

**MÁSTER UNIVERSITARIO EN DIRECCIÓN FINANCIERA Y CONTABLE
DE LA EMPRESA**
**(Official Master's Degree in Accounting and Financial
Management)**

SUBJECT


- **Name:** Futures, options and foreign exchange
Type of subject: Elective
Credits: 3 ECTS
Hours dedication: 18 hours (in classroom) 60 hours (out classroom)
Professors: Luz Parrondo
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COURSE DESCRIPTION

There is one main dimension separating domestic finance and international finance: International risk. Fluctuations in exchange rates, interest rates, and inflation require risk identification, risk measurement and hedging, important tasks for international finance.

This course provides discussions of some of the main challenges of international financial transactions. It is divided into two sections: In the first section, the student will be familiarized with exchange rate determination, balance of payments, the international monetary system, the European Monetary System and the parity conditions in real markets and financial markets; In the second section, they will examine the different derivatives for hedging (options, forwards, futures, and swaps), and exposure measurement (translation, transaction and economic exposure).

Contents & Learning results

- Deep analysis of different strategies and valuation of futures and options.
- Managing interest rate risk, foreign exchange and other financial risks.
- Understanding the structure of the foreign exchange market.
- Using an exchange rate forward in an international company and calculating the price of a forward.
- Differentiating between swaps and caps, floors and collars and using the products based on each risk level.
- Understanding how OTC products work. 

Specific Abilities

CE1. Taking decisions aimed at achieving the company's overall accounting and

financial objectives through the application of practical and advanced analysis techniques adapted to the business sector in which it operates.

CE2. Applying expert knowledge to finances and accounting through actual cases, role-play and real practices.

CE5 Carrying out projects in the accounting and finance field in order to have a set of scenarios to make the best decisions.

CE6. Applying specific analytical techniques from the field of finances and accounting with the aim of taking the most appropriate decisions, taking into account the economic context and the company's expectations.

CE8. Managing the company's financial resources effectively and efficiently with the aim of increasing its profits and profitability, in keeping with its overall accounting and financial objectives.

Methodology

The methodology used in the subject is essentially participatory and is fundamentally based on the discussion of practical cases, explanations based on real-world business experience and case presentations, reading and exercises by the participants. The subject materials must be worked on at home. This will allow sessions to focus on aspects previously discussed and ensure they are essentially practical. Moreover, presentations of cases, exercises and reading materials will be common. The groups/participants that are not presenting will have to submit a written assignment on the completion of their exercise to the professor or hand it in in the subject's global classroom.

Evaluation criteria

40 % Exam
40 % Case studies, exercises
20% oral presentations, attendance, etc

Students are required to attend 80% of classes. Failing to do so without justified reason will imply a Zero grade in the participation/attendance evaluation item and may lead to suspension from the program.

Total course

Students need to obtain a minimum of 5 in the final exam to pass the course. This condition applies to both the regular exam and the retake exam. The final course grade of students that do not obtain **a minimum of 5 in the exam** will have a retake exam opportunity that will be programmed in accordance with the academic calendar. If a student has to retake the exam, his **maximal grade for the course will**

be a 5.

Students are required to **attend 80% of classes**. Failing to do so without justified reason will imply a Zero grade in the participation/attendance evaluation item and may lead to suspension from the program.

Plagiarism is to use another's work and to present it as one's own without acknowledging the sources in the correct way. All essays, reports or projects handed in by a student must be original work completed by the student. By enrolling at any UPF BSM Master of Science and signing the "Honor Code," students acknowledge that they understand the schools' policy on plagiarism and certify that all course assignments will be their own work, except where indicated by correct referencing. Failing to do so may result in automatic expulsion from the program."

Contents

1. Part 1: Environment of international finance economics

- 1.1. Introduction
- 1.2. The Theory of Exchange Rate Determination
- 1.3. The International Monetary System
- 1.4. Parity Conditions in International Finance

2. Part 2: The Currency and Derivative Markets

- 2.1. The Foreign Exchange Market
- 2.2. Futures, forwards and Options on Foreign Exchange
- 2.3. Swaps

Reading Materials/ Bibliography/Resources

International Finance and Accounting

JEFF MADURA. International Financial Management.

ALAN C. SHAPIRO, PETER MOLES. International Financial Management

Bio of Professor

Luz Parrondo is Director of the Finance and Control Department at the UPF Barcelona School of Management. Director of Master in Financial Management and the Postgraduate in Blockchain and other DLTs. Lecturer at Universitat Pompeu Fabra. PhD in Economics, Finance and Management awarded by Pompeu Fabra University (UPF). As a researcher, she specializes in the study of financial management, with special emphasis on the impact of new technologies in the financial, accounting and auditing sector, in profit management, risk

management and corporate social responsibility. Member of the Academic Advisory Body (AAB) of the International Association for Trusted Blockchain. Member of multidisciplinary academic working group on the DLT BAWG – Blockchain & Academia Working Group. Since 2015, she coordinates the professional journal RCD and since 2018 is member of the REA Auditors technology commission. As a professional, Dr. Parrondo worked as Financial Controller and as a Financial Manager in several SMEs in Barcelona. Innovation must never stop.