Dr. V. N. Bedekar Institute of Management Studies, Thane
Teaching Learning Plan - MMS
Academic Year: 2020-2021

Programme Name: MMS Semester: III Period: August 2020 – December 2020
Course Code:MMS-3-Fin-C-03

Name of the subject: Derivative and Risk Mangement Maximum marks: 100 (60+40)
No. of Sessions: 14

Name of the Faculty: Dr, Meenakshi Malhotra
Mobile No: 8054498839 Email: mmalhotra@vpmthane.org

Program Outcomes (PO)	**Course Outcomes (CO)**
1.Nurture leadership skills, team-membership skills and mutual trust. 2.Demonstrate decision-making ability. 3.Ability to develop culture of technology-usage. 4.Inculcate social sensitivity among students. 5.Integrate and apply business knowledge and management techniques for problem-solving / analytical skills.	1. Appling directional and non directional option strategies for risk management 2. Analyse the pricing and valuation of derivatives using Binomial and Black Scholes model. 3. Evaluate the risk management and market volatility using greeks in derivative market. 4. Understand the process of daily and final clearing , settlement process of market

Reference Books:

R1: Hull John C. - Options, Futures and other derivatives
R2: Shrivastava- Derivatives and Risk Management
R3: Dr. Manu Sharma- Financial Derivatives A Case Study Based Learning
Websites:

1. www.nseindia.com
2. www.investing.com
3. www.snapalphacapitalmind.com

A. Plan:

Session No.	**Pl. Date**	**Topic**	**Ref. Study Material**	**Course Outcomes**
1	7th August	Introduction to Derivatives Economic functions of derivatives, application of derivatives – for risk management and speculation (Leveraging), Basic terms and properties of	R1 Chap 1 http://www.moneycontrol.com/india/fnoquote/hcl-technologies/HCL02/2018-07-26 https://www.nseindia.com/	Understanding the basics of derivatives markets

		options.	Case: How to hedge your investments in stocks using derivatives Using futures and options you can limit your risks associated with investments in stocks.	
2	10th August	Properties of futures and forwards. Forwards and Futures Pricing and valuation - futures and forwards.	R3 CHAP 7 http://www.moneycontrol.com/india/fnoquote/hcl-technologies/HCL02/2018-07-26 https://www.nseindia.com/ Case: 'Cash & Carry Arbitrage'	Understanding the process of pricing and valuation of forwards and futures
3	17th August	Risk management using futures. Introduction to currencies, commodity and interest rate futures.	R1 Chap 6 https://www.investopedia.com/terms/i/interestratefuture.asp Case: Hedging with Long futures Case: Hedging with short futures	Apply the risk management Hedging strategies using futures
4	24th August	Mechanics and Properties of Options Co-relation with underlying assets, boundary conditions for options.	Options Trading Strategies Module-NSE http://www.moneycontrol.com/india/fnoquote/hcl-technologies/HCL02/2018-07-26	Understanding mechanics of options
5	31st August	Put-call parity and its interpretation, synthetic options and risk free arbitrage	Options Trading (Advanced) Module-NSE Options Trading Strategies Module-NSE https://www.discoveroptions.com/mixed/content/education/articles/putcallparity.html Case: Synthetic long of Bank Nifty Caselet: Put call parity	Understanding and applying the concept of synthetic options

6	7th September	Option Trading Strategies Directional strategies (Bull call spread, Bear put spread, Ladder, Ratio spreads), Non-directional strategy (butterfly, condor).	R3 Chap:5 Module-NSE Case: Election 2019 startegy	Apply different directional and non directional option strategies
7	14th September	Volatility based strategies (Straddle, Strangle, Calendar Spread), Hedging strategies (Protective put, covered call). INTERNAL TEST	R3 Chap: 5 Options Trading Strategies Module-NSE http://www.theoptionsguide.com/condor.aspx Case: Bank Nifty 29 nov Covered call. Article: Use of Calendar Spreads on Nifty to play Volatility	Apply various volatile option strategies
8	21st September	Introduction to Options Valuation Binominal Model for valuation, risk neutral probabilities and their interpretation, binomial model's application for American options where the underlying pays the dividend.	R1 Chap 11 https://corporatefinanceinstitute.com/resources/knowledge/valuation/option-pricing-models/ Case: Single and Double Binomial model	Calculating the values of call and put premium and hedging ratio
9	28th September	Black and Scholes Model, log – normal distribution, interpreting the B & S formula, seeing options sensitivity to different variable.	R1 Chap : 13 http://www.optiontradingpedia.com/free_black_scholes_model.htm https://corporatefinanceinstitute.com/resources/knowledge/valuation/option-pricing-models/	Calculating the values of call and put premium
10	12th October	Risk Management Options sensitivity to the underlying, volatility, strike price, interest rate, time to expiration. Scenario analysis. Risk management using Greeks- Delta, Theta, Vega and Gamma risks of options.	R1 Chap 17 https://www.quantinsti.com/blog/the-greeks-in-options-delta-gamma-theta-and-vega/ Case: Live market from economic times	Understanding risk assessment methods and asseing the greeks to formulate strategies

11	19th October	Understanding options Greeks for various trading strategies (volatility and directional spreads), delta / dynamic hedging and relating the cost of Delta.	R1 Chap 17 http://www.optiontradingpedia.com/delta_neutral_trading.htm Case: Live market from economic times	Understanding Options Greeks for formulation of startegies
12	26th October	Options Volatility Historical and implied volatility, volatility smile, term structure of volatility, some advance models of volatility estimation.	R1 Chap 20 https://www.investopedia.com/university/optionvolatility/volatility2.asp Case: Tata Steel Historic Volatility	Understanding and calculating volatility
13	2nd November	Value at risk, historical simulation, model building approach, stress testing and back testing. Trading, Clearing and Settlement in Derivatives Markets Meaning and concept, SEBI guidelines, Trading mechanism, learning mechanism role of NSCCL, settlement mechanism, types of settlement, accounting and taxation aspect of derivatives trade.	R1 Chap 21 https://www.investopedia.com/terms/s/stresstesting.asp https://www.investopedia.com/articles/04/092904.asp NSE module https://www.nseindia.com/ Case: Portfolio buiding using historic simulation INTERNAL TEST	Analyze the Volatility and its relation to demand and supply of options Understanding the process of trading, clearing and settlement

Dr. V. N. Bedekar Institute of Management Studies, Thane
Teaching Learning Plan - MMS
Academic Year: 2020-2021

B. Practical Approach: Other activities

Sr. No.	Activity Name	Topic Coverd	Learning outcomes	Source
1	Academic Projects	Dummy Portfolio	Actual practical experience of trading and investment	
2	Use of Economic Times	Options Stratgies and Daily market movement	Practical Knowledge and increase in class participation	**https://economictimes.indiatimes.com/**
3	Business Quiz / Business News sharing	Trading and settlement in NSE, Greeks, Derivative Knowledge	Practical Knowledge and increase in class participation	**Nse Modules**
4	Videos / Simulation	Options, Derivatives, Valuation	Easy learning and concept clarity for students	1. Warren Buffett- Investment Advice & Strategy #MentorMeWarren 2.https://www.youtube.com/watch?v=FLGRPYAtF 3. Khan Academy
5	Use of Softwares and Labs	Portfolio development	Live Trading	**https://www.moneycontrol.com/** **https://login.axisdirect.in/**
6	Presentation By students	Option Strategies	Practical Knowledge and improvement in presentation skills.	

C. Innovative pedagogy adopted:

Students are required to build 7 strategies within a duration of 15 days. Thay will be required to maintain the record of P/L account. At the end they will be required to present it in class. The Academic project will help them to have a live experience with derivative trading. This will help them to understand the market better.

Live cases in the class for example elections 2019 like Stragies like butterfly are analysed, Econimc Times startegies analysis.

Prepared by: **Faculty**	**Reviewed by:** **Specialisation**	**Approved by:** **ADC**
Date:	**Date:**	**Date:**

A. Execution:

Session No.	Actual Date	Topic Covered	Attendance %	Evaluation Method	Case Study Ref.	Quiz Ref.	CR Sign

B. Evaluation:

Component	Details	Marks
Presentations/ Viva	Mandatory	5+5
Class Test	Mandatory (MCQ, Descriptive,. Etc)	20
Assignments / Others	Mandatory	5
Participation/Attendance	Mandatory	5
Final Exam	Mandatory	60

Comments / Suggestions / Recommendations:

Suggestions (if any) to students on subject related Certificate/Diploma or Add-on program: -

NSE Certified Capital Market Professional (NCCMP) Course

Signature of Faculty **Signature of the Co-ordinator / ADC**