

## **BA4T7F Financial Derivatives**

**Unit 1- Introduction:** Forwards and futures contracts- Other derivatives -Trading - regulation -Index futures - Futures on currencies - Interest rate futures - Derivatives market in India

**Unit 2- Options Market:** Properties of stock options - Mechanics of option markets - Underlying assets - Stock options – Warrants- Executive stock options- Convertibles.

**Unit 3- Trading Strategies:** Strategies involving options – Spread- Combinations- Other payoffs -Options on indices - Hedging Strategies using Derivatives.

**Unit 4- Options Valuation:** Binomial model - One-step and two step binomial trees - Black-Scholes model – Log normal property of stock prices - Volatility - Causes of volatility.

**Unit 5- Swaps:** Currency swaps - Interest rate swaps - Equity swaps - Credit derivatives – Credit default swaps - Caps and floors.

### **Text Books:**

1. Bhalla, V.K, “Financial Derivatives”, Sultan Chand, New Delhi.
2. Bishnu Priya Mishra, “Financial Derivatives”, Excel Books, New Delhi.

### **References:**

1. Brennet, M, “Option Pricing: Theory And Applications”, Lexington Books, Toronto.
2. Dhanesh Kumar K, “Derivatives and Risk Managements”, Mc Millan Publishers India Ltd., New Delhi, 2012.
3. Franklin Edwards and Cindy Ma, “Futures and Options”, Tata McGraw Hill, New Delhi.
4. Gupta S L., “Financial Derivatives: Theory, Concepts and Problems”, Prentice Hall of India, New Delhi.
5. John C. Hull, “Options, Futures and Other Derivatives”, Prentice Hall of India, New Delhi.
6. Kumar S S S, “Financial Derivatives”, Prentice Hall of India, New Delhi.
7. Preeti Singh, “Financial Institutions”, Ane Books India, New Delhi.
8. Redhead: Financial Derivatives, “An Introduction to Futures, Forwards and Options”, Prentice Hall of India, New Delhi.
9. Satyanarayana Chary.T, “Financial Derivatives”, Excel Books, New Delhi.