

Department	International College of Liberal Arts		
Semester	Fall 2025	Year Offered (Odd/Even/Every Year)	Every Year
Course Number	ECON315		
Course Title	Derivatives		
Prerequisites	ECON205 Financial Management OR ECON140 Financial Management		
Course Instructor	LIU Ming	Year Available (Grade Level)	3
Subject Area	Global Business & Economics	Number of Credits	3
Class Style	Lecture	Language of instruction	English

(NOTE 1) Depending on the class size and the capacity of the facility, we may not be able to accommodate all students who wish to register for the course

Course Description	The course will introduce financial derivatives, including options, futures and forward, swaps, and credit default swaps (CDS). The content includes the definitions of these derivatives; how they are traded and priced in financial markets; why people trade them; and how they are used in risk management and speculation. Real-life examples, such as stock options and commodity futures, will be discussed in class. Students will also learn how to develop trading strategies using these derivatives. Additionally, the course will explore notable derivative trading scandals in financial history, providing insights into their impact on financial institutions. Students will also develop social responsibility through real examples in the financial world.
Class plan based on course evaluation from previous academic year	Class plan for this academic year based on the students' course evaluation and feedback in the previous academic year.
Course related to the instructor's practical experience (Summary of experience)	This course is taught by an instructor with practical experience in the financial industry, providing concrete examples to illustrate key finance concepts.
Learning Goals	On successful completion of this course, students will be able to: (1) Understand the concepts of different types of financial derivatives. (2) Understand how derivatives are traded in financial markets. (3) Understand how to price the derivatives. (4) Understand how to form trading strategies using financial derivatives. (5) Understand how derivatives are used in risk management and speculation.

iCLA Diploma Policy	DP1/DP2/DP4
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iCLA Diploma Policy

(DP1) To Value Knowledge – Having high oral and written communication skills to be able to both comprehend and transfer knowledge

(DP2) To Be Able to Adapt to a Changing World – Having critical, creative, problem-solving, intercultural skills, global and independent mindset to adopt to a changing world

(DP3) To Believe in Collaboration – Having a disposition to work effectively and inclusively in teams

(DP4) To Act from a Sense of Personal and Social Responsibility – Having good ethical and moral values to make positive impacts in the world

Active Learning Methods	Problem-Based Learning/Flipped Classroom/Discussion, Debate			
More details/supplemental information on Active Learning Methods	Lectures and problem-solving exercises will help students develop a strong understanding of the basic concepts of financial derivatives. Additionally, articles and videos featuring real-life examples will be assigned and discussed in class, allowing students to gain a deeper insight into the characteristics and applications of financial derivatives.			
Use of ICT	Use multimedia such as videos to show related contents.			
Contents of class preparation and review	Most importantly, students should be motivated to engage with the course material. The course structure will be introduced at the beginning of the semester, and lecture slides and assigned readings will be provided before each class. Students are expected to review these materials in advance and reinforce their understanding afterward. Additionally, students should regularly follow financial news from business journals and actively bring relevant topics for class discussions, connecting theoretical concepts with real-world financial developments.	Hours expected to be spent preparing for class (hours per week)	3 hours	Hours expected to be spent on class review (hours per week) 2 hours
Feedback Methods	(1) Discussions in the class is encouraged and the professor will give feedback on these discussions. (2) Quiz problems and homework will be reviewed in the class after grading. (3) Comments will be given to students' assignments. (4) Students are encouraged to meet with the instructor during the announced office hours. Outside the classroom, appointment and contacts will be appreciated using emails to instructor's email address: liu.ming@c2c.ac.jp.			

Grading Criteria		
Grading Methods	Grading Weights	Grading Content
Class Participations	15%	
Assignments	25%	
Quizzes	60%	

Required Textbook(s)	Options, Futures, and other derivatives, John Hull, 11th edition, Pearson. Other editions are fine.
Other Reading Materials/URL	Regularly reading financial news from reputable financial media and online sources will be highly beneficial.

Plagiarism Policy	Plagiarism is the dishonest act of presenting another person's work as one's own. Duplicate submissions are also considered plagiarism. Depending on the severity of the offense, plagiarism may result in failing the assignment or the course. Repeated violations will be reported to the university, which may impose additional penalties.
Other Additional Notes (Outline crucial policies and info not mentioned above)	This class will be conducted primarily as an interactive lecture, where students are expected to engage in curious, thoughtful, and constructive discussions. We will closely follow the textbook, and students should review the suggested study materials before attending each class. The course consists of two 75-minute lectures per week. Regular attendance is essential, as students who do not attend consistently should not expect to pass the course. In-class questions and discussions on relevant news will be incorporated to reinforce learning and track students' progress. Students are encouraged to actively participate in discussions in order to deepen their understanding of course topics. Quiz problems will be comparable in difficulty to in-class questions and assignments, ensuring that students are well-prepared for assessments.

(NOTE 2) Class schedule is subject to change

Class Schedule	
Class Number	Content
Class 1	Module 1 – Introduction to derivative markets What are derivatives.
Class 2	Module 1 – Introduction to derivative markets What are derivatives – a hypothetical example
Class 3	Module 1 – Introduction to derivative markets What are derivatives – a hypothetical example: how they can be used
Class 4	Module 1 – Introduction to derivative markets What are derivatives – a hypothetical example: who may need them
Class 5	Module 1 – Introduction to derivative markets What are derivatives – a hypothetical example: who may need them
Class 6	Module 1 – Introduction to derivative markets What are derivatives – a hypothetical example: who may need them
Class 7	Module 2 – Forwards and futures Forward – how they are traded.

Class 8	Module 2 – Forwards and futures Forward – how they are traded.
Class 9	Module 2 – Forwards and futures Forward – use forward to hedge risks
Class 10	Module 2 – Forwards and futures Forward – use forward to hedge risks
Class 11	Module 2 – Forwards and futures Futures – introduction of concepts.
Class 12	Module 2 – Forwards and futures Futures – introduction of concepts.
Class 13	Module 2 – Forwards and futures Futures – how they are traded
Class 14	Module 2 – Forwards and futures Futures – how they are traded
Class 15	Module 2 – Forwards and futures Forward vs. Futures
Class 16	Module 2 – Forwards and futures Forward vs. Futures
Class 17	Module 2 – Forwards and futures Forward and Futures: trading scandals

Class 18	Quiz
Class 19	Module 3 – Options Introduction: concept
Class 20	Module 3 – Options Introduction: concept
Class 21	Module 3 – Options Introduction: use stock option as an example
Class 22	Module 3 – Options Introduction: use stock option as an example
Class 23	Module 3 – Options Introduction: where they are traded
Class 24	Module 3 – Options Introduction: pricing
Class 25	Module 3 – Options Introduction: pricing
Class 26	Module 3 – Options strategies that combine different options: stock and stock options
Class 27	Module 4 – Swaps. Introductions to concepts.

Class 28	Module 4 – Swaps. Introductions to concepts.
Class 29	Module 4 – Swaps. Credit Default Swaps (CDS).
Class 30	Quiz