

**Syllabus for FM 5011 (Mathematical Background for Finance)  
Fall 2009**

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**email address:** [adams@math.umn.edu](mailto:adams@math.umn.edu)  
**Office Hours:** Mondays, Wednesdays and Thursdays 4:30pm-5:20pm; Vincent 262  
No office hours on W on Th of exam weeks (Weeks 7 and 11).

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**TA:** Joe Benson      **Office:** Vincent 456      **Phone:** 612-625-0356  
**FM webpage:** <http://www.math.umn.edu/~benso700/FM5011>  
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**Office Hours:** Tuesdays 4pm-6pm

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**Class meets:** Thursdays 5:30pm-8:50pm (with break usually 7:00pm-7:15pm),  
with Thanksgiving (Thursday 26 November) off.  
Break time moves to 7:35pm-7:50pm on exam days.  
from Thursday 10 September to Thursday 10 December  
with final exam on Thursday 17 December

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**FAQ file:** <http://www.math.umn.edu/~adams/FM5011/faq5011.html>

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**Required Texts:**

*Stochastic Calculus for Finance I: The Binomial Asset Pricing Model*, by Steven E. Shreve  
*Stochastic Calculus for Finance II: Continuous-Time Models*, by Steven E. Shreve

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**Recommended Texts:**

*The Concepts and Practice of Mathematical Finance*, by Mark Joshi  
*Financial Calculus / An introduction to derivative pricing*, by Martin Baxter and Andrew Rennie  
*Measure Theory: A First Course*, by Carlos S. Kubrusly

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**Clickers:** Each student must have a registered Response Card Radio Frequency (“clicker”) to get credit for quizzes in this class. For information on how to order your clicker, see FAQ 15. For information on how to register it, see FAQ 16 and 17. For more information about clickers, see FAQ 19, 20, 21, 23, 25, 30, 31

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**First Midterm Test:** last hour of class, Class 7, Thursday 22 October

**Thanksgiving day off:** Thursday 26 November

**Second Midterm Test:** last hour of class, Class 11, Thursday 19 November

**Final Exam:** 5:30pm-8:50pm, Thursday of finals week, Thursday 17 December

**Assignments:**

Assignments are tied to topics, and are automatically assigned the moment a topic is completed. Assignments are due at the beginning of class, one week after they are assigned, and should be graded one week after they are due.

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**Grading:**

Clicker quizzes	5% (drop lowest three)
Homework	10%
First Midterm	25%
Second Midterm	25%
Final Exam	35%

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**Miscellaneous:**

I either do “curve” or do not “curve” depending on how you define it. I do not preassign the number of students who will receive a specific grade. On the other hand, neither do I preassign the gradelines before seeing the distribution of grades. Gradelines will be announced on the web, as soon as possible after the quiz or exam.

Incompletes will be given only in cases where the student has completed all but a small fraction of the course with a grade of C or better and a severe unexpected event prevents completion of the course. In particular, if you get behind, you cannot “bail out” by taking an incomplete. The last day to cancel, without permission from your College office, is the last day of the sixth week.

No extra credit work will be accepted.

All quizzes and tests are closed book, with no calculators allowed, unless otherwise specified. You may discuss homework with your classmates, even working on solutions, but the final writeup should be done individually.