

WILMINGTON UNIVERSITY
COLLEGE OF BUSINESS
BASIC COURSE INFORMATION

COURSE TITLE: Topics in Finance Derivatives

COURSE NUMBER: MBA 7800

PRE-REQUISITE: 12 credits of advanced finance: MBA 7292, 7293, 7294 and either MBA 7295 or 7296

COURSE DESCRIPTION:

MBA 7800 provides extensive study into financial derivatives, derivatives markets, and their application to corporate risk management techniques.

MAJOR INSTRUCTIONAL GOALS:

GOAL A:

Students will demonstrate knowledge of the role of derivatives and identify and describe the various markets that trade derivative contracts.

Learning Objectives: The student will:

- A-1 Define the role of derivatives in the market place including various perspectives on derivatives.
- A-2 Explain the concept of financial engineering.
- A-3 Discuss the history of the derivative contracts.
- A-4 Explain basic derivative transactions including long and short positions as well as bid-ask spreads.

GOAL B:

Students will demonstrate understanding of basic forward and option contracts and the use of these contracts as managing investment risk.

Learning Objectives: The student will:

- B-1 Define, calculate and graph the payoff of long and short forward and option positions.
- B-2 Discuss the importance and impact of interest rates regarding forward contracts.
- B-3 Define option terminology and definitions including hedging.

B-4 Describe the process of hedging with forward contracts and methods to deal with quantity uncertainty.

B-5 Calculate the value of a call option and put option using the Black Scholes method.

GOAL

- E-2 Calculate the equilibrium price of a commodity forward
- E-3 Define the concept of implied lease rates, carry markets, and convenience yields.