



# Course Specifications

<b>Course Title:</b>	DERIVATIVES & RISK MANAGEMENT
<b>Course Code:</b>	FIN1421
<b>Program:</b>	English
<b>Department:</b>	FINANCE & BANKING
<b>College:</b>	College of Business Administration
<b>Institution:</b>	Dar Al Uloom University

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## 7. Course Identification

<b>1. Credit hours:</b> 3 Hours
<b>2. Course type</b>
a. University <input type="checkbox"/> College <input type="checkbox"/> Department <input checked="" type="checkbox"/> Others <input type="checkbox"/>
b. Required <input checked="" type="checkbox"/> Elective <input type="checkbox"/>
<b>3. Level/year at which this course is offered:</b> Eighth / Fourth year
<b>4. Pre-requisites for this course (if any):</b> FIN1411
<b>5. Co-requisites for this course (if any):</b> NIL

## 6. Mode of Instruction (mark all that apply)

No	Mode of Instruction	Contact Hours	Percentage
1	Traditional classroom	45	100%
2	Blended		
3	E-learning		
4	Correspondence		
5	Other		

## 7. Actual Learning Hours (based on academic semester)

No	Activity	Learning Hours
<b>Contact Hours</b>		
1	Lecture	45
2	Laboratory/Studio	
3	Tutorial	
4	Others (specify)	
	<b>Total</b>	45
<b>Other Learning Hours*</b>		
1	Study	1
2	Assignments	1
3	Library	
4	Projects/Research Essays/Theses	2
5	Others (specify)	
	<b>Total</b>	4

\* The length of time that a learner takes to complete learning activities that lead to achievement of course learning outcomes, such as study time, homework assignments, projects, preparing presentations, library times

## B. Course Objectives and Learning Outcomes

### 1. Course Description

This course provides both introductory theory and a working knowledge of contemporary financial derivatives, with an emphasis on the use of derivatives in financial risk management. Topics include an overview of speculative markets, Option pricing models such as Binomial, Black-Scholes and their applications, financial derivatives products such as options, forwards, futures and swaps as well as other credit derivatives in risk management. The course focuses extensively on the analytical aspects of derivative products, derivatives valuation and their use in risk management.

### 2. Course Main Objective

The course focuses extensively on the analytical aspects of derivative products and the practical applications of risk management tools in various contexts.

### 3. Course Learning Outcomes

CLOs		Aligned PLOs
1	<b>Knowledge:</b>	
1.1	Describe the structure of derivative markets and the types of hedging instruments.	K3
1.2	State the pricing mechanisms of derivative products.	K4
1.3	Describe the risk management issues of multinational firms.	K3
1.4	List and explain the tools for measuring, controlling and hedging risk.	K3
2	<b>Skills:</b>	
2.1	Analyze and determine the value of derivative products.	S1
2.2	Evaluate the nature of risk and develop hedging strategies to resolve risk.	S2
3	<b>Competence:</b>	
3.1	Illustrate team skills to work in groups for assigned tasks.	C1
3.2	Show self-management ability, independent decision-making skills and adopt ethical practices in completing the assigned tasks.	C2
3.3	Demonstrate numerical excellence in solving problems and in use of financial data sources and applications.	C4
3.4	Illustrate information technology skills in communication and in generating risk management reports.	C3

## C. Course Content

No	List of Topics	Contact Hours
1	Overview of derivatives markets and instruments	3
2	Derivative pricing	6
3	Basic Option strategies	6
4	Structure of forward and futures markets	6
5	Interest Rate Swaps	6
6	Applications of Financial Risk Management Techniques	9
7	Managing Risk in an organization	9
<b>Total</b>		<b>45</b>

## D. Teaching and Assessment

### 1. Alignment of Course Learning Outcomes with Teaching Strategies and Assessment Methods

Code	Course Learning Outcomes	Teaching Strategies	Assessment Methods
<b>1.0</b>	<b>Knowledge</b>		
1.1	Describe the structure of derivative markets and the types of hedging instruments.	<ul style="list-style-type: none"> <li>• DIRECT</li> </ul>	<ul style="list-style-type: none"> <li>• Written Exams</li> <li>• Written Quiz</li> </ul>
1.2	State the pricing mechanisms of derivative products.	<ul style="list-style-type: none"> <li>• DIRECT</li> </ul>	<ul style="list-style-type: none"> <li>• Written Exams</li> <li>• Written Quiz</li> </ul>
1.3	Describe the risk management issues of multinational firms.	<ul style="list-style-type: none"> <li>• DIRECT</li> </ul>	<ul style="list-style-type: none"> <li>• Written Exams</li> <li>• Written Quiz</li> </ul>
1.4	List and explain the tools for measuring, controlling and hedging risk.	<ul style="list-style-type: none"> <li>• DIRECT</li> </ul>	<ul style="list-style-type: none"> <li>• Written Exams</li> <li>• Written Quiz</li> </ul>
<b>2.0</b>	<b>Skills</b>		
2.1	Analyze and determine the value of derivative products.	<ul style="list-style-type: none"> <li>• DIRECT</li> <li>• INDIRECT</li> </ul>	<ul style="list-style-type: none"> <li>• Written Exams</li> <li>• Written Quiz</li> <li>• Project</li> <li>• Simulated exercises</li> </ul>
2.2	Evaluate the nature of risk and develop hedging strategies to resolve risk.	<ul style="list-style-type: none"> <li>• DIRECT</li> <li>• INDIRECT</li> </ul>	<ul style="list-style-type: none"> <li>• Written Exams</li> <li>• Written Quiz</li> <li>• Project</li> <li>• Simulated exercises</li> </ul>
<b>3.0</b>	<b>Competence</b>		
3.1	Illustrate team skills to work in groups for assigned tasks.	<ul style="list-style-type: none"> <li>• INTERACTIVE</li> </ul>	<ul style="list-style-type: none"> <li>• Project</li> <li>• Simulated exercises</li> </ul>
3.2	Show self-management ability, independent decision-making skills and adopt ethical practices in completing the assigned tasks.	<ul style="list-style-type: none"> <li>• INTERACTIVE</li> </ul>	<ul style="list-style-type: none"> <li>• Project</li> <li>• Simulated exercises</li> </ul>
3.3	Demonstrate numerical excellence in solving problems and in use of financial data sources and applications.	<ul style="list-style-type: none"> <li>• INTERACTIVE</li> </ul>	<ul style="list-style-type: none"> <li>• Project</li> <li>• Simulated exercises</li> </ul>
3.4	Illustrate information technology skills in communication and in generating risk management reports.	<ul style="list-style-type: none"> <li>• INTERACTIVE</li> </ul>	<ul style="list-style-type: none"> <li>• Project</li> <li>• Simulated exercises</li> </ul>

### 2. Assessment Tasks for Students

#	Assessment task*	Week Due	Percentage of Total Assessment Score
1	Quiz		10%
2	Case study/Project		20%
3	Mid term		30%
4	Final Exam		40%

\*Assessment task (i.e., written test, oral test, oral presentation, group project, essay, etc.)

## E. Student Academic Counseling and Support

**Arrangements for availability of faculty and teaching staff for individual student consultations and academic advice:**

1. Eight Office hours weekly can be booked through the students' SIS account.
2. Online discussion through the LMS forums and instant messaging.
3. Instructor email available in the course syllabus.
4. Occasional mobile calls or SMS for urgent messages.

## F. Learning Resources and Facilities

### 1. Learning Resources

<b>Required Textbooks</b>	<ul style="list-style-type: none"> <li>• Don Chance, Robert Brooks (2015). “<i>An Introduction to Derivatives &amp; Risk Management</i>”, (8<sup>th</sup> Edition). Southwestern-Cengage.</li> </ul>
<b>Essential References Materials</b>	<ul style="list-style-type: none"> <li>• Hull, John C. (2012): Options, Futures, and other Derivatives. 8<sup>th</sup> Edition (Global Edition). Prentice Hall</li> </ul>
<b>Electronic Materials</b>	<ul style="list-style-type: none"> <li>• Study materials are available through online resources available from the publisher</li> <li>• Chicago Mercantile Exchange <a href="http://www.cmegroup.com/">www.cmegroup.com/</a> ..</li> <li>• <a href="https://www.jpmorgan.com/jpmpdf/1320663533358.pdf...">Derivatives and Risk Management Made Simple - JP Morgan</a> <a href="https://www.jpmorgan.com/jpmpdf/1320663533358.pdf...">https://www.jpmorgan.com/jpmpdf/1320663533358.pdf...</a></li> <li>• OPEN UNIVERSITY <a href="http://www.open.edu/openlearn/">www.open.edu/openlearn/</a></li> <li>• MIT COURSE WARE <a href="https://ocw.mit.edu/courses/sloan-school-of-management/">https://ocw.mit.edu/courses/sloan-school-of-management/</a></li> <li>• YAHOO FINANCE <a href="https://finance.yahoo.com/">https://finance.yahoo.com/</a></li> <li>• MSN MONEY <a href="https://www.msn.com/en-sa/money">https://www.msn.com/en-sa/money</a></li> <li>• BLOOMBERG <a href="https://www.bloomberg.com/">https://www.bloomberg.com/</a>..</li> </ul>
<b>Other Learning Materials</b>	<ul style="list-style-type: none"> <li>• MS office tools</li> </ul>

### 2. Facilities Required

Item	Resources
<b>Accommodation</b> (Classrooms, laboratories, demonstration rooms/labs, etc.)	Classroom.
<b>Technology Resources</b> (AV, data show, Smart Board, software, etc.)	Data show + smart boards.
<b>Other Resources</b> (Specify, e.g. if specific laboratory equipment is required, list requirements or attach a list)	Internet access point.

## G. Course Quality Evaluation

Evaluation Areas/Issues	Evaluators	Evaluation Methods
End of semester Course Evaluation.	<ul style="list-style-type: none"><li>• Students</li></ul>	<ul style="list-style-type: none"><li>• Indirect</li></ul>
Effectiveness of teaching and assessment.	<ul style="list-style-type: none"><li>• Peer reviewer</li></ul>	<ul style="list-style-type: none"><li>• Indirect</li></ul>
Course learning outcomes assessment.	<ul style="list-style-type: none"><li>• Faculty members</li></ul>	<ul style="list-style-type: none"><li>• Direct</li></ul>
Quality of learning resources	<ul style="list-style-type: none"><li>• Students</li></ul>	<ul style="list-style-type: none"><li>• Indirect</li></ul>

**Evaluation areas** (e.g., Effectiveness of teaching and assessment, Extent of achievement of course learning outcomes, Quality of learning resources, etc.)

**Evaluators** (Students, Faculty, Program Leaders, Peer Reviewer, Others (specify))

**Assessment Methods** (Direct, Indirect)

## H. Specification Approval Data

Council / Committee	
Reference No.	
Date	