Finance 451  
Course Outline  
Spring 2016

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Course Learning Objectives:

• To be able to identify, define and understand the rights and obligations of the parties to a derivative contract.
• To understand the markets where derivative contracts are traded.
• To understand and be able to apply derivative valuation models.
• To understand and be able to evaluate derivative trading strategies.
• To understand and be able to apply risk management strategies with derivative contracts.

College of Business and Economics Statement of Shared Values
Boise State University upholds the following values as the foundation for a civil and nurturing environment. Campus community members and all who are part of COBE are expected to adhere to the following values.
• Academic Excellence – engage in our own learning and participate fully in the academic community’s pursuit of knowledge.
• Caring – show concern for the welfare of others.
• Citizenship – uphold civic virtues and duties that prescribe how we ought to behave in a self-governing community by obeying laws and policies, volunteering in the community, and staying informed on issues.
• Fairness – expect equality, impartiality, openness and due process by demonstrating a balanced standard of justice without reference to individual bias.
• Respect – treat people with dignity regardless of who they are and what they believe. A respectful person is attentive, listens well, treats others with consideration and doesn’t resort to intimidation, coercion or violence to persuade.
• Responsibility – take charge of our choices and actions by showing accountability and not shifting blame or taking improper credit. We will pursue excellence with diligence, perseverance, and continued improvement.
• Trustworthiness – demonstrate honesty in our communication and conduct while managing ourselves with integrity and reliability.

COBE Core Curriculum Student Learning Goals and Objectives:
Students in this class will learn or practice the following COBE Core Curriculum concepts, methods, and skills:
1. Understand and apply analytical and disciplinary concepts and methods related to business and economics:
   □  1.3. Economics
   □  1.4. Finance
Course Format: The course format will be lecture/discussion. The amount of material to be covered will cause us to move relatively quickly through difficult concepts. You are encouraged to read the relevant material in the book before it is presented in class and ask any questions as they arise.

Reading Material: The book is An Introduction to Derivatives and Risk Management, by Don M. Chance and Robert Brooks. Relevant articles may be assigned for reading related to the material covered.

Problem Sets: Problem sets and answers are posted on blackboard and any questions about the assignments can be discussed in class or during office hours. The problem sets are designed to give you practice working the types of problems you will see on the quizzes and exams. They will be similar to the problems worked in class.

Quizzes: There will be 10 – 12 unannounced quizzes given at the beginning of class each worth 10 points. All quizzes will be taken in class no make-up quizzes will be given and I will drop your lowest 2 or 3 quiz scores to take care of any absences.

Exams: There will be a 150-point mid-term exam given over two class periods and a 150 point final given during the scheduled final exam period. The final is not comprehensive. The material covered on each test is specified in the outline below. The mid-term exam days will be announced at least one week in advance. If you have to miss an exam for any reason contact me before the exam is given to make arrangements to take the test.

Academic Honesty and Professional Behavior: Academic honesty and professional behavior is expected at all times. You are seniors about to enter the working
world as business professionals. Act like it. Any evidence of cheating of any kind will result in a grade of zero for that assignment (quiz or exam).

**Grading:** The points earned on the exams and quizzes will make up your total for the course. If you earn 90% or greater of the total points possible you will receive an A, if you earn 80% to 90% of the total points possible you will receive at least a B, if you earn 70% to 80% of the total points possible you will receive at least a C, and if you earn 60% to 70% of the total points possible you will receive at least a D, if you earn less than 60% of the points possible you may receive a failing grade and if you earn less than 50% of the points possible you will receive a failing grade. Any curve to this grading scale will come at the end of the semester and will depend on the distribution of point totals for the class. Individual tests and quizzes will not be curved.

**Outline:**

Chapters 1 – 7  **Midterm**

Chapters 8 – 11  **Final**  **Thursday May 5th  10:00am**

The days each chapter is covered will depend on the speed at which the material is covered in class. I want to allow for flexibility. If you are reading the chapters in advance of them being covered in class as encouraged, you will be able to tell when we are approaching the end of a chapter and therefore when to read the next one.