### Module description

<table>
<thead>
<tr>
<th>Module title</th>
<th>Abbreviation</th>
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<tbody>
<tr>
<td>Option Pricing Theory</td>
<td>12-M-B2-111-m01</td>
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<table>
<thead>
<tr>
<th>Module coordinator</th>
<th>Module offered by</th>
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<tbody>
<tr>
<td>holder of the Chair of Business Management, Banking and Finance</td>
<td>Faculty of Business Management and Economics</td>
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<tr>
<th>ECTS</th>
<th>Method of grading</th>
<th>Only after succ. compl. of module(s)</th>
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<tbody>
<tr>
<td>10</td>
<td>numerical grade</td>
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<table>
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<tr>
<th>Duration</th>
<th>Module level</th>
<th>Other prerequisites</th>
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<tbody>
<tr>
<td>1 semester</td>
<td>graduate</td>
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### Contents

**Content:**
The module deals with the nature of stock options using the Black Scholes and Binominal models. It assesses companies as well as shares as derivative financial instruments and discusses delta hedging to hedge equity portfolios.

**Outline of syllabus:**
1. Share options
2. Other financial derivatives
3. Immunising portfolios against interest rate changes

### Intended learning outcomes

After completing the course "Option pricing”, the students will be able
(i) to price options using the Black-Scholes formula and the binominal model;
(ii) to understand the use of options as a part of compensation and for share hedging.

### Courses

**V + Ü** (no information on SWS (weekly contact hours) and course language available)

### Method of assessment

**written examination (approx. 120 minutes)**

### Allocation of places

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### Additional information

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### Referred to in LPO I

(examination regulations for teaching-degree programmes)

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### Module appears in

- Master's degree (1 major) Economathematics (2011)
- Master's degree (1 major) Business Management (2011)
- Master's degree (1 major) Economics (2011)
- Master's degree (1 major) China Business and Economics (2014)
- Master's degree (1 major) China Business and Economics (2012)
- Master's degree (1 major) Chinese and Economics (2014)
- Master's degree (1 major) Chinese and Economics (2012)