

Course Outline

Course Code	RSM 435 H1 F
Course Name	Futures and Options Markets
Term, Year	Summer, 2023
Course Meets	Mondays and Wednesdays 5:10pm to 7pm in WO35
Web page URL	https://q.utoronto.ca

Instructor Details

Name	Email	Office Hours
Harry G. G. Burke	harry.burke@alumni.utoronto.ca	Mon, Wed 7-8pm and by appointment, more around exams

Course Scope, Mission and Learning Outcomes

This course covers the analysis of derivative instruments such as forwards, futures, swaps, and options. By the end of the course students will have a good knowledge of how these contracts work, how they are used, and how they are priced. Lectures, assignments, and examinations will test your qualitative and quantitative understanding of the course content.

Course Prerequisites

Prerequisite: ECO204Y1/ECO206Y1, RSM332H1

Exclusion: ACT370H1

Course Materials

Required Readings

Hull, John C., *Options, Futures, and Other Derivatives*, 11th Edition. Pearson-Prentice Hall, 2022
Other required readings will be made available on the course website.

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	% of grade	Date(s)
Graded Problem Sets	20%	May 19 th (6%) May 29 th (4%) June 12 th (6%) June 19 th (4%)
Group Paper & Discussion	20%	June 19 th
Mid-term Examination	30%	May 31 st (room EX310)
Final Examination	30%	TBA by FAS, range is June 21 st to June 26 th

Course Format and Expectations

Lectures will be used to talk about derivatives basics and some issues surrounding them. Issues will be a combination of theoretical technical phenomena as well as concerns that must be addressed by practitioners. The text and assigned readings will be crucial in reviewing material

form lecture. Assignments (both graded and ungraded) will aid in your understanding of the material as well as provide ample opportunity for you to prepare for examinations. Guest speakers will also provide you the opportunity to better understand how you can get involved in capital markets and how this course can play a factor in your future. Guest speakers (and class time in general) will also provide an opportunity for professional network growth.

Evaluation and Grades – Graded Problem Sets Details

Four graded problem sets will require submission on the dates above (see page 1) and will be graded out of either four, or six [two points per lecture covered]. Marks will be awarded for attempting to answer the questions [displaying at least a partial understanding] and not simply just for getting the actual answer correct. If you submit all four problem sets and receive a passing grade on each you will receive 2 bonus points within the problem set portion [still a maximum of 20%]. Graded Problem Sets one through four are due by 5:00pm on the due date; late submissions will not be accepted. Except for unusual circumstances, grades on homework assignments are final and re-grading requests will not be accepted. Medical notes for late submissions will also not be accepted. The reason for this is that the solutions are posted soon after the due dates to help prepare you for the midterm and final exams. Though you are permitted to work with your peers on the graded problem sets, you must submit your own work.

Evaluation and Grades – Written Assignments Details

There will be one written assignment with a possible group discussion worth 20% each. Students will work in teams to perform research and discuss their conclusions with Harry. Teams will be formed after the course drop date. The written portion of the assignment should not be longer than two pages excluding any appendices, graphs, charts, and works cited. More details will be posted on the course webpage after the midterm.

Evaluation and Grades – Midterm Examination Details

There will be one midterm examination held on Wednesday June 1st counting for 30% of your final grade. The midterm examination will cover all topics discussed in lectures 01, 02, 03, 04, and 05, as well as the corresponding readings and problem sets. More details will be posted on the course webpage as the midterm date nears.

Evaluation and Grades – Final Examination Details

There will be a final examination held between June 22nd and June 29th [inclusive] counting for 30% of your final grade. The final exam will cover lectures 06, 07, 08, 09, 10, and 11, including all corresponding readings and problem sets. More details will be posted on the course webpage as the midterm date nears.

Evaluation and Grades – Marginal Adjustments

There will be no opportunities for extra credit. However, submission of quality problem sets and strong participation/attendance will have a weighting on borderline cases.

Writing Assignments or Presentations

The group paper is intended to help you develop your communication skills. How well you communicate your ideas, in writing or orally, will be considered in the evaluation of the assignment. In your written assignments, you should aim for clarity, strong organization, concision, professionalism, and correct grammar. Your presentations should reflect strong planning and organization, 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 (presentations). 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](#).

Team or Group Assignments

The group paper requires students to work in teams. Learning to work together in teams is a crucial transferrable skill you will use not only in your coursework, but also in your future careers. Support is available if you encounter common teamwork challenges such as:

- Team members feeling left out of the team.
- Team members not responding in a timely manner to communication.
- Division or quality of work among team members being unequal or unfair.

Consult the [Centre for Professional Skills Teamwork Resources page](#) for tips, strategies, and best practices. You can also [book an appointment with a teamwork mentor](#) through the RC Centre for Professional Skills Writing Centre. Teamwork mentors can help you resolve or mitigate conflict, strategize on planning, or improve team communication.

If you are a student registered with Accessibility Services, and extensions are one of your academic accommodations, consult with your Accessibility Advisor about the teamwork in this course.

Class Participation

Students are expected to prepare thoroughly and make every effort to attend every class. As class participation is a graded component of the course, students will be evaluated on the following:

- Thoughtful responses
- Understanding and analysis of topic
- Idea generation
- Promoting further discussion
- Respectful active listening
- Attentiveness

While attendance is necessary for students to participate in class discussions, attendance on its own will not result in a high participation grade. Students must actively contribute and participate by exhibiting the components listed above.

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. Complete the Request for Special Consideration form: <https://uoft.me/RSMconsideration>
2. Provide documentation to support the request, eg. Absence Declaration from ACORN, medical note etc.

Please note: You must complete the *Request for Special Consideration* form **within 2 business days** of the missed midterm/test/ assignment due date.

Students who do not submit their requests and documentation within 2 days may be given a grade of 0 (zero) on the missed course deliverable.

Students that miss the scheduled midterm will have to write a makeup exam to be scheduled as soon as the student able. Note that this will likely be after the course drop date deadline.

Late Assignments

As stated on page two late problem sets and group assignments will not be accepted except for extraordinary circumstances. This is to allow for quick returning of assignments to students who complete the work on time.

Students who know ahead of time that they will be unable to submit an assignment by its deadline due to reasons beyond their control should speak to the instructor about possible extension. Without a pre- approved extension, you must follow the steps above for a missed assignment or you may receive a late penalty or 0 (zero) on a late assignment.

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 questions 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.

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

- 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/>
- 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>

The approximate lecture schedule and important dates for the course are as follows:

Lecture	Date	Location	Topic[s]	Readings, etc.	Deliverable [if any]	
01	5:10pm to 7:00pm Monday May 8 th	WO35	-Introduction to Course -Futures & Hedging Using Futures	Hull 1, 2, 3 -video: Saint Petersburg Merchant Trade https://vimeo.com/708841050		
02	5:10pm to 7:00pm Wednesday May 10 th	WO35	-Topics on Interest Rates -Forwards/Futures Pricing	Hull 4, 5 -A Second Look at Duration -Why is LIBOR Being Abandoned?		
03	5:10pm to 7:00pm Monday May 15 th	WO35	-Interest Rate Futures	Hull 6		
***	7:00pm to 8:00pm Monday May 15 th	WO35	Guest Speaker Michael Hlinka https://michaelhlinka.com/	You may want to learn about the CFA designation and CSI courses	Attendance optional	
04	5:10pm to 7:00pm Wednesday May 17 th	WO35	-Swaps	Hull 7		
***	Friday May 19 th				Graded Problem Set 1	
05	5:10pm to 7:00pm Wednesday May 24 th	WO35	-Options Markets -Stock Options	Hull 10, 11		
06	5:10pm to 7:00pm Monday May 29 th	WO35	-Options Trading Strategies	Hull 12	Graded Problem Set 2	
***	5:00pm to 7:00pm Wednesday May 31 st	EX310	-Lectures 01 through 05 inclusive	All relevant readings, lectures, and problem sets	Midterm Examination	
07	5:10pm to 7:00pm Monday June 5 th	WO35	-Binomial Option Pricing	Hull 13		
***	Monday June 5 th	Last day do drop course without academic penalty				
08	5:10pm to 7:00pm Wednesday June 7 th	WO35	-BSM Model -Options on Stock Indices -Options on Currencies -Futures Options	Hull 15 Optional: Hull 14, 17, 18		
09	5:10pm to 7:00pm Monday June 12 th	WO35	-Greeks	Hull 19	Graded Problem Set 3	
***	7:00pm to 8:00pm Monday June 12 th	WO35	Guest speakers Derek Bastien	No readings	Attendance optional	
10	5:10pm to 7:00pm Wednesday June 14 th	WO35	-topics on 2007 Credit Crisis -Valuation Adjustments	Hull 8, 9		
11	5:10pm to 7:00pm Monday June 19 th	WO35	-Negative oil prices, game stop, and 'funny' derivative accounting	Hull 37 See online announcements	Graded Problem Set 4 and group assignment	
***	TBA by FAS: June 21 st to 26 th inclusive	TBA	-Lectures 06 through 11 inclusive	All relevant readings (including assignment readings), lectures, and problem sets	Final Examination	