Prereq.: Math 20200.


Supplemental Text: *Advanced modelling in finance using Excel and VBA*, by Mary Jackson and Mike Staunton.

Class: Tuesday and Thursday: 9:30am - 10:45pm. Attendance will be taken. All students are expected to attend all classes and to arrive to class on time.

Excessive absence (more than 4 classes missed) can lead to you being involuntarily withdrawn from the class according to College rules, and this will be applied if necessary.

Departmental rules also allow for a reduction in your final grade of up to 5% for unsatisfactory attendance (including excessive lateness). This will be applied if necessary.

Grades: Course grade will be determined as follows: mid-semester exam (20%); homework (30%); final exam (50%).

Both exams will include an in-class and a take-home component. The policy on collaborative efforts in homework will be discussed in class (as it varies according to the nature of the problem). There is to be no collaboration on any part of either exam.

Office hours: Tuesday and Thursday, 1:30pm - 3:00pm, and by appointment, at 4/114A (NAC building). My office phone number is (212) 650-5104.

Course Material: Definitions of various types of financial products and derivatives; binomial and trinomial trees; volatility and methods to estimate volatility; continuous models and Black-Scholes; put-call parity and related formulae.

This material is reasonably close to Stampfli and Goodman chapters 1–7.

An important component of the course is the modeling and numerical solution of the concepts presented in class in *Excel* and *Matlab*.

More information, details of homeworks and midterms, and links to various resources can be found on the course’s web-page: http://www.sci.ccny.cuny.edu/~grotow/FS04/fm381.html