AFIN3029
Derivative Instruments
Session 2, Special circumstances 2021
Department of Applied Finance

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Session 2 Learning and Teaching Update

The decision has been made to conduct study online for the remainder of Session 2 for all units WITHOUT mandatory on-campus learning activities. Exams for Session 2 will also be online where possible to do so.

This is due to the extension of the lockdown orders and to provide certainty around arrangements for the remainder of Session 2. We hope to return to campus beyond Session 2 as soon as it is safe and appropriate to do so.

Some classes/teaching activities cannot be moved online and must be taught on campus. You should already know if you are in one of these classes/teaching activities and your unit convenor will provide you with more information via iLearn. If you want to confirm, see the list of units with mandatory on-campus classes/teaching activities.

Visit the MQ COVID-19 information page for more detail.

https://unitguides.mq.edu.au/unit_offerings/133816/unit_guide/print
General Information

Unit convenor and teaching staff
Wei Cui
wei.cui@mq.edu.au

Credit points
10

Prerequisites
20cp at 2000 level including (AFIN252 or AFIN270 or AFIN2070 or STAT272 or STAT2372)

Corequisites

Co-badged status

Unit description
This unit explores the characteristics and pricing of derivatives. The importance of the principles of hedging and arbitrage in derivative pricing, is considered. Derivatives investigated include forwards, futures, options and various structured products. In particular, the unit covers non-standard securities and numerical methods.

Important Academic Dates
Information about important academic dates including deadlines for withdrawing from units are available at https://students.mq.edu.au/important-dates

Learning Outcomes
On successful completion of this unit, you will be able to:

ULO1: Examine the concepts of option pricing theory and the role of derivatives.
ULO2: Apply financial derivatives such as forward/futures and options to solve quantitative problems.
ULO3: Develop skills to price options and other derivatives.
ULO4: Examine the principles of hedging, arbitrage theory and structured products.

General Assessment Information
Assessment criteria (including information about late submissions and extensions) for all assessment tasks will be provided on the unit iLearn site.
### Assessment Tasks

<table>
<thead>
<tr>
<th>Name</th>
<th>Weighting</th>
<th>Hurdle</th>
<th>Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online Quiz</td>
<td>5%</td>
<td>No</td>
<td>Week 3</td>
</tr>
<tr>
<td>Mid Session Test</td>
<td>35%</td>
<td>No</td>
<td>Week 7</td>
</tr>
<tr>
<td>Final Examination</td>
<td>60%</td>
<td>No</td>
<td>University Examination Period</td>
</tr>
</tbody>
</table>

#### Online Quiz

**Assessment Type:** Quiz/Test  
**Indicative Time on Task:** 1 hours  
**Due:** Week 3  
**Weighting:** 5%

The online quiz will consist of 10-15 questions and will be available on iLearn. Please use the quiz result as an indicator of whether you are progressing satisfactorily in the unit.

On successful completion you will be able to:
- Examine the concepts of option pricing theory and the role of derivatives.

#### Mid Session Test

**Assessment Type:** Quiz/Test  
**Indicative Time on Task:** 20 hours  
**Due:** Week 7  
**Weighting:** 35%

A mid session test of 90 minutes will be held to give students practice on a summative task and to provide feedback on their progress midway through the session.

On successful completion you will be able to:
- Examine the concepts of option pricing theory and the role of derivatives.
- Develop skills to price options and other derivatives.
- Examine the principles of hedging, arbitrage theory and structured products.
Final Examination

Assessment Type 1: Examination
Indicative Time on Task 2: 30 hours
Due: University Examination Period
Weighting: 60%

A two hour final exam will be held during the University Examination Period.

On successful completion you will be able to:

- Examine the concepts of option pricing theory and the role of derivatives.
- Apply financial derivatives such as forward/futures and options to solve quantitative problems.
- Develop skills to price options and other derivatives.
- Examine the principles of hedging, arbitrage theory and structured products.

1 If you need help with your assignment, please contact:

- the academic teaching staff in your unit for guidance in understanding or completing this type of assessment
- the Learning Skills Unit for academic skills support.

2 Indicative time-on-task is an estimate of the time required for completion of the assessment task and is subject to individual variation.
## Delivery and Resources

<table>
<thead>
<tr>
<th>Learning and Teaching Activities</th>
<th>The content for each week will comprise of a lecture recording and a set of tutorial questions (Problem Sets).</th>
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</thead>
</table>

### Lectures

A lecture recording will be uploaded each week. Lecture notes will be available on iLearn.

### Tutorials

Students will need to register for a tutorial. Tutorials are considered compulsory but no marks are allocated. Tutorials will be available for most, but not all weeks of the session. In weeks where there aren’t any live (on-campus or online) tutorials, a recording will be provided to cover the relevant material.

The tutorial schedule will be made available on iLearn.

Tutorial enrolment or change of tutorial can be made through eStudent in the first two weeks of the session. **No tutorial changes are allowed after Week 2.** Students should attend their allocated tutorial, but exceptions may occur on a one-off basis. That is, where circumstances prevent you from attending your own tutorial in a given week, you may attend an alternative tutorial if room available.

Students are expected to complete the ‘Tutorial Questions’ as a self-directed study activity before attending a tutorial. Additional learning support will be available in tutor consultation times.

<table>
<thead>
<tr>
<th>Required Text:</th>
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<tbody>
<tr>
<td>The required textbook is <em>Fundamentals of Futures and Options Markets</em>, John C. Hull, Sirimon Treepongkaruna, Richard Heaney, David Pitt and David Colwell, Pearson, 2014</td>
</tr>
<tr>
<td>This is available for purchase online from <a href="http://www.booktopia.com.au/coop">www.booktopia.com.au/coop</a> and a copy will be available in the closed reserve section of the Macquarie Library.</td>
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<table>
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<tr>
<th>Unit Web Page:</th>
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<tbody>
<tr>
<td>The web page for this unit can be found at <a href="https://ilearn.mq.edu.au/">https://ilearn.mq.edu.au/</a></td>
</tr>
<tr>
<td>It is the responsibility of students to visit the unit regularly. Course material is available on the learning management system (iLearn).</td>
</tr>
<tr>
<td>Lecture notes, tutorial solutions, unit announcements, and other reference materials will be posted to this site throughout the session.</td>
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</tbody>
</table>

### Unit Schedule

Please refer to iLearn.

### Policies and Procedures

Macquarie University policies and procedures are accessible from [Policy Central](https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central). Students should be aware of the following policies in particular with regard to Learning and Teaching:

- Academic Appeals Policy
- Academic Integrity Policy
- Academic Progression Policy
- Assessment Policy
- Fitness to Practice Procedure
• Grade Appeal Policy
• Complaint Management Procedure for Students and Members of the Public
• Special Consideration Policy (Note: The Special Consideration Policy is effective from 4 December 2017 and replaces the Disruption to Studies Policy.)

Students seeking more policy resources can visit the Student Policy Gateway (https://students.mq.edu.au/support/study/student-policy-gateway). It is your one-stop-shop for the key policies you need to know about throughout your undergraduate student journey.

If you would like to see all the policies relevant to Learning and Teaching visit Policy Central (http://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central).

**Student Code of Conduct**

Macquarie University students have a responsibility to be familiar with the Student Code of Conduct: https://students.mq.edu.au/admin/other-resources/student-conduct

**Results**

Results published on platform other than eStudent, (eg. iLearn, Coursera etc.) or released directly by your Unit Convenor, are not confirmed as they are subject to final approval by the University. Once approved, final results will be sent to your student email address and will be made available in eStudent. For more information visit ask.mq.edu.au or if you are a Global MBA student contact globalmba.support@mq.edu.au

**Student Support**

Macquarie University provides a range of support services for students. For details, visit http://students.mq.edu.au/support/

**Learning Skills**

Learning Skills (mq.edu.au/learningskills) provides academic writing resources and study strategies to help you improve your marks and take control of your study.

• Getting help with your assignment
• Workshops
• StudyWise
• Academic Integrity Module

The Library provides online and face to face support to help you find and use relevant information resources.

• Subject and Research Guides
• Ask a Librarian

**Student Enquiry Service**

For all student enquiries, visit Student Connect at ask.mq.edu.au
If you are a Global MBA student contact globalmba.support@mq.edu.au

Equity Support

Students with a disability are encouraged to contact the Disability Service who can provide appropriate help with any issues that arise during their studies.

IT Help

For help with University computer systems and technology, visit http://www.mq.edu.au/about_us/offices_and_units/information_technology/help/.

When using the University's IT, you must adhere to the Acceptable Use of IT Resources Policy. The policy applies to all who connect to the MQ network including students.

Changes since First Published

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>18/07/2021</td>
<td>UC details updated</td>
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