AFIN3029

Derivative Instruments

Session 1, In person-scheduled-weekday, North Ryde 2023

Department of Applied Finance

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General Information

Unit convenor and teaching staff
Wei Cui
wei.cui@mq.edu.au
To be announced on iLearn

Credit points
10

Prerequisites
20cp at 2000 level including ((AFIN252 or AFIN2050) and (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://www.mq.edu.au/study/calendar-of-dates

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

UL01: Examine the concepts of option pricing theory and the role of derivatives.
UL02: Apply financial derivatives such as forward/futures and options to solve quantitative problems.
UL03: Develop skills to price options and other derivatives.
UL04: Examine the principles of hedging, arbitrage theory and structured products.

General Assessment Information

Late Assessment Submission Penalty (written assessments)
Unless a Special Consideration request has been submitted and approved, a 5% penalty (of the total possible mark) will be applied each day a written assessment is not submitted, up until the
7th day (including weekends). After the 7th day, a grade of ‘0’ will be awarded even if the assessment is submitted. Submission time for all written assessments is set at 11.55pm. A 1-hour grace period is provided to students who experience a technical concern.

For any late submissions of time-sensitive tasks, such as scheduled tests/exams, performance assessments/presentations, and/or scheduled practical assessments/labs, students need to submit an application for Special Consideration.

**Assessment Tasks**

<table>
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<tr>
<th>Name</th>
<th>Weighting</th>
<th>Hurdle</th>
<th>Due</th>
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<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>
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**Online Quiz**

Assessment Type ¹: Quiz/Test  
Indicative Time on Task ²: 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 ¹: Quiz/Test  
Indicative Time on Task ²: 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: Examination
Indicative Time on Task: 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 Writing Centre 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
Please refer to iLearn for details of delivery.

Policies and Procedures
Macquarie University policies and procedures are accessible from Policy Central (https://policies.mq.edu.au). Students should be aware of the following policies in particular with regard to Learning and Teaching:
  • Academic Appeals Policy
Student Support

- Academic Integrity Policy
- Academic Progression Policy
- Assessment Policy
- Fitness to Practice Procedure
- Assessment Procedure
- Complaints Resolution Procedure for Students and Members of the Public
- Special Consideration Policy

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

To find other policies relating to Teaching and Learning, visit Policy Central (https://policies.mq.edu.au) and use the search tool.

**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

**Academic Integrity**

At Macquarie, we believe academic integrity – honesty, respect, trust, responsibility, fairness and courage – is at the core of learning, teaching and research. We recognise that meeting the expectations required to complete your assessments can be challenging. So, we offer you a range of resources and services to help you reach your potential, including free online writing and maths support, academic skills development and wellbeing consultations.

**Student Support**

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

**The Writing Centre**

The Writing Centre provides resources to develop your English language proficiency, academic writing, and communication skills.

- Workshops
- Chat with a WriteWISE peer writing leader
- Access StudyWISE
Student Services and Support

Macquarie University offers a range of Student Support Services including:

- IT Support
- Accessibility and disability support with study
- Mental health support
- Safety support to respond to bullying, harassment, sexual harassment and sexual assault
- Social support including information about finances, tenancy and legal issues
- Student Advocacy provides independent advice on MQ policies, procedures, and processes

Student Enquiries

Got a question? Ask us via AskMQ, or contact Service Connect.

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.