**Prerequisites**

This course’s quantitative demands on students are, I have been told, the highest in any undergraduate finance course at Kogod (former students have commented that similarly demanding courses are FIN-472 *Fixed Income* and FIN-574 *Quantitative Methods*). Regardless, the only formal prerequisite is to have obtained a grade of C or better in FIN-365 *Business Finance*. While there is no GPA requirement, past experience indicates that successful FIN-465 students had a minimum 3.0 average – both overall and in their finance major.

*International Finance* (FIN-463), *Investments Analysis* (FIN-469), *Fixed Income* (FIN-472) and *Financial Markets & Institutions* (FIN-464) are NOT prerequisites. Having already taken 463, 469, or 464, however, will likely prove helpful during the discussion of forex and/or interest-rate derivatives. I therefore encourage students who have not done so, to read on the course website the two primers that I have written on the relevant material from those other courses.

For group cases, proficiency with Excel is critical. Knowledge of mathematical statistics and at least some prior knowledge of calculus are also important: stochastic calculus will be introduced and applied in the last part of this course. I encourage students to access the Wikipedia page on mathematical derivatives ([http://en.wikipedia.org/wiki/Derivative](http://en.wikipedia.org/wiki/Derivative)) to check whether they have the requisite prior knowledge, as well as to refresh their calculus using the two primers that I have posted on the course website.

**Learning Outcomes**

Following the 2007-2011 financial market turbulences and the commodity price crash of 2014-2015, individuals skilled at pricing derivatives and at using these instruments for risk management remain in very high demand on Wall Street and elsewhere. In this semester-long course, undergraduate students get a thorough introduction to the trading of futures, forwards, swaps, and options; the valuation of those derivatives; and, essential hedging and risk management strategies that use these instruments.

Students are exposed to material that any player in the investments industry – a financial analyst at Goldman, a modeler at Fannie Mae, a pension fund advisor, a bond portfolio manager, a corporate treasurer, a financial market regulator – will find useful. The course includes a deeper coverage of some tools that are also covered in other key finance courses (though often with a different focus), as well as new tools not seen previously or elsewhere in the curriculum.

Because one of the learning outcomes is to be able to use derivatives in actual business life, students are asked to carry out the analysis of two cases. Both cases are based on real-life situations, and at least one of those cases requires the use of Bloomberg data pulled from the KSB Finance & IT Lab. Students who do well on the cases are eligible for oral presentations in front of CFTC staff.

Logically, the study of instrument pricing techniques and of the institutional background in which derivatives professionals operate should precede the study of how these professionals do or ought to behave. The course is organized accordingly.
First half-semester: Forwards, Futures, and Swaps.

After an introduction and a brief review of general finance concepts, Parts I and II of the course discuss forward and futures contracts. We cover the theoretical and practical differences between forward and futures, the microstructures of their markets (including market participants and trading), and pricing – both relative to current or expected future spot prices and relative to one another. We first discuss the specifics of several contracts. A significant amount of time is devoted to FX forwards, interest-rate futures and equity (stock-index) futures. We also analyze commodity futures, motivated by the fact that trading in these instruments grew substantially in the past decade. We then introduce key hedging tactics and strategies. Time permitting, we will briefly discuss links to the term structure of interest rates and duration-based risk management techniques (students interested in those topics would be well advised to also register for FIN-472 Fixed Income).

Part III deals with swaps. Building on the material covered at the end of Part II, we start with interest rate swaps, and then move on to the (more complicated) cross-currency-and-interest-rate swaps. Mechanics, market microstructure, and purported advantages and drawbacks of swaps are presented. Next, the valuation of existing swaps is discussed, before moving to impact of swap deals on companies’ all-in costs of financing and deal-valuation. Time permitting, we will discuss issues related to credit risk and briefly introduce commodity swaps.

This first half of the course is rounded off by a Mid-Term exam (MT, on the Wednesday right before AU’s Spring Break) and a concrete case due on the first Monday of April by 5PM (i.e., 3 weeks after the MT exam).

The first case will involve an oral presentation in front of economists and lawyers from the U.S. derivatives markets regulator, the Commodity Futures Trading Commission (CFTC). A strong performance on the MT and first case may result, for eligible students, in an internship offer with the CFTC (see details below).

Second half-semester: Options.

After a brief introduction, Part IV of the course presents option contracts. We cover the theoretical and practical differences between options & forwards or futures and between calls & puts, and discuss the payoff profiles of various investment strategies involving options (butterfly spreads, straddles, etc.). We then learn about practical aspects of option markets microstructure (including participants, trading and quotes). We conclude Part IV by discussing how default risk is managed in the case of option contracts.

Part V focuses on option pricing fundamentals. After identifying the basic determinants of option prices, we review some key option pricing principles such as put/call parity. We then introduce the famous Black & Scholes option pricing formula, before discussing the idea behind binomial option pricing, and the mechanics of risk-neutral valuation using binomial trees.

Part VI then discusses the theoretical underpinnings of option pricing to deal with practical methods to value real-life options and to carry out hedging strategies. We start by introducing continuous-time finance, and show how stochastic calculus is used to find the correct price of seemingly complicated derivative securities. Next, we establish the equivalence of binomial and Black-Scholes option pricing techniques when the assumptions needed for the B-S model are verified. We then identify common situations when at least some of those assumptions need to be relaxed, and show that binomial option pricing techniques become life-savers in those circumstances. We cover options on stocks as well as options on stock market indices and currencies. Time permitting, we will introduce derivatives on derivatives – such as options on
futures – and interest-rate derivatives. We conclude by going back to continuous-time finance and discussing option “Greeks” as well as option-based hedging strategies.

A second real-life case is used to apply the material learned in this second half of the course. A final (non-cumulative) final exam rounds off the module.

Course Materials


Recommended supplementary text:


H9 is the UG industry standard, used by practitioners and academics around the world. H8F is an outstanding version of that textbook. Unlike most editions targeted at undergraduate students, it does not water down the concepts; rather, it is organized more logically and focuses on the fundamentals. Both H9F and H9 are available at the bookstore. Note that it is perfectly acceptable to use H8F, H7F or H6F (the 7th or the 6th editions of the text) instead. The errata for those earlier editions can be found at:

http://www-2.rotman.utoronto.ca/~hull/ifom/

(BKM) is a CFA-recommended textbook on investments and provides a good, less mathematical introduction to futures and options. It also provides extensive information on many of the underlying assets on which derivatives are based. Starting next week, BKM4 (an early edition of BKM10) should be on the 2-hour reserve at the library. The 10th edition (BKM10) should be available from the bookstore if you wish to buy. Additional materials shall be handed out in class.

In addition to the textbooks and transparencies, I have prepared a reading packet (RP) containing additional materials. These papers are based primarily on other, more specialized textbooks. The reading packet does not include research articles from academic and practitioner-oriented journals (such as the *Journal of Futures Markets, Journal of Portfolio Management or Financial Analysts Journal*). Copies of such articles have instead been grouped in a second “in-depth” library packet (LP). Starting this week, papers from both (RP) and (LP) may be downloaded directly from an Online Library accessible through the class home page. Whereas the (RP) does constitute exam material, the (LP) does not. Rather, the (LP) is meant to round out interested students' awareness of important issues faced by practitioners.

*Derivatives* make up an especially dynamic area, and students are therefore urged to follow current developments in the press. This includes reading the following publications: *RISK Magazine* (a key source of information for market participants), *The Economist* (weekly, www.economist.com, mostly pay site), *The Financial Times* (www.ft.com, free registration), *The Wall Street Journal* (www.wsj.com, pay site). *Barron’s, Euromoney* and *Value Line’s Investment Surveys* are other good sources of investment news. Other newspapers may also be useful for the purpose of the class, but often lack significant amounts of relevant information.
While I encourage students to keep abreast of financial news, exam questions will NOT require that students be knowledgeable of current affairs – unless, of course, that information has been discussed and analyzed in class.

**Transparencies**

The lectures will be based partly on transparencies. Except for the first lecture, I will make these transparencies available on the Web as the class progresses. Transparencies for every lecture can be downloaded COB the Friday before (i.e., Fridays at 5 PM). You will probably want to print a paper copy of the relevant transparencies before each class to help in note taking.

**Grading**

Grading is on a **curve**. The weights for the final grade are as follows:

- MT and Final exams: 25 % each
- Group assignments (numerical cases): 22.5 % each
- Class participation: 5 %

Mid-way through the course, there shall be a single **MT exam** – on the week before Spring Break (i.e., the week of March 8th, 2017). That exam shall be closed book. Each student, however, may bring in a calculator and one 8.5”x11” cheat sheet. One side of the sheet may be filled with anything the student wishes, but must be handwritten by him/her (no photocopying). There shall also be one **take-home final exam**. That exam shall be handed out on the last day of classes, and the solution is to be handed back to me on the last final-exam day listed in AU’s “Schedule of Classes”. The take-home should take approximately 2-3 hours to complete. Students who have a valid reason to not take an exam on the planned day (e.g., documented illness, death of significant other, or key job interview) should contact me so that I can coordinate a single **make-up exam** for all students in a similar situation.

Because I wish to emphasize practical skills, students shall also complete two cases (analytical problems) that use actual data. To reflect how most companies conduct business, students shall form groups to handle these assignments. **Groups** shall comprise three to five students – no fewer, no more. Groups shall e-mail their composition to me by March 1st. Once groups have formed, their composition may not change. I reserve the right to handle all group-related problems.

General suggestions for preparing the assignment shall be included with the latter. Each group is to return its written answers and the supporting Excel spreadsheets by e-mail:

- Case #1: first Monday of April by 5PM (i.e., 3 weeks after the MT exam);
- Case #2: The last day of the final exam period by 5PM.

**Assignments that are late will not be graded.**

In order to approximate business practice, where an individual's performance evaluation reflects not only the opinion of supervisors but also that of peers, group members shall evaluate one another. Each group member's grade on a case shall thus reflect overall group performance and other members' opinions. Evaluation sheets are provided at the end of this handout.
To help students prepare for the assignment and the exams, I shall hand out a series of practice sets with solutions. These sets shall not be graded, but students are strongly encouraged to try hard to solve them and to use office hours to discuss any problems they may have doing so. One of the best self-tests for a student of his or her command of the material before a case or an exam is whether he or she can handle the questions of the relevant practice sets. The questions on the exam shall cover the reading material, and shall be very similar to those in the practice sets.

Class participation is important and shall be explicitly rewarded (5% of the total grade). Effectively, the class participation grade may change a grade near a cutoff. While I do not penalize occasional tardiness, a pattern of repeated unexplained late arrivals shall negatively impact the class participation grade. Understandably, job searches or other obligations may occasionally conflict with class. It is each student’s responsibility to find out from his/her classmates what has been missed during an absence.

Honor Code

By registering for the class, students promise to abide by the University Honor Code.

Cases: Because I have taught courses similar to Derivatives at Carnegie Mellon, McGill, GW and Kogod, solutions or solution keys to the group assignments may exist. Any use of, or reference to, existing solutions (whether written by me or by former students) is prohibited. Students within a group shall be judged, partly, by how well they work together. Members of any given group, however, shall not collaborate with any other group or person.

Exam: Both exams are closed book, subject to the caveat in the previous section. Naturally, students are not allowed to collaborate with any other person during the exam.

Failure to respect these requirements shall be considered a severe violation of the University Honor Code and dealt with accordingly. If you have any questions about academic integrity or standards of conduct in this course, please visit http://www.american.edu/academics/integrity and discuss your concerns with me.

Course Outline and Background Materials

A detailed list of topics covered in class, together with suggested readings, is available below. Only readings in Hull (H9F, H8F, H7F or H6F) and in the Readings Packet (the notes handed out in class) are mandatory. Other readings, including those in BKM and in the Library Packet, are recommended but will not constitute exam materials.

Students are strongly encouraged to review background materials in Hull:

(i) key mathematical functions, H7F pp. 100-1; H8F pp. 102-3; H9F pp. 105-6
(ii) interest rate concepts, H7F pp. 79-86&93-5; H8F pp. 81-7 & 94-6; H9F pp.81-9 & 97-9; H9 77-83 &96-98;
(iii) bond quotes, H7F pp. 131-3; H8F pp. 133-5; H9F pp. 136-8; H9 pp. 132-4;
(iv) duration & convexity, H7F pp. 142-7; H8F pp. 145-9; H9F pp. 148-152; H9 pp. 91-5;

See also the BKM Quantitative Review (BKM5 pp. 940-975 & 171-177; BKM4 pp. 892-927 & 166-173), as well as two course primers I have written for this module (on financial markets and on fixed-income securities). I shall cover these materials only cursorily in class.
Introduction

Syllabus Overview

Derivatives & Basic Finance Principles

*Strongly recommended Supplementary Reading:*

- Futures Primer Part 1 -- Financial Markets (LP and web)
- Preliminaries (H7F: pp. 2-5; H8F pp. 2-7; H9F pp. 2-7; H9 pp. 2-8)

**Part I: Forwards (Weeks 1-3)**

**Forward Fundamentals**

- Contracts (H7F: pp. 5-6; H8F: pp. 6-7; H9F pp. 6-7; H9: pp. 6-8)
- Forward market microstructure (H7F: pp. 5-6; H8F: pp. 6-7; H9F pp. 6-7; H9: pp. 6-7)
- FX outright forward quoting conventions (H7F: pp. 41-2; H8F: pp. 43-44; H9F pp. 44; H9: pp. 43-44)

**Forward Pricing**

- Forward vs. current spot
  - commodities (as time allows H7F: pp. 120-4; H8F: 121-125; H9F pp. 124-128; H9: 121-126)

- Forward vs. expected future spot
  - contango, backwardation & term structure of futures prices (H7F: p.126; H8F:127; H9F pp. 130; H9:126)

*Required Supplementary Reading:*

- “A note on parity conditions” (RP and web)

*Suggested Supplementary Readings:*

- “Long-Horizon Uncovered Interest Rate Parity” (LP and web)
- “Adjusted Forward Rates as Predictors of Future Spot Rates” (LP and web)
Part II: Futures (Weeks 3-5)

Futures vs. Forwards (*H7F, H8F and H9, Chapter 2*)

Futures: binding contracts or bets? (H7F: pp. 1-2, 13, 21-2 & 40-1; H8F pp. 1-2, 14-5, 24-5 & 42-3; H9F pp. 1-2, 14-5, 24-5 & 42-3; H9 pp. 8, 14-5, 24-5 & 43-4)

A brief history of U.S. futures (H7F: pp. 2-4; H8F pp. 2-5; H9F pp. 2-5)

Market microstructure (H7F: pp. 21-4 & 26-37; H8F pp. 24-7 & 29-40; H9F pp. 24-7 & 29-40; H9 pp. 24-8 & 29-41)

exchange-based trading (H7F: pp. 1-3 & 21-2; H8F pp. 1-3 & 24-5; H9F pp. 1-3 & 24-5; H9 pp. 1-3 & 24-5)

standardization (H7F pp. 22-4; H8F pp. 25-7; H9F pp. 25-7; H9 pp. 26-8)

risk control marking to market (H7F: pp. 26-8; H8F pp. 29-30; H9F pp. 29-30; H9 pp. 29-31; clearing house (H7F pp. 28-9; H8F pp. 31-2; H9F pp. 31-2; H9 pp. 32-3)

collateralization & netting in OTC forwards (H7F, pp. 30-1 & 568; H8F pp. 32-34 & 569; H9F pp. 32-34 & 562; H9 pp. 32-35 & 822)

regulation (H7F pp. 36-7; H8F pp. 39; H9F pp. 39-40; H9 pp. 40) & tax (as time allows; H7F p. 38-9; H8F p. 40-2; H9F pp. 40-2; H9 p. 41-2)


Required Supplementary Reading:

“A note on the marking to market of futures contracts” (RP and web)

Suggested Supplementary Reading:

Chapters 22 and 23 – Futures (BKM 5)

Futures: Some Accounting & Tax Considerations (H7F: pp. 38-9; H8F pp. 40-42; H9F pp. 40-42; H9 pp. 41-42)

Specific Futures Contracts (*H7F, H8F, H9F and H9: Chapter 2*)

Stock Index Futures

Fundamentals (H7F: pp. 61-2; H8F pp. 63-4; H9F pp. 63-64; H9 pp. 62-3)

International aspects (stock index futures & synthetic international portfolio diversification)

Pricing

Suggested Supplementary Reading:

“The S&P 500 Index Futures on the CME” (LP and CME’s web site)

“Futures trading & Pension Funds: Discussion” (LP and CME’s web site)

“Futures trading & Mutual Fund: Legal aspects” (LP and CME’s web site)
Commodity Futures (as time allows)

Fundamentals (H7F pp. 120-3; H8F pp. 121-5; H9F pp. 124-128; H9 pp. 120-4) & price quotes
Pricing (H7F: pp. 111-6; H9: pp. 110-6)
Specifics for energy futures (H7F: pp. 522-5; H8F pp.523-6; H9F pp.516-519; H9 pp.775-9)

Suggested Supplementary Reading:
“Energy Derivatives – a PowerPoint overview of crude oil and gas futures” (LP and web)

Mid-term Exam (Wednesday, March 8th, 2017)

Interest Rate Futures

Forward interest rates (H7F: pp. 88-90; H8F: pp. 90-1; H9F pp.93-4; H9: pp. 86-7)
Forward rate agreements -- FRA’s (H7F: pp. 90-2; H8F: pp. 92-4; H9F pp. 95-7; H9: pp. 88-91)
Eurodollar & T-Bill futures (H7F: pp. 139-141; H8F: pp. 141-3; H9F pp. 143-3; H9: pp. 140-2)
T-Bond and T-Note futures (H7F: pp. 133-38; H8F: pp. 135-140; H9F pp.138-144; H9: pp. 134-139)

Required Supplementary Reading:
Futures Primer Part 2 – Bonds (LP and web) this reading is strongly recommended
“A note on FRA's” (RP and web)
Fixed income background materials in Hull:
interest rate concepts (H7F pp. 79-86 & 93-5; H8F pp.81-8 & 94-97; H9F pp. 81-9 & 97-100; H9 pp.77-84 & 96-98)
money-market and fixed-income quotations (H7F pp. 131-2; H8F pp.133-4; H9F pp.136-7; H9 pp.132-3)

Futures-based Hedging

Long and short hedges (H7F: pp. 48-9; H8F pp. 50-1; H9F pp.50-1;H9 pp. 50-1)
Basis and choice of futures (H7F: pp. 53-7; H8F pp. 55-8; H9F pp.55-8; H9 pp. 54-8)
Rolling hedges forward (H7F: pp. 65-7; H8F: pp. 69-70; H9F pp.69-70; H9: pp. 68-9)
Specific hedging techniques (as time allows)

**Suggested Supplementary Reading:**

Fixed income background materials: duration & convexity (H7F pp. 138-41; H8F: pp. 140-3; H9F pp.144-3; H9: pp. 138-42)

**Part III: Swaps (Weeks 6-8)**

**Fundamentals**
- Contracts & market microstructure
- Swap mechanics
  - swaps vs. long-dated forward contracts
- Credit Risk (as time allows; H7F: pp. 180-2; H8F: pp. 185-8; H9F pp.181-3; H9: pp. 176-8)

**Swaps and Corporate Financing**
- All-in cost of capital
- Basis-Point equivalence method for currency swaps (as time allows)

**Valuation (as time allows)**

**Forward vs. swap hedging (as time allows)**
- Fundamentals
- Netting vs. hedging
- Hedging of net exposure

**Required Supplementary Reading:**
- “Swaps vs. Long-Dated Forwards” (RP and web)
- “Bank & Counterparty currency swap” (RP; as time allows)

**Suggested Supplementary Reading:**
- “Swap Credit Risk: An Empirical Investigation on Transaction Data” (LP and web)
- Chapter 23, Section 23.5 – Swaps (BKM 5)

*Case I is due on Monday, October 31st at 5PM*
Part IV: Option Fundamentals (Weeks 9 & 10)

Basics (H7, H8, H9 Chapter 1)
Derivatives -- Terminology & Market participants (H7F: pp. 5-9; H8F: pp. 6-11; H9F pp. 6-11; H9: pp. 5-11)
Option contracts (H7F: pp. 6-7; H8F: pp.7-9; H9F pp.7-9; H9: pp.8-11)
Option payoffs (H7F: Chapter 9; H8F & H9F: Chapter 9; H9, Chapter 9)
Naked positions (H7F: pp. 6-7 & 205-207; H8F: pp.7-9 & 210-212; H9F pp.7-9 & 205-207; H9: pp.8-11 & 213-215)
Covered positions – covered calls and protective puts
Combinations – straddles, strips & strangles, strangles (H7F pp. 260-2; H8F: pp. 266-8; H9F pp.261-263; H9: pp. 266-9)
Collars

Option market microstructure (H7F: Chapter 9; H8F & H9F: Chapter 9; H9, Chapter 9)
Dividends, stock dividends and stock splits (H7F pp. 213-4; H8F: pp. 219-20; H9F pp.214-5; H9: pp. 221-2)
Option-like securities, including warrants (H7F, pp. 221-2; H8F: pp. 226-7; H9F pp.221-222; H9: pp. 229-30)

Suggested Supplementary Reading:
Option contracts & market microstructure (BKM4 pp.608-18; BKM3 pp.600-10)
Option pricing (BKM4 pp. 618-22 & 632-5; BKM3 pp. 610-7 & 627-9)
Option-like securities, including warrants
(as time allows, BKM4 pp. 635-40; BKM3 pp. 631-5)
Option strategies (additional readings, BKM4 pp. 621-32; BKM3 pp. 615-27)

Part V: Option Pricing Basics (Weeks 11-13)
Upper and lower bounds for option prices


Early exercise (H7F: pp. 239-45; H8F: pp. 244-9; H9F pp.239-244; H9: pp. 245-50)

Stock option prices


Put call parity: European call price & European put price

What about American options? Calls vs. puts

Binomial trees and Risk neutral pricing (H7F: Chapter 12; H8F: Chapter 12)


Part VI: Option Pricing and Hedging in Practice (Weeks 13-14)

Estimating tree parameters (H7F: Chapter 18; H8F Chapter 18)


Dividend-paying asset

Continuous payout rate (H7F: pp. 83; H8F: pp. 84-5; H9F pp.86-7; H9: pp. 81-2)

Discrete-sized dividends: known yield vs. known value
(H7F: pp. 401-3; H8F: pp. 406-9; H9F pp.401-4; H9: pp. 460-3)

Binomial trees and optimal early exercise


Time-varying interest rates (as time allows, H7F: pp. 403-5; H8F: pp.410-2; H9F pp.405-7; H9: pp.463-5)

Alternative tree constructions: trinomial trees vs. adaptative mesh
(as time allows, H7F: pp. 405-9; H8F: pp. 412-5; H9F pp.407-10; H9:pp. 465-7)

Continuous-time finance – the bird’s eye view

Option hedging strategies: Delta’s, Theta’s, Gamma’s and Vega’s (H7F Ch. 17; H8F & H9F: Ch. 17; H9: Ch. 19)

Final Exam
Second Case Due (Last Day of Classes at 5PM)
Group Participation Form

Your name: ____________________________

Other group members:

1. ____________________________ 2. __________________________

3. ____________________________ 4. __________________________

A. How were duties assigned? Explain briefly.

B. Were duties evenly distributed? Explain briefly.

C. What specific duties did you perform? Explain briefly.

D. Did you participate fully in the case preparation? If not, why not?
Did all members participate fully? If not, who not? Why not?
E. On a scale of 1 to 10, with 10 being the highest and a note of 4 or less denoting a serious problem, how would you rate group members in the following areas:

1. effort expended / time contributed
   Yourself __________ 1. __________ 2. __________
   3. __________ 4. __________

2. reliability (e.g., completing assigned tasks, showing up for meetings, etc.)
   Yourself __________ 1. __________ 2. __________
   3. __________ 4. __________

3. quality of written and/or spreadsheet output
   Yourself __________ 1. __________ 2. __________
   3. __________ 4. __________

4. quality of contribution to group discussions
   Yourself __________ 1. __________ 2. __________
   3. __________ 4. __________

5. mastery of content (e.g., level of comprehension of assignment questions and materials, etc.)
   Yourself __________ 1. __________ 2. __________
   3. __________ 4. __________

6. ability to work well in your group
   Yourself __________ 1. __________ 2. __________
   3. __________ 4. __________
Diversity and Inclusion
The Kogod School of Business considers the diversity of its students, faculty, and staff to be a strength and strives to make an inclusive environment for everyone. Dimensions of diversity include sex, race, age, national origin, ethnicity, religion, gender identity, sexual orientation, socio-economic class, political ideology, intellectual and physical ability, and primary language. Students are encouraged to speak up and share their perspectives and experiences. This class represents a diversity of backgrounds and experiences, so everyone must show respect for others. If you feel your differences may in some way isolate you from the Kogod community, please speak with the instructor to help you become an active and engaged member of our class and community.

Academic Integrity Code
Academic integrity is paramount in higher education and essential to effective teaching and learning. As a professional school, the Kogod School of Business is committed to preparing our students and graduates to value the notion of integrity. In fact, no issue at American University is more serious or addressed with greater severity than a breach of academic integrity.
Standards of academic conduct are governed by the University’s Academic Integrity Code. By enrolling in the School and registering for this course, you acknowledge your familiarity with the Code and pledge to abide by it. All suspected violations of the Code will be immediately referred to the Office of the Dean. Disciplinary action, including failure for the course, suspension, or dismissal, may result.
Additional information about the Code (i.e. acceptable forms of collaboration, definitions of plagiarism, use of sources including the Internet, and the adjudication process) can be found in a number of places including the University’s Academic Regulations, Student Handbook, and website at <http://www.american.edu/academics/integrity>. If you have any questions about academic integrity issues or about standards of conduct in this course, please discuss them with your instructor.

Academic Support Services
If you experience difficulty in this course for any reason, please don’t hesitate to consult with me. In addition to the resources of the department, a wide range of services is available to support you in your efforts to meet the course requirements.

Students with Disabilities
If you wish to receive accommodations for a disability, please notify me with a letter from the Academic Support and Access Center. As accommodations are not retroactive, timely notification at the beginning of the semester, if possible, is strongly recommended. To register with a disability or for questions about disability accommodations, contact the Academic Support and Access Center at 202-885-3360 or asac@american.edu or drop by ASAC in MGC 243.

Academic Support and Access Center (ASAC)
In addition to meeting with me and using the resources available in this department, all students may take advantage of the Academic Support and Access Center (ASAC) for individual academic counseling, skills workshops, tutor referrals, Supplemental Instruction, and Writing Lab appointments. The ASAC is located in Mary Graydon Center 243. Additional resources that may be beneficial in this class include the Bender Library, the Writing Center in the Department of Literature, the Math Lab in the Department of Mathematics & Statistics, and Office of Information Technology.
Kogod Center for Business Communications (x1920, KSB 101) To improve your writing, public speaking, and team assignments for this class, contact the Kogod Center for Business Communications. You can get advice for any written or oral assignment or for any type of business communication, including memos, reports, individual and team presentations, and PowerPoint slides. Hours are flexible and include evenings. Go to http://www.kogod.american.edu/cbc and click on "make an appointment," visit KSB 101, or email cbc@american.edu. You may also call x1920.

Financial Services and Information Technology Lab (FSIT) (x1904, KSB T51) to excel in your course work and to maximize your business information literacy in preparation for your chosen career paths, we strongly recommend to take advantage of all software applications, databases and workshops in the FSIT Lab. The FSIT Lab promotes action-based learning through the use of real time market data and analytical tools used by business professionals in the market place. These include Bloomberg, Thomson Reuters, Argus Commercial Real Estate, Compustat, CRSP, @Risk etc. For more information, please check out the website at Kogod.american.edu/fsit/ or send us an email to fsitlab@american.edu.

KOGOD LAPTOP POLICY
Kogod implemented a Laptop Policy to insure that all students use a consistent set of quantitative application software products. Kogod expects all students enrolled in Kogod courses to comply with its Laptop Policy, specifically addresses two key areas:

1. Use of Compliant Laptops in the classroom
2. Use of MS Office Professional in a Windows Operating System Environment for all Quantitative assignments

Professors will advise students at least one week prior to class when a compliant laptop device is required for a specific class session. Students are expected to submit all quantitative assignments (Excel, Access) using the MS Windows Operating Systems version of MS Office products. Visit the Laptop Policy <http://www.american.edu/kogod/labs/computers.cfm> to determine if you laptop is compliant and how to be prepared for class. Please note that the University Computer Labs feature devices that allow students to complete assignments outside of the classroom.

EMERGENCY PREPAREDNESS FOR DISRUPTION OF CLASSES
In the event of an emergency, American University will implement a plan for meeting the needs of all members of the university community. Should the university be required to close for a period of time, we are committed to ensuring that all aspects of our educational programs will be delivered to our students. These may include altering and extending the duration of the traditional term schedule to complete essential instruction in the traditional format and/or use of distance instructional methods. Specific strategies will vary from class to class, depending on the format of the course and the timing of the emergency. Faculty will communicate class-specific information to students via AU e-mail and Blackboard, while students must inform their faculty immediately of any absence. Students are responsible for checking their AU e-mail regularly and keeping themselves informed of emergencies. In the event of an emergency, students should refer to the AU Student Portal, the AU Web site (http://www.american.edu/emergency/) and the AU information line at (202) 885-1100 for general university-wide information, as well as contact their faculty and/or respective dean’s office for course and school/college-specific information.