Futures and Options Markets and Trading (FIN229)

Transitioning students, who have completed Futures Markets and Trading (E112) or Options Markets and Trading (E113) within the course completion time frames, will receive recognition of prior learning for an exemption into Futures and Options Markets and Trading (FIN229) and are not required to complete this subject.
Please note, students should not complete both E112 and FIN229 or E113 and FIN229 as only one will contribute to course completion.

Overview

This unit provides students with knowledge of futures and options products and markets, including the structure of the markets, participants and the products most widely used for managing risk and/or trading for profit. Students will gain the skills required to analyse, price, select and trade those products.

Learning Outcomes

At the completion of this unit students should be able to:

- Outline the structure and operation of the global futures and options markets
- Describe the legal and regulatory framework of the futures and options markets
- Implement and evaluate hedging, arbitrage and speculative trading strategies using futures contracts
- Construct specific options trading strategies
- Evaluate simple option pricing models and their uses in options trading
- Monitor and evaluate market risk arising from open futures and options positions
- Undertake market analysis
- Explain the system of clearing and processing trades through the ASX and SFE

Delivery Method

The primary method of delivery for this subject is distance education supported by comprehensive print, lecture and online resources. Students will have access to an online subject room where a range of resources may be available. These include Discussion Forums, online applications, downloadable audio lectures, and further resources.

Student assessment

Assessment Type	When assessed	Weighting
Assignment	Week 6	40%
Exam	Week 11	60%

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Pre-requisites

Students enrolling in a Masters level elective subject are assumed to have the pre-requisite knowledge in the four core subjects listed below. This requirement can be waived where students are studying one or more core subjects concurrently with an elective, or they are studying single subjects and are not enrolled for the Masters, Graduate Diploma or Graduate Certificate courses. Students enrolling into an elective subject without having completed all core subjects should ensure that they have, or have access to, the pre-requisite or assumed knowledge required for successful completion of the elective subject. For further information on pre-requisite study contact a student adviser.

- Financial Markets and Economic Principles (FIN111)
- Law, Regulation and Ethics (FIN112)
- Techniques in Financial Analysis (FIN113)
- Risk Management for Finance Sector Enterprises (FIN114)

We recommend that you complete the following Kaplan Education subjects (or have a thorough working knowledge of the content) prior to enrolling in this unit:

- Interest Rate Markets (FIN240)

Unit content and structure

Week	Topic
1	Topic 1: Introduction to futures and options markets
2	Topic 2: Futures trading and clearing processes
3	Topic 3: Equity futures
4	Topic 4: Interest rate futures — short-term
5	Topic 5: Interest rate futures — long-term
6	Topic 6: Commodity futures
7	Topic 7: Options trading and strategies
8 -9	Topic 8: Options pricing
10	Topic 9: Equity-based options
11	Topic 10: Interest rate options

Workload

Students in this subject would be expected to undertake between 10–11hours of student effort per week. The grid below indicates the types of activities that students would undertake during the trimester.

Learning activity	Time allocated
Course notes, text book reading and additional reading	30
e-learning activities, subject room learning resources	20
Listening to and reviewing recorded topic lectures (available from your Subject Room)	20
Assessment preparation	50
Total hours	**120**

Reading List

The following list of references provides the student with key and additional reading material. In some cases students may be required to access certain texts. This information will be made available upon enrolment.

Chance, D 2007, *An Introduction to Derivatives and Risk Management*, 7th edn., Thomson South Western

Hull, JC. 2009, *Options, Futures and Other Derivatives*, 7th edn., Prentice Hall.

McMillan, LG 2002, *Options as a Strategic Investment*, 4th edn., Prentice-Hall.

Natenberg, S 1994, *Options Volatility and Pricing: Advanced Trading Strategies and Techniques*, Probus.

The Australian Financial Markets Association (AFMA) Code of Conduct.