1. **Title of the module**

BUSN6110 (CB611) Futures and Options Markets

1. **School or partner institution which will be responsible for management of the module**

Kent Business School

1. **The level of the module (Level 4, Level 5, Level 6 or Level 7)**

Level 6

1. **The number of credits and the ECTS value which the module represents**

30 credits (15 ECTS)

1. **Which term(s) the module is to be taught in (or other teaching pattern)**

Autumn and Spring

1. **Prerequisite and co-requisite modules**

ACCT5080 Principles of Finance

1. **The programmes of study to which the module contributes**

BA Accounting & Finance and associated programmes

1. **The intended subject specific learning outcomes.  
   On successfully completing the module students will be able to:**

8.1 demonstrate knowledge and understanding of various financial derivative instruments and risk management techniques in the context of International Investment Banking;

8.2 demonstrate knowledge and understanding of the application of appropriate financial techniques that are used to value financial derivatives

8.3 demonstrate knowledge and understanding of concepts and principles under which financial derivative instruments are traded;

8.4 use subject knowledge to analyse the problem and provide a reasoned response to that problem in the context of risk management;

8.5 compare and contrast alternative risk management strategies;

8.6 prepare appropriate diagrams to reflect various trading strategies, binomial trees, etc;

8.7 analyse risk management techniques using financial derivative instruments;

8.8 use financial derivative instruments to implement risk management strategies.

1. **The intended generic learning outcomes.  
   On successfully completing the module students will be able to:**

9.1 apply numeracy skills to solve numerical problem;

9.2 develop and define complex argument and provide critical insights on the use of financial instruments and risk management;

9.3 read and summarise transactions and economic events related to financial management and derivative securities;

9.4 locate, extract, and analyse data from different sources, e.g. newspapers, library, internet, etc, to be presented in an appropriate format;

9.5 plan and work independently using various learning resources;

9.6 use information technology to acquire, analyse, and communicate effectively.

1. **A synopsis of the curriculum**

This module is concerned with International Investment Banks’ products and strategies that involve the description and analyses of the characteristics of more commonly used financial derivative instruments such as forward and future contracts, swaps, and options involving commodities, interest, and equities markets. Modern financial techniques are used to value financial derivatives. The main emphasis of the module is on how International Investment Banks value, replicate, and arbitrage the financial instruments and how they encourage their clients to use derivative products to implement risk management strategies in the context of corporate applications.

In particular, students will first cover the topics related to forward, futures and swap contracts. They will then be introduced to options and various strategies thereof. Valuing options using Black-Scholes model and binomial trees is also an important part of the module. The important finance concepts of no-arbitrage and risk-neutral valuation and their implications for pricing financial derivatives are also covered in the module. This will help students to learn the techniques used in valuing financial derivatives and hedging risk exposure.

Successful completion of the module will provide a solid base for the student wishing to pursue a career in International Investment Banking and Treasury Management. The students will have the knowledge of essential techniques of risk management and financial derivative trading.

1. **Reading list (Indicative list, current at time of publication. Reading lists will be published annually)**

Fundamentals of Futures and Options Markets, 7th Edition, by Hull, J., Pearson Education, London.

2. Principles of Corporate Finance (Global Edition), 9th Edition-2008, by Brealey, Myers, and Allen. Chapters 20, 21, 27, and 28, McGraw Hill.

1. **Learning and teaching methods**

Total contact hours: 65

Private study hours: 235

Total study hours: 300

1. **Assessment methods**
   1. Main assessment methods

In-Course Test 1 (10%)

In-Course Test 2 (10%)

In-Course Test 3 (10%)

Examination, 3 hour (70%)

13.2 Reassessment methods

Reassessment Instrument: 100% exam

1. **Map of module learning outcomes (sections 8 & 9) to learning and teaching methods (section12) and methods of assessment (section 13)**

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Module learning outcome** | *8.1* | *8.2* | *8.3* | *8.4* | *8.5* | *8.6* | *8.7* | *8.8* | *9.1* | *9.2* | *9.3* | *9.4* | *9.5* | *9.6* |
| **Learning/ teaching method** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| *Private Study* | **X** | **X** | **X** | **X** | **X** | **X** | **X** | **X** | **X** | **X** | **X** | **X** | **X** | **X** |
| *Lectures* | **X** | **X** | **X** | **X** | **X** | **X** | **X** | **X** | **X** | **X** |  |  |  |  |
| *Workshops* | **X** | **X** | **X** | **X** | **X** | **X** | **X** | **X** | **X** | **X** | **X** | **X** |  | **X** |
| **Assessment method** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| *Examination* | **X** | **X** | **X** | **X** | **X** | **X** | **X** | **X** | **X** | **X** | **X** | **X** | **X** | **X** |
| *In- course tests x 3* | **X** | **X** | **X** | **X** | **X** | **X** | **X** | **X** | **X** |  | **X** | **X** | **X** | **X** |

1. **Inclusive module design**

The School recognises and has embedded the expectations of current equality legislation, by ensuring that the module is as accessible as possible by design. Additional alternative arrangements for students with Inclusive Learning Plans (ILPs)/declared disabilities will be made on an individual basis, in consultation with the relevant policies and support services.

The inclusive practices in the guidance (see Annex B Appendix A) have been considered in order to support all students in the following areas:

a) Accessible resources and curriculum

b) Learning, teaching and assessment methods

1. **Campus(es) or centre(s) where module will be delivered**

Canterbury

1. **Internationalisation**

Students are taught international investment banks’ products and strategies and so the content, learning outcomes and assessment are intrinsically linked to operating in a global business environment.

**FACULTIES SUPPORT OFFICE USE ONLY**

**Revision record – all revisions must be recorded in the grid and full details of the change retained in the appropriate committee records.**

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| --- | --- | --- | --- | --- |
| Date approved | Major/minor revision | Start date of the delivery of revised version | Section revised | Impacts PLOs (Q6&7 cover sheet) |
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Revised FSO Jan 2018