

Module Details	
Module Title	Derivatives Pricing and Valuation
Module Code	AFE7507-B
Academic Year	2020/1
Credits	20
School	School of Management
Subject Area	Accounting, Finance and Economics
FHEQ Level	FHEQ Level 7
Pre-requisites	N/A
Co-requisites	N/A

Contact Hours	
Type	Hours
Online Lecture (Synchronous)	24
Online Seminar (Synchronous)	12
Seminars	12
Directed Study	152

Availability	
Occurrence	Location / Period
BDA	University of Bradford / Semester 2

Module Aims
<p>The aims of Derivative Pricing and Valuation are to develop a critical understanding of the fundamental position of derivatives in corporate finance as well as their price and role in risk management. The module considers the nature of fixed-income securities and risky assets in pricing their derivatives and the impact of derivative pricing on company valuation.</p>

Outline Syllabus

Fixed Income: Securities and markets, term structure and volatility of interest rates, bond management
 Derivatives: Forwards, futures and swaps, arbitrage pricing, payoff, role in risk management
 Derivatives: options, characteristics, strategies, payoff and profit
 Derivatives: plain vanilla option pricing models, binomial, Black-Scholes, greeks
 Derivatives: Exotic option pricing
 Derivatives: Interest rate and fixed income derivatives, pricing models
 Derivatives: Corporate valuation

Learning Outcomes

Outcome Number	Description
01	Critically evaluate the pricing method and role of derivatives in corporate finance.
02	Illustrate effectively derivative pricing methods through estimation and computation.
03	Identify and evaluate the factors affecting the pricing of derivatives on fixed-income securities and risky assets, as well as on the underlying instruments themselves.
04	Critically analyse the key characteristics of derivative instruments, the pricing determinants and their role in risk management.
05	Construct effective risk management strategies for moderating the risk associated with price and interest rate uncertainty.
06	Make rational judgments on the use of derivatives in managing exposure and corporate valuation.
07	Manage complex issues systematically, access and analyse data and information, and evaluate its relevance and validity.
08	Work effectively in teams to resolve problems and achieve objectives.

Learning, Teaching and Assessment Strategy

The module uses a blended approach to support learning and achievement. A series of 12 two consecutive 60-minute synchronous time-tabled recorded lectures are to be delivered every week, each designed to prompt student involvement. Lectures cover core learning outcome and examine the ways theory can explain real-world events. The live lectures are recorded to be made available on CANVAS to facilitate student asynchronous learning. Each online lecture is supported by the module study book published on CANVAS, which supplements the list of readings and alternative learning opportunities. It is made up of 12 integrated chapters using instructional materials such as text, video, numerical and discursive questions, case studies, quizzes etc and other learning activities to encourage critical learning. Seminars following blended learning principles are design to engage students on various learning aspects and to offer opportunities to achieve a deeper, critical evaluation of the subject. Enrolled students are expected to be well prepared by having engaged with the relevant material and ready to respond to previously set learning activities. More practical skill-based learning is motivated through access to Bloomberg Laboratory and the use of Excel? and R.

The summative assessment is a composite piece of individual course-work, designed to test all the learning outcomes (1-8). Since it draws on the various learning opportunities, it acts as an incentive for students to actively engage with the online learning activities.

Mode of Assessment				
Type	Method	Description	Length	Weighting
Summative	Coursework	Individual Coursework	N/A	100%

Reading List
To access the reading list for this module, please visit https://bradford.rl.talis.com/index.html

Please note:

This module descriptor has been published in advance of the academic year to which it applies. Every effort has been made to ensure that the information is accurate at the time of publication, but minor changes may occur given the interval between publishing and commencement of teaching. Upon commencement of the module, students will receive a handbook with further detail about the module and any changes will be discussed and/or communicated at this point.

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