

## Course Syllabus

|                                   |  |                               |
|-----------------------------------|--|-------------------------------|
| <b>Course Code/Sec. and Title</b> | FIN 0009/01 Introduction to Derivatives Market   |                               |
| <b>Schedule</b>                   | <b>Semester:</b>   | <b>Fall 2018</b>              |
|                                   | <b># of sessions/days of the week:</b>   | <b>10 Sessions / Tuesdays</b> |
|                                   | <b>Dates:</b>  | <b>9/25/2018 – 12/4/2018</b>  |
|                                   | <b>Times:</b>  | <b>6:15pm – 8.45pm</b>        |
|                                   | <b>Location/Room#</b>  | <b>55 Lex VC 6-145</b>        |
| <b>Instructor Name</b>            | Chris Droussiotis  |                               |
| <b>Contact Information</b>        | Email: <a href="mailto:Christakis.Droussiotis@baruch.cuny.edu">Christakis.Droussiotis@baruch.cuny.edu</a><br>Tel: (908) 930-4725 (Voice and Text)  |                               |
| <b>Course Description</b>         | <p>The course will give an introductory overview of futures contracts, forward contracts, options and swaps. The course will help the student understand how to use this asset class as an instrument to hedge risk. The instructor will also provide various spreadsheets to help the student understand the analytics behind these financial instruments.</p> <p>All Lecture Notes/Homework/Class Projects /Reading material are found at the instructor's website at <a href="http://www.ProfessorDrou.com">www.ProfessorDrou.com</a></p> |                               |
| <b>Prerequisites</b>              | N/A  |                               |
| <b>Learning Objectives</b>        | <p>This course has two objectives:</p> <ol style="list-style-type: none"> <li>1. To explore the properties of those derivatives that are commonly encountered in practice such as forward contracts, futures contracts and options;</li> <li>2. To provide a general framework within which all derivatives can be valued and hedged.</li> </ol>   |                               |
| <b>Materials/Books</b>            | <p>Textbook, <b>Introduction to Derivatives and Risk Management 10th Edition</b><br/>Don M. Chance; Roberts Brooks<br/>Cengage Learning<br/><b>ISBN-13:</b> 9781305104969<br/><a href="https://isbnsearch.org/isbn/9781305104969">https://isbnsearch.org/isbn/9781305104969</a></p>  |                               |

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| Outline/<br>Assignments  | Session | Date   | Topic  | Textbook –<br>Read<br>Lecture # | Homework           | Exams |
|--|---------|--------|--|---------------------------------|--------------------|-------|
|  | 1       | Sep 25 | Intro to Finance and Derivatives <ul style="list-style-type: none"> <li>• Time/Value concepts</li> <li>• Views/Direction</li> <li>• Forward &amp; Futures</li> <li>• Options &amp; Swaps</li> <li>• Other Derivatives</li> </ul> | Chapter 1,2 /<br>Lecture 1      |                    |       |
|  | 2       | Oct 2  | <ul style="list-style-type: none"> <li>• <b>Basic Option Strategies</b></li> </ul>   | Chapters 6<br>Lecture 2         |                    |       |
|  |         | Oct 9  | NO CLASS   |                                 |                    |       |
|  | 3       | Oct 16 | <ul style="list-style-type: none"> <li>• Advanced Option Strategies</li> </ul>   | Chapters 7<br>Lecture 3         | Homework #1<br>Due |       |
|  | 4       | Oct 23 | <ul style="list-style-type: none"> <li>• Principal of Option Pricing</li> <li>• Intro to Binomial Option Pricing Model (Method #1)</li> </ul>  | Chapter 3<br>Lecture 4          | Homework #2<br>Due |       |
|  | 5       | Oct 30 | <ul style="list-style-type: none"> <li>• Option Pricing Models:</li> <li>• The BOPM – Single and multi-stage approach</li> <li>• MID-TERM REVIEW</li> </ul>  | Chapter 4<br>Lecture 5          | Homework #3<br>Due |       |
|  | 6       | Nov 6  | <b>MID-TERM EXAM</b>   |                                 |                    |       |
|  | 7       | Nov 13 | <ul style="list-style-type: none"> <li>• Option Pricing Models:</li> <li>• Black-Scholes Merton</li> </ul>   | Chapter 5<br>Lecture 6          |                    |       |
|  | 8       | Nov 20 | <ul style="list-style-type: none"> <li>• Futures &amp; Forwards</li> </ul>   | Chapter 8<br>Lecture 7          |                    |       |
|  | 9       | Nov 27 | <ul style="list-style-type: none"> <li>• SWAPs &amp; CDS</li> <li>• Final Exam Review</li> </ul>   | Chapter 11                      | Homework #4<br>Due |       |
|  | 10      | Dec 4  | <b>FINAL EXAM</b>  |                                 |                    |       |
| <p><b>Please note: Recording of instructor lessons is strictly prohibited without the express consent of the instructor.</b></p> |         |        |  |                                 |                    |       |

## Course Syllabus

| <b>Attendance Policy</b>   | Attendance for all sessions is required. If a student cannot attend one session, it will be the responsibility of the student to master the information covered. Repeated absences will result in a reduction of the student's grade. Attendance is mandatory for international students. Each student must attend all scheduled classes. Any Contemporary American Business Practices (CABP) student who has more than two absences in a class or any full-time ESL student who misses more than 20% of scheduled sessions may result in a failing grade for the course. For Real Estate Licensing courses, students cannot miss more than 10% of the course.  |                      |            |                  |      |          |      |                     |     |   |            |    |           |    |           |   |           |    |           |    |           |   |           |    |           |    |           |   |           |  |  |   |            |             |                    |                      |                |     |     |        |     |     |         |     |     |         |     |     |        |     |     |
|----------------------------|---|----------------------|------------|------------------|------|----------|------|---------------------|-----|---|------------|----|-----------|----|-----------|---|-----------|----|-----------|----|-----------|---|-----------|----|-----------|----|-----------|---|-----------|--|--|---|------------|-------------|--------------------|----------------------|----------------|-----|-----|--------|-----|-----|---------|-----|-----|---------|-----|-----|--------|-----|-----|
| <b>CABP Failure Policy</b> | If a Contemporary American Business Practices (CABP) student fails a course, they will need to repeat the course. The student is responsible for contacting the CAPS office within 10 days of the ending date of the course to make arrangements to re-take the course in a subsequent semester. A CABP student will not be eligible to apply for OPT or to receive a certificate unless all failed courses are subsequently passed.  |                      |            |                  |      |          |      |                     |     |   |            |    |           |    |           |   |           |    |           |    |           |   |           |    |           |    |           |   |           |  |  |   |            |             |                    |                      |                |     |     |        |     |     |         |     |     |         |     |     |        |     |     |
| <b>Grading Criteria</b>    | <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Attendance</td> <td style="text-align: right;">10 %</td> </tr> <tr> <td>Exam 1/ Exam 2 *</td> <td style="text-align: right;">70 %</td> </tr> <tr> <td>Homework</td> <td style="text-align: right;">15 %</td> </tr> <tr> <td>Class Participation</td> <td style="text-align: right;">5 %</td> </tr> </table> <hr/> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%;">A</td> <td style="width: 35%;">93.0-100.0</td> <td style="width: 15%;">C+</td> <td style="width: 35%;">77.1-79.9</td> </tr> <tr> <td>A-</td> <td>90.0-92.9</td> <td>C</td> <td>73.0-77.0</td> </tr> <tr> <td>B+</td> <td>87.1-89.9</td> <td>C-</td> <td>70.0-72.9</td> </tr> <tr> <td>B</td> <td>83.0-87.0</td> <td>D+</td> <td>67.1-69.9</td> </tr> <tr> <td>B-</td> <td>80.0-82.9</td> <td>D</td> <td>60.0-67.0</td> </tr> <tr> <td></td> <td></td> <td>F</td> <td>Below 60.0</td> </tr> </table> <p>A student has 30 days from the ending date of the course in which to contest their grade. Students should first contact their instructors for a breakdown of their final grade. If you still wish to appeal your grade, please email caps@baruch.cuny.edu.</p> <p style="padding-left: 40px;">35% for each Exam (Mid-Term and Final)</p> <p><b>*CD Factor:</b><br/>     This is to give the benefit for students of significant improvement between Mid-Term Exam and Final. The Weighted averages are as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-left: 40px;"> <thead> <tr> <th style="width: 33%;">Improvement</th> <th style="width: 33%;">Mid-Term Weighting</th> <th style="width: 33%;">Final Exam Weighting</th> </tr> </thead> <tbody> <tr> <td>35% and higher</td> <td style="text-align: center;">15%</td> <td style="text-align: center;">55%</td> </tr> <tr> <td>30-34%</td> <td style="text-align: center;">20%</td> <td style="text-align: center;">50%</td> </tr> <tr> <td>25%-29%</td> <td style="text-align: center;">25%</td> <td style="text-align: center;">45%</td> </tr> <tr> <td>20%-24%</td> <td style="text-align: center;">30%</td> <td style="text-align: center;">40%</td> </tr> <tr> <td>19% or</td> <td style="text-align: center;">35%</td> <td style="text-align: center;">35%</td> </tr> </tbody> </table> | Attendance           | 10 %       | Exam 1/ Exam 2 * | 70 % | Homework | 15 % | Class Participation | 5 % | A | 93.0-100.0 | C+ | 77.1-79.9 | A- | 90.0-92.9 | C | 73.0-77.0 | B+ | 87.1-89.9 | C- | 70.0-72.9 | B | 83.0-87.0 | D+ | 67.1-69.9 | B- | 80.0-82.9 | D | 60.0-67.0 |  |  | F | Below 60.0 | Improvement | Mid-Term Weighting | Final Exam Weighting | 35% and higher | 15% | 55% | 30-34% | 20% | 50% | 25%-29% | 25% | 45% | 20%-24% | 30% | 40% | 19% or | 35% | 35% |
| Attendance                 | 10 %  |                      |            |                  |      |          |      |                     |     |   |            |    |           |    |           |   |           |    |           |    |           |   |           |    |           |    |           |   |           |  |  |   |            |             |                    |                      |                |     |     |        |     |     |         |     |     |         |     |     |        |     |     |
| Exam 1/ Exam 2 *           | 70 %  |                      |            |                  |      |          |      |                     |     |   |            |    |           |    |           |   |           |    |           |    |           |   |           |    |           |    |           |   |           |  |  |   |            |             |                    |                      |                |     |     |        |     |     |         |     |     |         |     |     |        |     |     |
| Homework                   | 15 %  |                      |            |                  |      |          |      |                     |     |   |            |    |           |    |           |   |           |    |           |    |           |   |           |    |           |    |           |   |           |  |  |   |            |             |                    |                      |                |     |     |        |     |     |         |     |     |         |     |     |        |     |     |
| Class Participation        | 5 %   |                      |            |                  |      |          |      |                     |     |   |            |    |           |    |           |   |           |    |           |    |           |   |           |    |           |    |           |   |           |  |  |   |            |             |                    |                      |                |     |     |        |     |     |         |     |     |         |     |     |        |     |     |
| A                          | 93.0-100.0  | C+                   | 77.1-79.9  |                  |      |          |      |                     |     |   |            |    |           |    |           |   |           |    |           |    |           |   |           |    |           |    |           |   |           |  |  |   |            |             |                    |                      |                |     |     |        |     |     |         |     |     |         |     |     |        |     |     |
| A-                         | 90.0-92.9   | C                    | 73.0-77.0  |                  |      |          |      |                     |     |   |            |    |           |    |           |   |           |    |           |    |           |   |           |    |           |    |           |   |           |  |  |   |            |             |                    |                      |                |     |     |        |     |     |         |     |     |         |     |     |        |     |     |
| B+                         | 87.1-89.9   | C-                   | 70.0-72.9  |                  |      |          |      |                     |     |   |            |    |           |    |           |   |           |    |           |    |           |   |           |    |           |    |           |   |           |  |  |   |            |             |                    |                      |                |     |     |        |     |     |         |     |     |         |     |     |        |     |     |
| B                          | 83.0-87.0   | D+                   | 67.1-69.9  |                  |      |          |      |                     |     |   |            |    |           |    |           |   |           |    |           |    |           |   |           |    |           |    |           |   |           |  |  |   |            |             |                    |                      |                |     |     |        |     |     |         |     |     |         |     |     |        |     |     |
| B-                         | 80.0-82.9   | D                    | 60.0-67.0  |                  |      |          |      |                     |     |   |            |    |           |    |           |   |           |    |           |    |           |   |           |    |           |    |           |   |           |  |  |   |            |             |                    |                      |                |     |     |        |     |     |         |     |     |         |     |     |        |     |     |
|                            |   | F                    | Below 60.0 |                  |      |          |      |                     |     |   |            |    |           |    |           |   |           |    |           |    |           |   |           |    |           |    |           |   |           |  |  |   |            |             |                    |                      |                |     |     |        |     |     |         |     |     |         |     |     |        |     |     |
| Improvement                | Mid-Term Weighting  | Final Exam Weighting |            |                  |      |          |      |                     |     |   |            |    |           |    |           |   |           |    |           |    |           |   |           |    |           |    |           |   |           |  |  |   |            |             |                    |                      |                |     |     |        |     |     |         |     |     |         |     |     |        |     |     |
| 35% and higher             | 15%   | 55%                  |            |                  |      |          |      |                     |     |   |            |    |           |    |           |   |           |    |           |    |           |   |           |    |           |    |           |   |           |  |  |   |            |             |                    |                      |                |     |     |        |     |     |         |     |     |         |     |     |        |     |     |
| 30-34%                     | 20%   | 50%                  |            |                  |      |          |      |                     |     |   |            |    |           |    |           |   |           |    |           |    |           |   |           |    |           |    |           |   |           |  |  |   |            |             |                    |                      |                |     |     |        |     |     |         |     |     |         |     |     |        |     |     |
| 25%-29%                    | 25%   | 45%                  |            |                  |      |          |      |                     |     |   |            |    |           |    |           |   |           |    |           |    |           |   |           |    |           |    |           |   |           |  |  |   |            |             |                    |                      |                |     |     |        |     |     |         |     |     |         |     |     |        |     |     |
| 20%-24%                    | 30%   | 40%                  |            |                  |      |          |      |                     |     |   |            |    |           |    |           |   |           |    |           |    |           |   |           |    |           |    |           |   |           |  |  |   |            |             |                    |                      |                |     |     |        |     |     |         |     |     |         |     |     |        |     |     |
| 19% or                     | 35%   | 35%                  |            |                  |      |          |      |                     |     |   |            |    |           |    |           |   |           |    |           |    |           |   |           |    |           |    |           |   |           |  |  |   |            |             |                    |                      |                |     |     |        |     |     |         |     |     |         |     |     |        |     |     |
| <b>W</b>                   | <p>Students who do not wish to continue in a class must complete a WITHDRAWAL REQUEST FORM in the main office. They will receive a grade of "W" in the course.</p> <p><b>It is not designed to keep a student from failing a course. A "W" grade may be issued to a student up to the midpoint of the course, as long as no failing grades have been recorded. "W" grades are not applicable for international students who are studying on an F1/I-20 student visa, nor for students in the CABPs program.</b></p>   |                      |            |                  |      |          |      |                     |     |   |            |    |           |    |           |   |           |    |           |    |           |   |           |    |           |    |           |   |           |  |  |   |            |             |                    |                      |                |     |     |        |     |     |         |     |     |         |     |     |        |     |     |
| <b>AUD</b>                 | Students who do not wish to receive a grade in the class must complete an AUDIT REQUEST FORM in the main CAPS office. The AUDIT is subject to approval by the Program Director and must be submitted prior to the third class meeting (for a standard eight or ten session course) or prior to the second class meeting (for a five or shorter course). A course taken on an AUD basis may NOT be used to satisfy the requirements of a certificate program.  |                      |            |                  |      |          |      |                     |     |   |            |    |           |    |           |   |           |    |           |    |           |   |           |    |           |    |           |   |           |  |  |   |            |             |                    |                      |                |     |     |        |     |     |         |     |     |         |     |     |        |     |     |

## Course Syllabus

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|   | Once granted, the Audit option is not reversible   |
| <b>Pass/Fail</b>                            | Students who wish to be graded on a Pass/Fail basis must complete a PASS/FAIL REQUEST FORM in the main CAPS office. The form is subject to approval by the Program Director and must be submitted prior to the third class meeting (for a standard eight or ten session course) or prior to the second class meeting (for a five or shorter course). This course may NOT be used to satisfy the requirements of a certificate program (except for 11.25 hours or shorter Real Estate courses). Once granted, the Pass/Fail option is not reversible. The student must attend 80% of the classes and complete all course requirements in order to receive a “passing” grade. The following courses: Personal Development, Seminars and Certified Financial Planning, are always graded on a Pass/Fail basis..   |
| <b>INC</b>                                  | <p>This grade may NOT be used in ESL classes. Students with a justifiable cause may request a grade of INC, subject to approval by both the instructor and the Program Director. The student must complete all remaining assignment(s) within 30 days after the last day of class or the INC grade will change to a grade of “F”. Final exams must be taken within seven days of the ending date of the course. The grade of INC is intended for students with medical or emergency issues which prevented them from completing the requirements of the course within the regular term. Conditions which justify an INC are as follows:</p> <ul style="list-style-type: none"> <li>▪ There must be documented and extenuating circumstances (such as health issues or a death in the family).</li> <li>▪ The student must have been attending class on a regular basis.</li> <li>▪ Both the instructor and the Program Director must approve the INC.</li> <li>▪ All course requirements must be completed <u>within 30 days</u>, after which the grade will change to an “F”.</li> </ul> <p>If a student has missed a final exam and does not have a documented, extenuating circumstance, this does <u>not</u> qualify for an INC, nor a make-up exam. The student receives a grade of “F” for the final exam.</p> |
| <b>COMP</b>                                 | Awarded to students who have completed a preparation course, i.e. GMAT.  |
| <b>R</b>                                    | ESL & Modern Language Only: Course must be repeated until minimum proficiency is attained.   |
| <b>Academic dishonesty &amp; Plagiarism</b> | <p>Academic sanctions in this class may range from an F on the assignment to an F in this course or expulsion from the program. A report of suspected academic dishonesty will be sent to the Program Director and the Associate Dean.</p> <p>Additional and Important information for students about the consequences of cheating and plagiarism: <a href="http://www.baruch.cuny.edu/academic/academic_honesty.html">http://www.baruch.cuny.edu/academic/academic_honesty.html</a></p>   |
| <b>Instructor Bio</b>                       | <p>Professor Droussiotis’ training and expertise is in the area of Investment Banking. Possessing over 30 years of experience by working for numerous corporations in various executive management positions at :</p> <ul style="list-style-type: none"> <li>• Bank of America Merrill Lynch</li> <li>• CIBC Oppenheimer</li> <li>• Mizuho Financial Group</li> <li>• Bank of Tokyo-Mitsubishi Trust UFJ</li> <li>• Sumitomo Mitsui Banking Corporation</li> <li>• Mitsui Nevitt Banking Corporation</li> </ul> <p>Professor Droussiotis is currently a Managing Director, General Manager and the Head of the Leverage Finance, Private Equity Sponsor Group &amp; Structured Finance Department at</p>   |

## Course Syllabus

Sumitomo Mitsui Banking Corporation managing a loan portfolio of over \$8 billion of large cap and middle market leveraged loans, as well as investments in SPV funds, CLOs and BDCs that are backed by leveraged loans and high yield bonds.

### **Academic Experience**

Adjunct Professor for Columbia University's School of Professional Studies, Fordham University's Gabelli School of Business, Baruch College's Economics & Finance Department in NY, Baruch College's Continuing and Professional Studies (CAPS), Stillman School of Business at Seton Hall and Fairleigh Dickinson University's International School of Hospitality and Tourism Management in NJ. Courses include Quantitative Analysis in Business, Investment Analysis, Corporate Finance, Managerial Finance, Commercial Credit & Banking, Debt & Fixed Income Markets, Derivative Strategies, Business Statistics, Equity Valuation and Advanced New Venture Management.

Professor Droussiotis has also given lectures on various subjects including Leveraged Buyouts, Credit Markets, Loan Syndications, Capital Markets at Baruch College, Bank of China, Cendant Corporation, China Construction Bank, Wyndham Worldwide, Travelport and the Industrial Bank of Japan, etc.

### **Specialties**

Leveraged Finance, Loan Syndication and Private Placements, Quantitative Analysis including Portfolio Risk, Financial Modeling, Credit Analysis, Equity Return Analysis and CLOs. Professor Droussiotis is a member of various associations such as Hellenic American Bankers Association (HABA) and the Mathematical Association of America (MAA).