Sec. 001 – TuTh 1:40-2:55 p.m. – B217
Sec. 002 – TuTh 3:15-4:30 p.m. – B217

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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.

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.


Homework: Homework will be assigned regularly. Homework and answers will be posted on blackboard and any questions about the assignments can be discussed in class or during office hours. The homework will not be collected and graded but it will be difficult to do well on the quizzes and tests if you do not understand how to work the homework assignments as they are assigned.

Quizzes: There will be a series of 10 point quizzes designed to test whether or not you are keeping up with the homework assignments. The problems asked on the quizzes will be of the same type as the problems on the homework assignments. The quizzes are not announced in advance and can cover any homework that has been assigned. If you are working and understanding the homework you should have little trouble with the quizzes. The actual number of quizzes given will be determined by the amount of material covered. The estimate is that there will be between 8 and 12 quizzes. No makeup quizzes will be given. The two lowest quiz scores will be dropped to take care of absences.

Tests: There will be three 100-point tests including the final. The final is not comprehensive in the strict sense of the comprehensive concept but the material does build upon itself throughout the semester and the material covered on the final will utilize concepts developed earlier in the course. The material covered on each test is specified in the outline below. The exam day 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.

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 – 4 Test #1
- Chapters 5 – 8 Test #2
- Chapters 9 – 12 Final

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.