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## Financial Markets

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#### Instructor Information

Instructor	Kyle Leis
Office	WSC214
Email	Kleis@uwaterloo.ca
Phone	n/a
Office Hours	Tue 9:30-10:30 AM WSC 214; Mon 5:00-6:00 PM WSC 214; Wed 5:00-6:00 PM WSC 214

#### Course Information

**Course Description** Basic securities, financial market conventions, swaps, arbitrage pricing and hedging of forwards/futures, equity options, bonds, theories of the term structure, factors affecting option prices, arbitrage relations of calls and puts, trading strategies involving options, binomial model for stock prices, option pricing by replication under the binomial model.

**Prerequisites** A minimum mark of 60% in Calculus 1501A/B or Applied Mathematics 1413, or Calculus 1301A/B with a minimum mark of 85%.

either the prerequisites for this course or written special permission from your Dean to enroll in it, you may be removed from this course and dropped from your record. You can be deregistered at any time before the final exam. This decision may not be appealed. You will be responsible for your fees in the event that you are dropped from a course to have the necessary prerequisites.

3:30 PM NS7; Thu 6:30 PM-8:30 PM NS7

3:30 PM NS7

#### Book Information

Text Book

Robert L. McDonald (2013). Derivatives Markets 3rd Edition, Pearson Education, ISBN 0-321-254308-4.

### **Reference Books**

Derivatives: The Tools that Changed Finance by Phelim P. Boyle and Feidhlim Boyle is freely available at <http://www.thederivativesbook.com>

### **Library Reserved Books**

A copy of John Hull's Options, Futures, and Other Derivatives is available on reserve in the Taylor Library. Other copies are available in the Business Library.

### **Course Objectives**

This course will cover chapters 1 to 5 and 7 to 9 from McDonald's textbook. Supplementary material will be provided via lecture notes.

For actuarial science students, please note that **this course is accredited under the**

45% of Final exam.



## Attendance

Classroom attendance is viewed as an important part of the learning process. Students are advised that