**Option Pricing Theory**

**Module coordinator**
holder of the Chair of Business Management, Banking and Finance

**Module offered by**
Faculty of Business Management and Economics

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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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<tr>
<th>Duration</th>
<th>Module level</th>
<th>Other prerequisites</th>
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<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 Binomial 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)
Language of assessment: German, English

**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) Business Information Systems (2013)
Master's degree (1 major) Business Management (2013)
Master's degree (1 major) Business Management (2014)
Master's degree (1 major) Economics (2014)
Master's degree (1 major) Economics (2013)