis of how well they have command of the course materials, skills and learning objectives of the course.

Work	Percentage of grade	Due Date
In-Class Quiz – start of class	15%	Every week except Sep 8 and Oct 27
Video Quiz	10%	Sep 28, Oct 19, Nov 16 by 3pm
TeamUp in Tutorial	9%	Every tutorial except Oct 20, Oct 28 and Dec 2
Midterm Test / Assessment	26%	October 27
Final Term Test / Assessment	40%	During final examination period December 10-20 th .

Course Format and Expectations

Video Quizzes

The Video Quizzes in Communicado are intended to help you develop your oral communication skills. How well you communicate your ideas, in writing or orally, will be considered in the evaluation of the assignment. Your video quiz answers should reflect clarity of speech and an engaging demeanour. Sources, whether in written or presentation assignments, should always be correctly attributed.

Support is available through the RC Centre for Professional Skills (CPS) for students who would like help or feedback on their writing or speaking. CPS offers both individual and group appointments with trained writing instructors and presentation coaches who are familiar with the RC program and common types of business assignments. You can also access your college Writing Centres for help with written assignments.

You can [book an appointment with a writing or presentation coach](#) through the RC Centre for Professional Skills Writing Centre. For more information about writing centres, student supports, and study resources, see the [Writing and Presentation Coaching academic support page](#).

Missed Tests and Assignments (including mid-term and final-term assessments)

Students who miss a test or assignment for reasons entirely beyond their control (e.g. illness) may request special consideration.

In such cases, students must:

1. Notify the instructor AND the Rotman Commerce Program Office **on the date** of the missed course deliverable, e.g. missed test, final assessments, assignment or class (in the case of participation marks).
2. Complete a [Request for Special Consideration Form](#) and submit it along with your Absence Declaration on [ACORN](#) (please read the instructions on how to use the Absence Declaration in ACORN) within **2 business days** of the originally scheduled course deliverable.

Students who do not provide this information will be given a grade of 0 (zero) for the missed course deliverable.

In-Class Quiz: Every week except the first class on September 8th and the day of the midterm (October 27th) there will be a short written quiz at the beginning of class. The quiz will be based on recent class content and/or readings for that day's class. There will be 10 of these quizzes and the best 6 will each count as 2.5% of your final grade. If you miss a quiz because of illness

or other circumstances, then the best 6 of the ones you have written will count. If you miss more than 4 of these quizzes, please complete Steps 1 and 2 above.

Video Quiz: There will be 3 video quizzes using the Communicado platform. The best 2 of the 3 will each count as 5% of your final grade. If you miss one because of illness or other circumstances, then each of the remaining 2 will count. If you miss two, please complete Steps 1 and 2 above.

TeamUp exercises in Friday tutorials: In tutorial each week except October 20, October 28 and December 2, there will be a TeamUp exercise. The TeamUp exercise on September 9 introduces you to the setup and is therefore useful, but will not count. **Please note: there will be no tutorial on Friday October 28th, 2022.** There will be 8 graded TeamUp exercises and the top 6 will each count as 1.5% of your final grade. If you miss a tutorial because of illness or other circumstances, then the best 6 of those you did attend will count. If you miss more than 2 of the TeamUp exercises, please complete Steps 1 and 2 above.

Midterm Assessment: During your scheduled class time on October 27th, there will be a midterm. Thanks to this scheduling, there will not be conflicts. If you are unable to write the assessment on October 27th because of illness or other circumstances, please complete Steps 1 and 2 above.

Late Assignments

Late submissions for the **weekly in-class quiz** and the **TeamUp exercise in tutorial** are not accepted.

Late submission of a **video quiz on the Communicado platform** will receive a penalty of 20% if received late but within 1 hour of the due date/time, 25% if received within 24 hours of the due date/time, and a further penalty of 20% applied to each subsequent day.

Students who, for reasons beyond their control, are unable to submit a deliverable by its deadline must obtain approval from the instructor for an extension. Supporting documentation will be required as per the policy on missed tests and assignments.

Statement on Equity, Diversity and Inclusion

The University of Toronto is committed to equity, human rights and respect for diversity. All members of the learning environment in this course should strive to create an atmosphere of mutual respect where all members of our community can express themselves, engage with each other, and respect one another's differences. U of T does not condone discrimination or harassment against any persons or communities.

Commitment to Accessibility

The University is committed to inclusivity and accessibility, and strives to provide support for, and facilitate the accommodation of, individuals with disabilities so that all may share the same level of access to opportunities and activities offered at the University.

If you require accommodations for a temporary or ongoing disability or health concern, or have any accessibility concerns about the course, the classroom or course materials, please [email Accessibility Services](#) or [visit the Accessibility Services website for more information](#) as soon as possible. Obtaining your accommodation letter may take up to several weeks, so get in touch with them as soon as possible. If you have general questions or concerns about the accessibility of this course, you are encouraged to reach out to your instructor, course coordinator, or Accessibility Services.

Original

Normally, students will be required to submit their course essays to the University's plagiarism detection tool for a review of textual similarity and detection of possible plagiarism. In doing so, students will allow their essays to be included as source documents in the tool's reference database, where they will be used solely for the purpose of detecting plagiarism. The terms that apply to the University's use of this tool are described on the [University's Plagiarism Detection Tool FAQ](#) page from Centre for Teaching Support & Innovation.

Academic Integrity

Academic Integrity is a fundamental value essential to the pursuit of learning and scholarship at the University of Toronto. Participating honestly, respectfully, responsibly, and fairly in this academic community ensures that the U of T degree that you earn will continue to be valued and respected as a true signifier of a student's individual work and academic achievement. As a result, the University treats cases of academic misconduct very seriously.

[The University of Toronto's Code of Behaviour on Academic Matters](#) outlines the behaviours that constitute academic misconduct, the process for addressing academic offences and the penalties that may be imposed. You are expected to be familiar with the contents of this document. Potential offences include, but are not limited to:

In papers and assignments

- Using someone else's ideas or words without appropriate acknowledgement.
- Submitting your own work in more than one course without the permission of the instructor.
- Making up sources or facts.
- Obtaining or providing unauthorized assistance on any assignment (this includes collaborating with others on assignments that are supposed to be completed individually).

On test and exams

- Using or possessing any unauthorized aid, including a cell phone.
- Looking at someone else's answers.
- Misrepresenting your identity.
- Submitting an altered test for re-grading.

Misrepresentation

- Falsifying institutional documents or grades.
- Falsifying or altering any documentation required by the University, including (but not limited to) medical notes.

All suspected cases of academic dishonesty will be investigated by the procedures outlined in the *Code of Behaviour on Academic Matters*. If you have any question about what is or is not permitted in the course, please do not hesitate to contact the course instructor. If you have any questions about appropriate research and citation methods, you are expected to seek out additional information from the instructor or other U of T or RC resources such as the RC Centre for Professional Skills, the College Writing Centres or the Academic Success Centre.

Email

At times, the course instructor may decide to communicate important course information by email. As such, all U of T students are required to have a valid UTmail+ email address. You are responsible for ensuring that your UTmail+ email address is set up and properly entered on ACORN. For more information visit the [Information Commons Help Desk](#).

Forwarding your utoronto.ca email to a Gmail or other type of email account is not advisable. In some cases, messages from utoronto.ca addresses sent to Gmail accounts are filtered as junk mail, which means that important messages from your course instructor may end up in your spam or junk mail folder.

Recording Lectures

Lectures and course materials prepared by the instructor are considered by the University to be an instructor's intellectual property covered by the Canadian Copyright Act. Students wishing to record a lecture or other course material in any way are required to ask the instructor's explicit permission, and may not do so unless permission is granted. Students who have been previously granted permission to record lectures as an accommodation for a disability are excepted. This includes tape recording, filming, photographing PowerPoint slides, Quercus materials, etc.

If permission for recording is granted by the instructor (or via Accessibility Services), it is intended for the individual student's own study purposes and does not include permission to "publish" them in any way. It is forbidden for a student to publish an instructor's notes to a website or sell them in any other form without formal permission.

Weekly Schedule (*EXAMPLE*)

Session	Date	Topic	Readings
1	September 8	Introduction Futures Markets and Central Counterparties Hedging Strategies Using Futures	Chapters 1, 2 and 3
2	September 15	Interest Rates Determination of Forward and Futures Prices	Chapters 4 and 5
3	September 22	Determination of Forward and Futures Prices	Chapter 5 (continued)
4	September 29	Interest Rate Futures	Chapter 6
5	October 6	Interest Rate Futures Swaps	Chapter 6 (continued) Chapter 7
6	October 13	Swaps	Chapter 7 (continued)
7	October 20	Mechanics of Options Markets Properties of Stock Options Trading Strategies Involving Options	Chapters 10, 11 and 12
8	October 27	Midterm Examination LOCATION: BMO Finance Lab (2nd floor, Rotman building)	
9	November 3	Binomial Trees	Chapter 13
10	November 17	Binomial Trees Black-Scholes-Merton Model	Chapter 13, Section 18.6 of Chapter 18, Chapter 15 (omit section 15.6)
11	November 24	Black-Scholes-Merton Model The Greek Letters	Chapter 15 (omit section 15.6), Chapter 19
12	December 1	Options on Stock Indices, Currencies and Futures Review and Wrap Up	Chapters 17 and 18

Please note that the last day you can drop this course without academic penalty is November 16, 2022.

Other Useful Links

- [Become a volunteer note taker](#)
- [Accessibility Services Note Taking Support](#)
- [Credit / No-Credit in RSM courses](#)
- [Rotman Commerce Academic Support](#)

URL links for print

- Book an appointment with a writing or presentation coach: <http://uoft.me/writingcentres>
- Writing and Presentation Coaching academic support page: <https://rotmancommerce.utoronto.ca/current-students/academic-support/writing-and-presentation-coaching/>
- Centre for Professional Skills Teamwork Resources page: <https://rotmancommerce.utoronto.ca/teamwork-resources>
- Book an appointment with a Teamwork Mentor: <http://uoft.me/writingcentres>
- Request for Special Consideration Form: <https://rotmancommerce.utoronto.ca/current-students/forms-requests-and-appeals/forms/>
- ACORN: <http://www.acorn.utoronto.ca/>
- Email Accessibility Services: accessibility.services@utoronto.ca
- Accessibility Services website: <http://studentlife.utoronto.ca/as>
- University's Plagiarism Detection Tool FAQ: <https://uoft.me/pdt-faq>
- The University of Toronto's Code of Behaviour on Academic Matters: <http://www.governingcouncil.utoronto.ca/policies/behaveac.htm>
- Information Commons Help Desk: <http://help.ic.utoronto.ca/category/3/utmail.html>
- Become a volunteer note taker: <https://studentlife.utoronto.ca/program/volunteer-note-taking/>
- Accessibility Services Note Taking Support: <https://studentlife.utoronto.ca/service/note-taking-support/>
- Credit / No-Credit in RSM courses: <https://rotmancommerce.utoronto.ca/current-students/degree-requirements/credit-no-credit-option/>
- Rotman Commerce Academic Support: <https://rotmancommerce.utoronto.ca/current-students/academic-support/>