



# AFIN8006

## Risk Management and Derivatives

Session 1, In person/Online-scheduled-weekday, North Ryde 2022

*Department of Applied Finance*

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## General Information

Unit convenor and teaching staff

Unit Convenor and Lecturer

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Credit points

10

Prerequisites

(Admission to MActPrac or MFin) or (ACST603 or ACST6003 or AFIN858)

Corequisites

Co-badged status

Unit description

This unit examines current techniques for measuring and managing the financial risk faced by corporate and financial institutions, with an emphasis on the practical use of derivative financial products such as forwards, futures, swaps and options to manage risk.

## Important Academic Dates

Information about important academic dates including deadlines for withdrawing from units are available at <https://www.mq.edu.au/study/calendar-of-dates>

## Learning Outcomes

On successful completion of this unit, you will be able to:

**ULO1:** Recognise the role of derivatives in financial risk management.

**ULO2:** Discover the fundamental principles of derivatives valuation and its application in managing risks.

**ULO3:** Evaluate alternative risk management strategies and tactics.

**ULO4:** Encourage peer learning, peer support and collaborative work in implementing appropriate risk management solutions for corporate risk scenarios.

## General Assessment Information

### Late submissions of assessments

Unless a Special Consideration request has been submitted and approved, no extensions will be granted. There will be a deduction of 10% of the total available assessment-task marks made from the total awarded mark for each 24-hour period or part thereof that the submission is late. Late submissions will only be accepted up to 96 hours after the due date and time.

No late submissions will be accepted for timed assessments – e.g., quizzes, online tests.

**Table 1: Penalty calculation based on submission time**

| Submission time after the due date (including weekends) | Penalty (% of available assessment task mark) | Example: for a non-timed assessment task marked out of 30 |
|---|---|---|
| < 24 hours  | 10%   | 10% x 30 marks = 3-mark deduction                         |
| 24-48 hours   | 20%   | 20% x 30 marks = 6-mark deduction                         |
| 48-72 hours   | 30%   | 30% x 30 marks = 9-mark deduction                         |
| 72-96 hours   | 40%   | 40% x 30 marks = 12-mark deduction                        |
| > 96 hours  | 100%  | Assignment won't be accepted                              |

Other assessment criteria for assessment tasks will be provided on the unit iLearn site.

## Assessment Tasks

| Name                              | Weighting | Hurdle | Due                           |
|-----------------------------------|-----------|--------|-------------------------------|
| <a href="#">Online Quiz</a>       | 0%        | No     | Week 5                        |
| <a href="#">Mid Session Test</a>  | 20%       | No     | Week 8                        |
| <a href="#">Group Assignment</a>  | 20%       | No     | Week 10                       |
| <a href="#">Final Examination</a> | 60%       | No     | University examination period |

### Online Quiz

Assessment Type <sup>1</sup>: Quiz/Test

Indicative Time on Task <sup>2</sup>: 1 hours

Due: **Week 5**

Weighting: **0%**

The online quiz will consist of 5 to 10 questions and will be available on iLearn. Please use the quiz result as an indicator of whether you are progressing satisfactorily in the unit.

On successful completion you will be able to:

- Recognise the role of derivatives in financial risk management.

## Mid Session Test

Assessment Type <sup>1</sup>: Quiz/Test

Indicative Time on Task <sup>2</sup>: 19 hours

Due: **Week 8**

Weighting: **20%**

A 90 minute mid session test will be held during the session.

On successful completion you will be able to:

- Recognise the role of derivatives in financial risk management.
- Discover the fundamental principles of derivatives valuation and its application in managing risks.

## Group Assignment

Assessment Type <sup>1</sup>: Report

Indicative Time on Task <sup>2</sup>: 20 hours

Due: **Week 10**

Weighting: **20%**

Students will work in groups to conduct quantitative and qualitative analysis on a topical issue in financial risk management.

On successful completion you will be able to:

- Recognise the role of derivatives in financial risk management.
- Discover the fundamental principles of derivatives valuation and its application in managing risks.
- Evaluate alternative risk management strategies and tactics.
- Encourage peer learning, peer support and collaborative work in implementing

appropriate risk management solutions for corporate risk scenarios.

## Final Examination

Assessment Type <sup>1</sup>: Examination

Indicative Time on Task <sup>2</sup>: 20 hours

Due: **University examination period**

Weighting: **60%**

A two hour exam will be held during University Examination Period.

On successful completion you will be able to:

- Recognise the role of derivatives in financial risk management.
- Discover the fundamental principles of derivatives valuation and its application in managing risks.
- Evaluate alternative risk management strategies and tactics.

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<sup>1</sup> If you need help with your assignment, please contact:

- the academic teaching staff in your unit for guidance in understanding or completing this type of assessment
- the [Writing Centre](#) for academic skills support.

<sup>2</sup> Indicative time-on-task is an estimate of the time required for completion of the assessment task and is subject to individual variation

## Delivery and Resources

**Delivery Format and other Details:** Classes comprise a weekly, three-hour seminar, typically structured as a two-hour lecture plus one hour for exercise questions. Students should attend all classes, both for learning and assessment purposes. The timetable for classes can be found on the University website at: <https://timetables.mq.edu.au/2022/>

**Unit Web Page:** Course material is available on the learning management system (iLearn). Students should consult the web page frequently. Learning, teaching and other reference materials are posted to this site throughout the session.

**Technology Used and Required:**

- Access to the unit Web Site (iLearn).
- Word processing software for report writing (e.g. Microsoft Word).
- Spreadsheets for applying quantitative models studied in the unit (e.g. Microsoft Excel).

**Recommended Text:** 'Option, Futures, and Other Derivatives' (Global Edition) by John C. Hull, 10th Edition, Pearson.

**Recommended Readings:** Additional references may be added during the session. Details of these will be provided at the unit web page.

## Unit Schedule

Please refer to iLearn.

## Policies and Procedures

Macquarie University policies and procedures are accessible from [Policy Central \(https://policies.mq.edu.au\)](https://policies.mq.edu.au). Students should be aware of the following policies in particular with regard to Learning and Teaching:

- [Academic Appeals Policy](#)
- [Academic Integrity Policy](#)
- [Academic Progression Policy](#)
- [Assessment Policy](#)
- [Fitness to Practice Procedure](#)
- [Assessment Procedure](#)
- [Complaints Resolution Procedure for Students and Members of the Public](#)
- [Special Consideration Policy](#)

Students seeking more policy resources can visit [Student Policies \(https://students.mq.edu.au/support/study/policies\)](https://students.mq.edu.au/support/study/policies). It is your one-stop-shop for the key policies you need to know about throughout your undergraduate student journey.

To find other policies relating to Teaching and Learning, visit [Policy Central \(https://policies.mq.edu.au\)](https://policies.mq.edu.au) and use the [search tool](#).

## Student Code of Conduct

Macquarie University students have a responsibility to be familiar with the Student Code of Conduct: <https://students.mq.edu.au/admin/other-resources/student-conduct>

## Results

Results published on platform other than [eStudent](#), (eg. iLearn, Coursera etc.) or released directly by your Unit Convenor, are not confirmed as they are subject to final approval by the University. Once approved, final results will be sent to your student email address and will be made available in [eStudent](#). For more information visit [ask.mq.edu.au](https://ask.mq.edu.au) or if you are a Global MBA student contact [globalmba.support@mq.edu.au](mailto:globalmba.support@mq.edu.au)

## Academic Integrity

At Macquarie, we believe [academic integrity](#) – honesty, respect, trust, responsibility, fairness and

courage – is at the core of learning, teaching and research. We recognise that meeting the expectations required to complete your assessments can be challenging. So, we offer you a range of resources and services to help you reach your potential, including free [online writing and maths support](#), [academic skills development](#) and [wellbeing consultations](#).

## Student Support

Macquarie University provides a range of support services for students. For details, visit <http://students.mq.edu.au/support/>

### The Writing Centre

[The Writing Centre](#) provides resources to develop your English language proficiency, academic writing, and communication skills.

- [Workshops](#)
- [Chat with a WriteWISE peer writing leader](#)
- [Access StudyWISE](#)
- [Upload an assignment to Studiosity](#)
- [Complete the Academic Integrity Module](#)

The Library provides online and face to face support to help you find and use relevant information resources.

- [Subject and Research Guides](#)
- [Ask a Librarian](#)

## Student Services and Support

Macquarie University offers a range of [Student Support Services](#) including:

- [IT Support](#)
- [Accessibility and disability support](#) with study
- Mental health [support](#)
- [Safety support](#) to respond to bullying, harassment, sexual harassment and sexual assault
- [Social support including information about finances, tenancy and legal issues](#)

## Student Enquiries

Got a question? Ask us via [AskMQ](#), or contact [Service Connect](#).

## IT Help

For help with University computer systems and technology, visit [http://www.mq.edu.au/about\\_us/offices\\_and\\_units/information\\_technology/help/](http://www.mq.edu.au/about_us/offices_and_units/information_technology/help/).

When using the University's IT, you must adhere to the [Acceptable Use of IT Resources Policy](#).

The policy applies to all who connect to the MQ network including students.