EAE Business School

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# Syllabus

**Course:** Financial Markets and Instruments

**Credits:** 6 ECTS

**Program:** Business Adminstration Degree

**Module:** Core Course

**Subject:** Finance

**Code:** 802704

**Abreviation:** MA16

**Subject Coordinator:** Dra. Cristina Tomas

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**Campus:** Barcelona

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# 01 Faculty

## 01.1 Subject Coordinator

**Dr. Cristina Tomàs**

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# 02 Presentation

## 02.1 Description

In recent years, the Financial System has been characterized by globalization and market liberalization. In addition to that, events of the most diverse nature have caused a sharp increase in the volatility of interest rates, commodities exchanges, currencies and raw materials. For companies, this growing instability has resulted in a strong increase in their exposure to financial risks, where proper management is needed.

The subject focuses on the study of derivative instruments markets, mainly futures markets, options and swaps, linking conceptual aspects with practical cases that facilitate the assimilation of the concepts presented. The correct knowledge of financial products and markets is a key element for the company manager and the asset manager.

## 02.2 Relevant Professional Applications

The subject constitutes a fundamental aspect of the company's financial profile roles: financial directors, controllers and administrative managers.

# 03 Competencies

## 03.1 Subject Competencies

### Specific Competencies

CEFIN01 – Handle the basic terminologies of financial income, interest rates, financial markets as well as financial products.

CEFIN02 – Understand and comprehend the processes related to the functioning of markets, institutions and financial products, as well as understand the role of financial management within the company.

CEFIN03 – Apply mathematical techniques, statistics and computer tools that allow to reveal the underlying mechanisms of the financial economy.

CEFIN04 – Apply some of the basic methods for the study of financial investments, of business financing, and of markets and financial products.

CEFIN05 – Know the current trends in the stock market, debt market, derivatives market, monetary and foreign exchange markets.

CEFIN06 – Teamwork

CEFIN07 – Identify obstacles, problems, opportunities and know how to propose improvements and find new strategies or solutions in the financial field.

### General Competencies

CG02 – Communicate orally and in writing with others about the results of learning, thinking development and decision-making; participate in debates on subjects of the specialty.

CG04 – Manage the acquisition, structuring, analysis and visualization of data and information in the field of the specialty and critically evaluate the results of this management.

CG06 – Identify obstacles, problems and opportunities and know how to propose improvements and find new strategies or solutions, with responsibility and autonomy, planning and organizing the tasks to achieve the objectives within the established deadlines and, at the same time, commit to a quality work, clearly and ordered, by effort, constancy and the desire for personal and professional growth.

CG08 – Be able to break down an issue or problem by analyzing the premises that compose it, inquiring into the relationships between them, and identifying their implications and consequences in order to judge the reliability of the same.

CG09- Understand and comprehend the organization of a company and the sciences that define its activity; ability to understand labor standards and relationships between planning, industrial and business strategies, quality and profit.

# 04 Program

1. **Active Financial Risk Management.**
   - Volatility in financial markets.
   - Possibility of speculation and coverage needs.

2. **Money Market operations: Forward operations.**

3. **Futures Market**
   - Description and utility of a futures contract.
   - Futures contracts on stock indexes and stocks.
   - Futures contracts on interest rates.
   - Futures contracts on exchange rates.
   - Futures contracts on raw materials.

4. **Options Market**
   - Type of options:
   - Specifications of an options contract.
   - Models for the valuation of options.
   - Contracts of options on stocks and indices.
   - Contracts of interest rate options.
   - Contracts on exchange rate options.
   - Raw material options contracts.
   - Complex strategies with options.

5. **Other OTC (over the counter) derivates strategies**
   - Swaps.
   - Caps, floors y collars.
   - Warrants

6. **Business utility of derivative products and financial instruments**
   - Interest rate risk management.
   - Investment and financing operations.
   - Temporary structure of the spot and forward interest rates.

- Risk management of exchange rate.
- Import and export operations.
- Spot and forward exchange rates.
- Management of volatility in commodity markets.

**7. Structured products**

- Financial innovation in the field of financial products for the current company.
- Factors that affect the price of a structured product.
- Design of a structured product.
- Examples of commercialized structured products.

**8. Application of Corporate Social Responsibility** in the financial market and instruments fundamentals to ensure a better sustainable community and continuity in the awareness of its importance.

# 05 Teaching Methodology

Taking into account the theoretical-practical characteristic of the student's profile, the teaching model is structured in three types of methodologies:

**ME1.** Participatory Exhibition Class

**ME3.** Autonomous work

**ME4.** Problem-based learning

# 06 Learning Activities

Considering the competences of the subject and based on the proposed teaching methodologies, the following learning activities are scheduled:

| Evaluation Activities | Hours | On Campus |
|---|---|---|
| **AF1.** Exhibition of contents with student participation | 24 | 100% |
| **AF2.** Problem solving, exercises and case studies with student participation | 24 | 100% |
| **AF4**. Study and preparation of teaching units | 46 | 0% |
| **AF5**. Performance of exercises and case studies | 25 | 0% |
| **AF6.** Problem solving and strategies | 25 | 0% |
| **AF13.** Written / oral evaluations | 6 | 100% |

# 07 Evaluation

| **Evaluation Items**<br>**0.6 · EV1 + 0.2 · EV2 + 0.2 · EV3** | **Evaluation of Specific Competencies** | **Weight** |
|---|---|---|
| EV1. Final written exam of all subject matter | CEFIN01, CEFIN02<br>CEFIN03,CEFIN04<br>CEFIN05,CEFIN06<br>CEFIN07 | 40% |
| EV2. Midterm Written Exam | CEFIN01, CEFIN02<br>CEFIN03,CEFIN04<br>CEFIN05,CEFIN06<br>CEFIN07 | 20% |
| EV3. Exercises, problems, and continuous Evaluation | CEFIN01, CEFIN02<br>CEFIN03,CEFIN04<br>CEFIN05,CEFIN06<br>CEFIN07 | 40% |

"The maximum grade that students will be able to obtain in the revaluation tests [...] shall be 5,0. In addition, "the grade of the revaluation tests shall in any case constitute the final grade of the subject". Thus, only students who, having completed the midterm exam, the final exam and having carried out 100% of the continuous evaluation activities of the subject, and have suspended (final grade of the subject below 5) will be entitled to the revaluation examination.

# 08 Learning Resources

| **Topics** | **Resources** | **Type** |
|---|---|---|
| Per Topic | Slides, and class exercises | In Class and via Blackboard |

# 09 Code of Academic Conduct

The section 27.2 of the Universal Declaration of Human Rights stipulates that everyone has the right to the protection of the moral and material interests resulting from any scientific, literary or artistic production of which he is the author.

Thus, the moral and patrimonial rights of the authors of literary, musical, artistic, scientific and academic creations, whether they have been published or not, are protected by means of different national and international regulations. In the case of Spain, the Legislative Royal Decree 1/1996, of April the 12th, approved the consolidated version of the Law of Intellectual Property, regularizing, clarifying and harmonizing the legal provisions for the time being in force on this matter.

In this respect, special attention must be given to previously obtaining the corresponding authorization from the owner of the copyrights of any material, particularly before its distribution to the students and by means of the virtual campus. EAE Barcelona takes no responsibility for the non-compliance with this rule on the part of the users, either members of the teaching community or students.

The following materials that can be duplicated without the requirement of previous authorization:

- Laws and regulations.
- Court decisions.
- Acts, agreements, deliberations and decisions from public bodies.
- Any material distributed under the Creative Commons license, whenever its author and credits are mentioned.
- Any material published under the ISBN of EAE Barcelona or EAE Madrid.
- Any material, whose rights belong to EAE Barcelona or EAE Madrid.
- Any work that is in the public domain.

Furthermore, the quotation right is the inclusion of extracts from protected documents or materials, in this particular case, elaborated by the members of the teaching community- with the exception of textbooks and university handbooks- when such extracts are used to accompany educational activities.

The excerpts that can be used on the basis of the quotation right must fulfil the following requirements

- They must be previously published works.
- The source and author must be mentioned, whenever it is possible.
- They must deal exclusively with the teaching field.
- The inclusion of the excerpt must necessarily come with an analysis or explanation of it.

Concerning the material elaborated by the professors, in case it has been published previously, the agreements with the magazine or publication where it appeared must be taken into account.

As is apparent from the preceding paragraphs, plagiarism is a fraudulent activity that may result in serious sanctions, both of academic and legal nature. Academic honesty is one of the pillars on which the School's commitment to education is based, and the members of its teaching community are particularly conscious and prepared to perceive this kind of actions. Keeping in mind the difficulty that arises when trying to conceptualize plagiarism, it has been considered appropriate to delimitate clearly its contents and significance in these regulations and policies.

Plagiarism is understood as the appropriation of someone else's works, pretending that they are one's own; that is to say, without explicitly confirming its source. Plagiarism can consist on the complete or partial unauthorized copy of someone else's work, or the presentation of a copy as an original own work, impersonating the true author. Some examples of plagiarism are:

- Presenting someone else's work as one's own, regardless of whether the copy is complete or partial.
- Paraphrasing a text using different words, with small changes in the language, without quoting the source in order to feign.
- Purchasing or obtaining a work and presenting it as one's own.
- Using someone else's ideas or sentences as the basis to write a work without quoting its author.

In line with the section 10 of the Academic Code of Conduct of Students of EAE Barcelona, without prejudice to the academic sanctions resulting from its application, the Academic Commission will promote the pertinent legal actions if the plagiarism violates the applicable regulation in matters of intellectual property.

# 10 Bibliography

## 10.1 Basic Bibliography

- Dispas, C., Kayanakis, G., Servel, N., & Striukova, L. (2021). Innovation and Financial Markets. John Wiley & Sons.

## 10.1 Complementary Bibliography

- Yarygina, I., & Mamedov, T. (2021). Financial Markets: Current Trends and Factors that Determine the Functioning of Financial and Credit Institutions. In *Financial Markets Evolution* (pp. 21-32). Palgrave Macmillan, Cham..