1. **Title of the module**

BUSN7660 (CB766): Derivatives

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 5

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

15 Credits (7.5 ECTS)

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

Spring

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

Prerequisite: BUSN3750 Fundamentals of Finance and Investments; BUSN3760 Introduction to Financial Markets and Instruments

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

BSc (Hons) Finance and Investment and associated programmes

1. **The intended subject specific learning outcomes.
On successfully completing the module students will be able to:**
	1. Demonstrate knowledge and critical understanding of common derivative instruments, their characteristics and potential uses.
	2. Use derivative instruments for risk management and arbitrage purposes.
	3. Demonstrate knowledge and critical understanding of how to value forward, futures, and options contracts.
	4. Value derivative instruments using alternative methods.
2. **The intended generic learning outcomes.
On successfully completing the module students will be able to:**
	1. Research, plan, and work independently.
	2. Understand risk management and arbitrage techniques.
	3. Apply quantitative and problem solving techniques to complete or abstract data.
	4. Critically evaluate arguments and assumptions, and make judgements to offer alternative solutions.
3. **A synopsis of the curriculum**

This module is concerned with derivative securities used by the investors for hedging (risk management), speculation and arbitrage purposes. In this module students learn about various derivative instruments such as forwards, futures and options contracts on a range of different underlying assets. These underlying assets could be physical assets such as commodities (gold, oil, etc.) or financial securities (currencies, stocks, etc.). Students also learn about how these derivative instruments are valued. The main focus behind the use of these derivatives would be from risk management perspective. This module aims to cover the following indicative topics:

* Types of derivative instruments and their characteristics
* Forward contracts and their valuation
* Futures contracts and their valuation
* Options contracts and their valuation
* Uses of derivatives in portfolio management
1. **Reading list (Indicative list, current at time of publication. Reading lists will be published annually)**
* Hull, J. C. (2011), *Fundamentals of Futures and Options Markets*, 7th Edition, London: Pearson Education
* Brealey, A., Myers, S., and Allen, F. (2017) *Principles of Corporate Finance*, Global Edition, 12th Edition. New York: McGraw Hill Education
* Hillier, D., Ross, S., Westfield, R., Jaffe, J., and Jordan, B. (2013) Corporate Finance, 2nd European Edition, London: McGraw-Hill
* Pirie, W.L. (2017) *Derivatives*, CFA Institute Investment Series, Chichester: Wiley.
1. **Learning and teaching methods**

Total Contact Hours: 32

Private Study Hours: 118

Total hours: 150

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

VLE test: 10%

MCQ in-course test – 45 minutes: 20%

Examination - two-hour, unseen: 70%

* 1. Reassessment methods

100% examination

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* | *9.1* | *9.2* | *9.3* | *9.4* |
| **Learning/ teaching method** |  |  |  |  |  |  |  |  |
| **Private Study** | **X** | **X** | **X** | **X** | **X** | **X** | **X** | **X** |
| *Lectures* | **X** | **X** | **X** | **X** | **X** | **X** | **X** | **X** |
| *Seminars* | **X** | **X** | **X** | **X** | **X** | **X** | **X** | **X** |
| **Assessment method** |  |  |  |  |  |  |  |  |
| *VLE test* | **X** |  |  |  | **X** |  | **X** |  |
| *MCQ in-course test* |  | **X** | **X** | **X** | **X** | **X** | **X** |  |
| *Examination - two-hour, unseen* | **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**

Medway

1. **Internationalisation**

The module covers the topics which are frequently used by financial managers to manage financial risks internationally. Typical examples are price risk management, foreign exchange risk management, portfolio risk management, etc. The module is also relevant to prepare for CFA (Chartered Financial Analyst) exam ‘Derivatives’ which is an internationally recognised professional qualification.

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**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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