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Office Hours: Tuesdays and Thursdays 15:00-17:00 (in person), Wednesdays 10:00-12:00 (online).


SOA Study Note: IFM-22-18: Actuarial Applications of Options and Other Financial Derivatives

Outline: This course is an introduction to several topics related to quantitative finance:

- **Financial derivatives**: derivatives specification and cash flows, static no-arbitrage relationships, futures contract.
- **Binomial option pricing models**: risk-neutral pricing, replicating portfolio.
- **Black-Scholes option pricing model**: lognormal model, Black-Scholes formula, historical volatility.
- **Derivatives risk management**: Greeks, hedging.
- **Mean-variance portfolio theory**: mean-variance setting, efficient frontier, capital market line.
- **Asset pricing models**: CAPM, factor models.
- **Investment Risks**: risk measures.
- **Behavioral Finance**: efficient market hypothesis (EMH), anomalies, behavioral biases.

Evaluation: The course mark will be determined by a mid-term exam (30% weight), a final exam (50% weight) and assignments (20% weight).
If the grading scheme for this course includes graded assignments, a reasonable and representative subset of each assignment may be graded. Students will not be told in advance which subset of the assigned problems will be marked and should therefore attempt all assigned problems.

**CIA Accreditation:** This course is accredited by the Canadian Institute of Actuaries (CIA) under the University Accreditation Program (UAP). A grade of B+ or better in this course is needed to apply to the CIA for the exemption of Exam IFM. Please note that due to exceptional circumstances associated with online teaching this semester, the B+ threshold could be revised by the CIA after final grades are audited.

In addition to the university’s internal policies on conduct, including academic misconduct, candidates pursuing credits for writing professional examinations shall also be subject to the [Code of Conduct and Ethics for Candidates in the CIA Education System](concordia.ca), and the associated [Policy on Conduct and Ethics for Candidates in the CIA Education System](concordia.ca). For more information, please visit [Obtaining UAP Credits](concordia.ca) and the [CIA FAQ](concordia.ca).

**Academic Integrity and the Academic Code of Conduct**
This course is governed by Concordia University’s policies on Academic Integrity and the Academic Code of Conduct as set forth in the Undergraduate Calendar and the Graduate Calendar. Students are expected to familiarize themselves with these policies and conduct themselves accordingly. “Concordia University has several resources available to students to better understand and uphold academic integrity. Concordia’s website on academic integrity can be found at the following address, which also includes links to each Faculty and the School of Graduate Studies: concordia.ca/students/academic-integrity.” [Undergraduate Calendar, Sec 17.10.2]

**Behaviour**
All individuals participating in courses are expected to be professional and constructive throughout the course, including in their communications.

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**Extraordinary circumstances**
In the event of extraordinary circumstances and pursuant to the [Academic Regulations](concordia.ca) the University may modify the delivery, content, structure, forum, location and/or evaluation scheme. In the event of such extraordinary circumstances, students will be informed of the change.