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Senate App 5/7/02

# CURRICULUM PROPOSAL COVER SHEET
University-Wide Undergraduate Curriculum Committee

## I. CONTACT

Contact Person Karen Duhala Phone 5767

Department Finance and Legal Studies

## II. PROPOSAL TYPE (Check All Appropriate Lines)

X COURSE Derivatives
Suggested 20 character title

____ New Course* ______
Course Number and Full Title

____ Course Revision ______
Course Number and Full Title

____ Liberal Studies Approval+ for new or existing course ______
Course Number and Full Title

____ Course Deletion ______
Course Number and Full Title

X Number and/or Title Change FI385 - Securities and Commodities Markets
Old Number and/or Full Old Title

FI425 - Derivatives
New Number and/or Full New Title

X Course or Catalog Description Change ______
Course Number and Full Title

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____ PROGRAM: ____ Major ____ Minor ____ Track

____ New Program* ______
Program Name

____ Program Revision* ______
Program Name

____ Program Deletion* ______
Program Name

____ Title Change ______
Old Program Name

______
New Program Name

## III. Approvals (signatures and date)

Karen Duhala
Department Curriculum Committee

[signature]
Department Chair

Karen Duhala
College Curriculum Committee

[signature]
College Dean

______
+Director of Liberal Studies (where applicable)

[signature]
*Provost (where applicable)

II. Description of Curriculum Change

A. Catalog Description

1. Current Catalog Description, Title and Number

FIN 385 Securities and Commodities Markets

3 class hours
0 lab hours
3 semester hours
(3c-01-3sh)

Prerequisites: FIN 320, 324

Study of the structure of security and commodity markets; the nature of speculative transaction and methods of trading; analysis of pricing; and the objectives of security and commodity market regulation.

2. Proposed Catalog Description, Title and Number

FIN 425 Financial Derivatives

3 class hours
0 lab hours
3 semester hours
(3c-0l-3sh)

Prerequisites: FIN 320, 324

This course is intended to provide the student with an understanding of how the derivatives markets work, how they are used, and how prices are determined. Topics include the common types of derivatives, their characteristics and properties, and trading methods and strategies. Also covered are fundamental pricing models based on arbitrage pricing theory, binomial, and Black-Scholes models.

B. Summary of Proposed Changes

1. Change Course Title and Number
2. Change Catalog Description

C. Justification/Rationale for the Change

The original title of the course was somewhat of a misnomer. The primary focus of this course has always been on the markets for options and futures contracts. Other securities markets were covered primarily in the Principles of Investments and Financial Institutions and Markets courses. The term "derivatives" is now widely used to describe this class of instruments, which includes more exotic privately and publicly traded contracts in addition to commodity futures and options on securities.

The course was originally more descriptive given the nature of the subject at that time. However, these instruments, their markets, their use in managing risks, and valuation models have become increasingly complex, and the material is now more suitable for a 400-level course.

III. Letters of Support

None required. No other departments are affected by this change.