

**COURSE DATA****Data Subject**

<b>Code</b>	35914
<b>Name</b>	Financial risk management
<b>Cycle</b>	Grade
<b>ECTS Credits</b>	6.0
<b>Academic year</b>	2019 - 2020

**Study (s)**

<b>Degree</b>	<b>Center</b>	<b>Acad. year</b>	<b>Period</b>
1314 - Degree in International Business	Faculty of Economics	4	First term

**Subject-matter**

<b>Degree</b>	<b>Subject-matter</b>	<b>Character</b>
1314 - Degree in International Business	28 - Financial instruments and risk management	Optional

**Coordination**

<b>Name</b>	<b>Department</b>
FURIO ORTEGA, MARIA DOLORES	113 - Financial and Actuarial Economics

**SUMMARY**

Financial Risk Management (code 35914) is a 6 ECTS credit optional course taught during the first semester of the fourth year of the degree in International Business. This course belongs to the subject Financial Instruments and Risk Management, which is included in the Advanced Finance Module.

The aim of this course is to provide knowledge to understand financial risk and financial instruments to hedge it. At the end of the course students are expected to identify the risks firms should face as well as design hedging strategies accordingly.

**PREVIOUS KNOWLEDGE**



### Relationship to other subjects of the same degree

There are no specified enrollment restrictions with other subjects of the curriculum.

### Other requirements

No prior knowledge is required. Nevertheless, it is advisable for the student to have passed the Financial Mathematics subject (code 35883) in the first year of this degree.

## OUTCOMES

### 1314 - Degree in International Business

- Develop the capacity to evaluate and critically analyse international economic phenomena and agents.
- Be able to work in multidisciplinary and intercultural teams.
- Understand the structure and functioning of companies and organisations operating in an international context.
- Use the economic and financial information of the company to make decisions.
- Know how international financial markets work.
- Be able to generate ideas and detect business opportunities in international markets.
- Develop the capacity to prepare and defend reports that contribute to the decision-making of public and private agents.
- Entender como interactúan las variables que determinan la negociación y formación de precios de los activos financieros.
- Utilizar técnicas cuantitativas para valorar activos financieros de renta fija y variable.
- Conocer las técnicas de operación y negociación en los principales mercados bursátiles y de renta fija.
- Conocer los principales riesgos financieros a los que se ven sometidas las empresas.
- Aprender los principales activos financieros derivados empleados en la gestión del riesgo de interés.

## LEARNING OUTCOMES

Upon successful completion of the course, students are expected to be able to:

- Understand the main financial risks of firms.
- Know the features and working methods of international financial assets.
- Manage international financial risks.



- Design hedging strategies using derivatives contracts.

## DESCRIPTION OF CONTENTS

### 1. Futures Contracts

### 2. Hedging strategies using Futures

### 3. Option Contracts

### 4. Trading Strategies using Options

### 5. Valuation Forward and Futures

### 6. Valuation Stock Option: Binomial Trees and the Black-Scholes-Merton Model

## WORKLOAD

ACTIVITY	Hours	% To be attended
Theory classes	30,00	100
Classroom practices	30,00	100
Study and independent work	50,00	0
Readings supplementary material	20,00	0
Preparation of evaluation activities	10,00	0
Preparing lectures	10,00	0
<b>TOTAL</b>	<b>150,00</b>	

## TEACHING METHODOLOGY

There will be a two-hour lecture plus a two-hour practical session per week, what totals four classroom hours per week. Practical sessions will consist in solving exercises, working on case studies, developing workshops, presentations and discussions, etc.



## EVALUATION

The students' grade will be worked out adding:

- (i) the final exam mark (according to the official schedule, it will have both a theoretical and a practical part, cover all units and be worth 80% of the final grade.
- (ii) the assessment of the tasks developed by the students during the semester. These tasks comprise individual exercises handed in, group presentations resolution of questionnaires and/or discussions in classroom. In this case, this formative assessment constitutes 20% of the final grade.

**Important:** in order to get a pass at the end of the semester, **students must pass the final exam**, regardless of the marks attained in the formative assessment. The final grade will result from adding up all the weighted previous marks, as long as the final exam has been passed. If the final exam is failed, students will not pass the course.

Cheating in an examination or plagiarizing any written work is considered a very serious offense and will not be tolerated in this course. If a student is caught or suspected of cheating in any test or assignment, he/she will be given a grade of zero in that test or assignment. It is very important to avoid even being suspected of cheating (e.g., looking at another student's exam or copying homework) or plagiarism (i.e., using someone's words as one's written words), as it may result in serious consequences.

## REFERENCES

### Basic

- Hull, J.C. (2013). Fundamentals of Futures and Options Markets

### Additional

- Dalton, B. (2008): Financial products: an introduction using mathematics and Excel, Cambridge University Press. [S i336 DAL]
- Sengupta, C. (2004): Financial modeling: using Excel and VBA, Wiley. [S i330.4 SEN]

## ADDENDUM COVID-19

This addendum will only be activated if the health situation requires so and with the prior agreement of the Governing Council

English version is not available