

MT-354 Financial Derivatives

Basic derivatives instruments: definition and types of financial derivatives, history of derivatives, use of derivatives, critiques of derivatives, myths of derivatives, forwards and futures: financial future contracts, types of financial future contracts, evolution of future market, traders in future market, functions of future market, growth of future market, future market trading mechanism, future prices, forward contracts, forward market, classification of forward contracts, forward trading mechanism, forward prices, financial swaps and options: concept and nature, evolution of swap market, types of financial swaps, interest rate swaps, concept of options, options valuation and positions, naked and covered options, options pricing models, binomial option pricing model, black and scholes model principles of options trading, hedging with options. Currency and futures options: foreign exchange market, foreign exchange quotations, identify a foreign currency arbitrage, forward foreign exchange market, value dates and cash flows, currency options, foreign currency options markets, currency options quotations and prices.

Recommended Books:

1. "Financial Derivatives Theory Concept and Problems", S.L. Gupta, prentice-Hall of India, 2006.
2. "Financial Derivatives in Theory and Practice", [Philip Hunt](#), John Wiley and Sons, 2004.