



Lesson Plan No. 1	Course Name: Financial Derivatives Topic: Definition and Features of Financial Derivatives	Course No.: MBA-422
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Objectives	At the end of the lesson the student shall be able to: <ul style="list-style-type: none"> a. Define financial derivatives and their core functions. b. Identify the key features and characteristics of different types of derivatives. c. Analyse the potential benefits and risks associated with using financial derivatives.
Teaching Aids (if any)	PowerPoint presentation Whiteboard and markers
Teaching Development	<p>1. Introduction (5 minutes)</p> <ul style="list-style-type: none"> - Start with a brief introduction to the concept of derivatives, drawing parallels with everyday examples (e.g., insurance contracts, options on buying a house). - Ask students questions to gauge their prior knowledge of financial instruments and risk management. (e.g., What is a contract? What are some ways to manage risk? Have you heard of options or futures contracts?) <p>2. Development (30 minutes)</p> <ul style="list-style-type: none"> - Define financial derivatives: Explain that they are contracts whose value is derived from the underlying value of another asset (e.g., stocks, bonds, currencies, commodities). Use simple examples to illustrate this concept. - Differentiate between financial derivatives and traditional financial instruments: Explain how derivatives are different from cash markets and how they offer greater flexibility in managing risk and pursuing investment opportunities. - Identify the different types of financial derivatives: Briefly introduce the main categories (e.g., forwards, futures, options, swaps) and explain their basic features (e.g., exercise right, expiration date, margin requirement). - Discuss the key features of financial derivatives: Explain how they are used for hedging risk, speculating on price movements, and enhancing returns. Use real-world examples to illustrate these functions. - Highlight the benefits of using financial derivatives: Emphasize their potential to reduce risk, increase capital efficiency, and create new investment opportunities. - Video Link "Crash Course: Financial Derivatives" by Khan Academy (YouTube video): https://m.youtube.com/watch?v=nf9ByTdX0aY



Closure	<ol style="list-style-type: none">1. Summarize the key points of the lesson, emphasizing the objectives that students were expected to achieve (5 minutes).2. Encourage students to ask questions for clarification.3. Mention that there will be an evaluation through a quiz to assess their understanding.4. Suggested reading: Financial Derivatives Theory Concepts and Problems by S. L. Gupta Prentice- Hall of India Private Limited. Edition 2nd (2005) Page No.: 3 to 85. "The Complete Guide to Financial Derivatives" by Investopedia (online article): https://www.investopedia.com/terms/d/derivative.asp
Evaluation	<ol style="list-style-type: none">1. Administer a short quiz with multiple-choice and short-answer questions related to the topic(10 minutes).