

The University of Iowa
College of Liberal Arts and Sciences
Department of Statistics and Actuarial Science

22S:183 (ACTS:6380) Mathematics of Finance II
2:30 - 3:20PM TWThF 104 EPB Fall Semester 2011

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Office Hours: 1:15 - 2:15 PM, Tuesday, Wednesday & Friday, or by appointment

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Prerequisites: Grade of C or better in 22S:175 (ACTS:3230)

This is an off-cycle course. The drop date is October 13.

This course is intended for students who want to master the material in the professional examination "Actuarial Models: Financial Economics (MFE/3F)" given by the Casualty Actuarial Society and the Society of Actuaries.

The required textbook is R.L. McDonald (2006) *Derivatives Markets*, 2nd edition, Pearson. You will find it useful to bring it to every class. The course will cover Chapters 9 to 14, 18, 20, 24, and parts of Chapters 19, 21, 22, and 23. We shall start the course with Chapter 20. Pearson has also published *Student Solutions Manual to Derivatives Markets*.

Two books that you used in 22S:175 can be helpful. The last two chapters of S.M. Ross's *Introduction to Probability Models* are on Brownian motion and simulation. H.H. Panjer's *Financial Economics: With Applications to Investments, Insurance, and Pensions* treats much of the syllabus in MFE/3F; in particular, it emphasizes the use of the Fundamental Theorem of Asset Pricing.

There will be three (3) exams: September 19 (Monday, 6:30-8:30 PM, 140 SH), October 14 (Friday, 6:30-8:30 PM, 140 SH), and November 9 (Wednesday, 6:30-8:30 PM, 140 SH). **You are to use an official CAS/SOA calculator.**

Tentatively, the final grade (H.W. 10% + Exams 30% + 30% + 30%) will be assigned as follows:

Undergrads F[0, 40); D-[40, 45); D[45, 50); D+[50, 55); C-[55, 60); C[60, 65);
C+[65, 70); B-[70, 75); B[75, 80); B+[80, 85); A-[85, 90); A[90, 95); A+[95, 100]

Graduate students F[0, 46); D-[46, 50.5); D[50.5, 55); D+[55, 59.5); C-[59.5, 64); C[64, 68.5);
C+[68.5, 73); B-[73, 77.5); B[77.5, 82); B+[82, 86.5); A-[86.5, 91); A[91, 95.5); A+[95.5, 100]

Note: Exam MFE/3F will be given from November 10 to November 16.

Teaching Policies & Procedures: Syllabus Insert

Administrative Home

The College of Liberal Arts and Sciences is the administrative home of this course and governs matters such as the add/drop deadlines, the second-grade-only option, and other related issues. Different colleges may have different policies. Questions may be addressed to 120 Schaeffer Hall, or see the CLAS [Student Academic Handbook](#).

Electronic Communication

University policy specifies that students are responsible for all official correspondences sent to their University of Iowa e-mail address (@uiowa.edu). Faculty and students should use this account for correspondences. (*Operations Manual*, [III.15.2](#). Scroll down to k.11.)

Accommodations for Disabilities

A student seeking academic accommodations should first register with Student Disability Services and then meet privately with the course instructor to make particular arrangements. See www.uiowa.edu/~sds/ for more information.

Academic Fraud

Plagiarism and any other activities when students present work that is not their own are academic fraud. Academic fraud is a serious matter and is reported to the departmental DEO and to the Associate Dean for Undergraduate Programs and Curriculum. Instructors and DEOs decide on appropriate consequences at the departmental level while the Associate Dean enforces additional consequences at the collegiate level. See the CLAS Academic Fraud section of the [Student Academic Handbook](#).

CLAS Final Examination Policies

Final exams may be offered only during finals week. No exams of any kind are allowed during the last week of classes. Students should not ask their instructor to reschedule a final exam since the College does not permit rescheduling of a final exam once the semester has begun. Questions should be addressed to the Associate Dean for Undergraduate Programs and Curriculum.

Making a Suggestion or a Complaint

Students with a suggestion or complaint should first visit the instructor, then the course supervisor, and then the departmental DEO. Complaints must be made within six months of the incident. See the CLAS [Student Academic Handbook](#).

Understanding Sexual Harassment

Sexual harassment subverts the mission of the University and threatens the well-being of students, faculty, and staff. All members of the UI community have a responsibility to uphold this mission and to contribute to a safe environment that enhances learning. Incidents of sexual harassment should be reported immediately. See the UI [Comprehensive Guide on Sexual Harassment](#) for assistance, definitions, and the full University policy.

Reacting Safely to Severe Weather

In severe weather, class members should seek appropriate shelter immediately, leaving the classroom if necessary. The class will continue if possible when the event is over. For more information on Hawk Alert and the siren warning system, visit the Public Safety [web site](#).

*These CLAS policy and procedural statements have been summarized from the web pages of the [College of Liberal Arts and Sciences](#) and The University of Iowa [Operations Manual](#).