

# **CORPORATE FINANCE**

**IE University**

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Academic year: 23-24

Degree course: SECOND

Semester: 2<sup>o</sup>

Category: COMPULSORY

Number of credits: 6.0

Language: English

## **PREREQUISITES**

None

## **SUBJECT DESCRIPTION**

This course introduces the fundamental principles framing the three main corporates' financial decisions: those related to investments (investment appraisal), those that have to do with investment financing (debt vs. equity) and finally those related to financial risk management (use of derivative financial instruments). Details on core topics are presented below:

1. Investment appraisal. Companies aim to invest in assets that earn a return greater than the minimum acceptable hurdle rate. These investments usually refer to real estate assets, industrial equipment, the acquisition of other companies, or even financial securities. We will try to understand how companies decide what investment opportunities they should pursue.
2. Sources of funding. A basic Knowledge of the functioning of capital markets, both equity and bond (debt) markets, is needed to understand how companies raise funds or place their liquidity. Capital markets are generally analyzed from the investor's point of view (individuals or corporations) however, they are equally important for the companies that are financed through them. Other alternative sources of funding such as those provided by the Venture Capital and Private Equity industry are also important. We will introduce these topics and review the relevant variables companies consider when it comes to making decisions about funding investments.
3. Financial management of risks. Corporations try to reduce the impact on their cash flows, of risks associated with economic fluctuations or unforeseen events (movements in prices of commodities, currencies, interest rates, etc.). These risks can be hedged with insurance policies or financial derivative contracts such as forwards, futures, options, swaps, etc. We will introduce the main type of derivative instruments used by firms to manage financial and economic risks. Although the course does not cover in depth the analysis of these instruments, it does present the essentials with the objective that students understand their

functioning, given the importance they have in today markets and companies.

## OBJECTIVES AND SKILLS

In this course we will develop the analytical competences that form the basis for making financial decisions in the firm. The emphasis will be focused, first in understanding the concepts and frameworks that underlie financial decisions, second in being able to apply them, and third in the development of analytical and critical thinking and problem-solving skills. Through the course we will discuss the ethical and CSR issues that arise in the various areas of finance.

To cover the course material, we will stress real-life situations faced by companies, in which students are expected to use their knowledge to make decisions. Business cases frequently provide limited or conflicting information, just as in real life. Students are expected to exercise judgement and make assumptions to cope with the analysis. In some cases, results and conclusions from different students will differ, depending on the hypotheses assumed. You shouldn't worry about it, what it is important is that the analysis you come up with, is well supported. Don't forget that corporate finance decisions, as most things in life, are about common sense!!

This course has been designed for an audience not familiarized with financial issues. However, we cover a large amount of material in significant depth, so although we will start from scratch, you have to make an effort to progress and to achieve the objectives of the course.

## METHODOLOGY

The course draws on the active learning method, based on the analysis of business cases and information and data obtained from companies, financial markets or press.

The course is based on:

**“FACE to FACE or VIDEOCONFERENCES SESSIONS”**: to motivate and introduce concepts and financial frameworks used in corporate finance as well as to apply these frameworks to solve real problems in the field of finance. Of course, we will also use these sessions to solve doubts about the solutions of the short cases and exercises assigned in individual or group work sessions. After the class, individual study and content review is required to master the knowledge introduced and discussed in the classes.

**“ASYNCHRONOUS SESSIONS”** to work INDIVIDUALLY and in GROUP on assigned short cases, exercises and readings to assess concepts, frameworks and new knowledge through its application to real situations faced by corporations.

This course is divided into 30 sessions. The 29th session will be the review session and the 30th session will be the final examination. There will be also a Mid-term exam.

Teaching methodology	Weighting	Estimated time a student should dedicate to prepare for and participate in
Lectures	10.0 %	15 hours
Discussions	10.0 %	15 hours
Exercises	20.0 %	30 hours
Group work	30.0 %	45 hours
Other individual studying	30.0 %	45 hours
TOTAL	100.0 %	150 hours

## PROGRAM

### PART 1

See below the textbook used. BMA stands for Brealey, Myers and Allen: *Principles of Corporate Finance*.

This course consists of two parts. The first part starts with an introduction to Corporate Finance and the basic hypotheses used. Then it focuses on the application of the time value of money: the investment decisions criteria and fixed income securities. The second part introduces the concept of risk and its relationship with return: portfolio theory.

## **PART 1: INTRODUCTION TO CORPORATE FINANCE**

### **Investment Valuation: main decision criteria, NPV & IRR**

#### **Valuation of Real Estate Assets**

*Lectures:*

- Time Value of Money
- NPV & mechanics
- Compound interest rate & inflation rate
- NPV shortcut applications

## **SESSIONS 1-7**

*Reading Book Assignment:* BDM sections you should read: Chapter 3 (sections 3.2 and 3.3); the whole Chapter 4; and Chapter 5 (sections 5.1 to 5.3)

### **SESSION 1 (LIVE IN-PERSON)**

Introduction to Corporate Finance

The concept of interest rate (price of the money): the components of interest rate.

*Book Chapters:* *Corporate Finance* Chapter 3 [sections 3.2 and 3.3]; the whole Chapter 4; and Chapter 5 [sections 5.1 to 5.3] (See Bibliography)

### **SESSION 2 (LIVE IN-PERSON)**

Investment Decisions Criteria: NPV

Lecture:

- Time Value of Money
- NPV & mechanics
- Compound interest rate & inflation rate
- NPV shortcut applications

Reading Assignment:

*Book Chapters:* *BMA* ch. 1, 2. (Book) (See Bibliography)

*Book Chapters:* *Corporate Finance* Chapter 3 (sections 3.2 and 3.3); the whole Chapter 4; and Chapter 5 (sections 5.1 to 5.3) (See Bibliography)

### **SESSION 3 (ASYNCHRONOUS)**

Investment Decisions Criteria: NPV

Lecture:

- Time Value of Money
- NPV & mechanics

- Compound interest rate & inflation rate
- NPV shortcut applications

Reading Assignment:

*Book Chapters: BMA ch. 1, 2. (Book) (See Bibliography)*

*Book Chapters: Corporate Finance Chapter 3 (sections 3.2 and 3.3); the whole Chapter 4; and Chapter 5 (sections 5.1 to 5.3) (See Bibliography)*

## **SESSION 4 (LIVE IN-PERSON)**

Investment Decisions Criteria: NPV

Lecture:

- Time Value of Money
- NPV & mechanics
- Compound interest rate & inflation rate
- NPV shortcut applications

Reading Assignment:

*Book Chapters: BMA ch. 1, 2. (Book) (See Bibliography)*

*Book Chapters: Corporate Finance Chapter 3 (sections 3.2 and 3.3); the whole Chapter 4; and Chapter 5 (sections 5.1 to 5.3) (See Bibliography)*

## **SESSION 5 (LIVE IN-PERSON)**

Investment Decisions Criteria: NPV

Lecture:

- Time Value of Money
- NPV & mechanics
- Compound interest rate & inflation rate
- NPV shortcut applications

Reading Assignment:

*Book Chapters: BMA ch. 1, 2. (Book) (See Bibliography)*

*Book Chapters: Corporate Finance Chapter 3 (sections 3.2 and 3.3); the whole Chapter 4; and Chapter 5 (sections 5.1 to 5.3) (See Bibliography)*

## **SESSION 6 (ASYNCHRONOUS)**

Introduction to Fixed Income

Lecture:

- Introduction to Bonds
- Term Structures of Interest Rates
- Spot & Forward Interest Rates
- Agency Default Risk & Bond Ratings
- Bond Pricing
- Arbitrage
- Yield to Maturity (YTM)

Reading Assignment:

*Book Chapters: BMA ch. 3. (Book) (See Bibliography)*

*Book Chapters: Corporate Finance Chapter 3 (sections 3.2 and 3.3); the whole Chapter 4; and Chapter 5 (sections 5.1 to 5.3) (See Bibliography)*

## **SESSION 7 (LIVE IN-PERSON)**

Introduction to Fixed Income

Lecture:

- Introduction to Bonds
- Term Structures of Interest Rates
- Spot & Forward Interest Rates
- Agency Default Risk & Bond Ratings
- Bond Pricing
- Arbitrage
- Yield to Maturity (YTM)

Reading Assignment:

*Book Chapters: BMA ch. 3. (Book) (See Bibliography)*

*Book Chapters: Corporate Finance Chapter 3 (sections 3.2 and 3.3); the whole Chapter 4; and Chapter 5 (sections 5.1 to 5.3) (See Bibliography)*

**Valuation of Corporate Projects. Cash Flow Projections. Limitations of investment decision criteria**

Lectures:

- The concept of Free Cash Flow versus Net Corporate Profit.
- The concept of terminal value in corporate valuation
- Valuation of Mergers & Acquisitions (M&A). Differential Free Cash Flows
- Valuation of listed companies. Introduction to valuation based on multiples
- Limitations and critiques to investment decision criteria
- Investments with different lives: estimating the equivalent annual cash flow using the annuities formula.

## **SESSIONS 8-12**

*Reading Book Assignment: BDM sections you should read: Chapter 2 (section 2.4); the whole Chapter 7; the whole Chapter 8; Chapter 9 (sections 9.3 and 9.4)*

## **SESSION 8 (LIVE IN-PERSON)**

Introduction to Fixed Income

Lecture:

- Introduction to Bonds
- Term Structures of Interest Rates
- Spot & Forward Interest Rates
- Agency Default Risk & Bond Ratings
- Bond Pricing
- Arbitrage

- Yield to Maturity (YTM)

Reading Assignment:

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Valuation of Corporate Projects. Introduction. Free Cash Flow versus Net Profit. Terminal Value.

*Book Chapters: BMA ch. 3. (Book) (See Bibliography)*

*Book Chapters: Corporate Finance Chapter 2 (section 2.4); the whole Chapter 7; the whole Chapter 8; Chapter 9 (sections 9.3 and 9.4) (See Bibliography)*

## **SESSION 9 (LIVE IN-PERSON)**

Introduction to Fixed Income

Lecture:

- Introduction to Bonds
- Term Structures of Interest Rates
- Spot & Forward Interest Rates
- Agency Default Risk & Bond Ratings
- Bond Pricing
- Arbitrage
- Yield to Maturity (YTM)

Reading Assignment:

Valuation of Mergers & Acquisitions (M&A). The Incremental FCF concept.

Valuation of listed companies. An introduction to valuation based on multiples

*Book Chapters: BMA ch. 3. (Book) (See Bibliography)*

*Book Chapters: Corporate Finance Chapter 2 (section 2.4); the whole Chapter 7; the whole Chapter 8; Chapter 9 (sections 9.3 and 9.4) (See Bibliography)*

## **SESSION 10 (LIVE IN-PERSON)**

Introduction to Fixed Income

Lecture:

- Introduction to Bonds
- Term Structures of Interest Rates
- Spot & Forward Interest Rates
- Agency Default Risk & Bond Ratings
- Bond Pricing
- Arbitrage
- Yield to Maturity (YTM)

Reading Assignment:

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Advanced topics in valuation of corporate projects:

- The Fisher crossover point
- The Equivalent Annual Cash Flow method to compare project with different lives.

*Book Chapters: BMA ch. 3. (Book) (See Bibliography)*

*Book Chapters: Corporate Finance Chapter 2 (section 2.4); the whole Chapter 7; the whole Chapter*

8; Chapter 9 (sections 9.3 and 9.4) (See Bibliography)

## **SESSION 11 (ASYNCHRONOUS)**

Introduction to Fixed Income

Lecture:

- Introduction to Bonds
- Term Structures of Interest Rates
- Spot & Forward Interest Rates
- Agency Default Risk & Bond Ratings
- Bond Pricing
- Arbitrage
- Yield to Maturity (YTM)

Reading Assignment:

*Book Chapters: BMA ch. 3. (Book) (See Bibliography)*

*Book Chapters: Corporate Finance Chapter 2 (section 2.4); the whole Chapter 7; the whole Chapter 8; Chapter 9 (sections 9.3 and 9.4) (See Bibliography)*

## **SESSION 12 (LIVE IN-PERSON)**

Other Investment Criteria

Lecture:

- Alternatives to NPV (IRR & Payback Period) & critiques
- Investments with different lives

Reading Assignment:

*Book Chapters: BMA ch. 5 (Book) (See Bibliography)*

*Book Chapters: Corporate Finance Chapter 2 (section 2.4); the whole Chapter 7; the whole Chapter 8; Chapter 9 (sections 9.3 and 9.4) (See Bibliography)*

### **Valuation of Fixed Income Assets**

Lecture:

- Introduction to Bonds. Agency Default Risk & Bond Ratings. Valuation of Bonds (Bond Pricing-Yield to Maturity)
- Term Structures of Interest Rates (YIELD CURVE). Spot & Forward Interest Rates. Arbitrage

## **SESSIONS 13 -17**

*Reading Book Assignment: BDM sections you should read: the whole Chapter 6*

## **SESSION 13 (LIVE IN-PERSON)**

Other Investment Criteria

Lecture:

- Alternatives to NPV (IRR & Payback Period) & critiques
- Investments with different lives

Reading Assignment:

*Book Chapters: BMA ch. 5 (Book) (See Bibliography)*

*Book Chapters: Corporate Finance (the whole Chapter 6) (See Bibliography)*

*Technical note & tutorials: The cost of capital. The discount rate applicable to investments projects.*

*Multimedia (FIN020108-U-ENG-HTM)*

## **SESSION 14 (LIVE IN-PERSON)**

Other Investment Criteria

Lecture:

- Alternatives to NPV (IRR & Payback Period) & critiques
- Investments with different lives

Reading Assignment:

*Book Chapters: BMA ch. 5 (Book) (See Bibliography)*

*Book Chapters: Corporate Finance, the whole Chapter 6 (See Bibliography)*

## **SESSION 15 (ASYNCHRONOUS)**

Midterm. Will cover chapters 1, 2, 3 and 5

*Book Chapters: Corporate Finance, the whole Chapter 6 (See Bibliography)*

## **PART 2**

### **PART 2: RISK AND PORTFOLIO THEORY**

## **SESSION 16 (LIVE ONLINE)**

Portfolio Theory and CAPM

Lecture:

- Mean Variance Analysis
- Mean Variance Frontier
- Capital Allocation Line
- Capital Market Line
- Capital Asset Pricing Model (CAPM)
- Systemic vs. diversifiable risk
- Arbitrage Asset Pricing Theory
- Beta Estimation Cost of Capital: Unlevering betas WACC

Reading Assignment:

*Book Chapters: BMA ch. 7, 8, 9. (Book) (See Bibliography)*

*Book Chapters: Corporate Finance, the whole Chapter 6 (See Bibliography)*

## **SESSION 17 (LIVE IN-PERSON)**

Portfolio Theory and CAPM

Lecture:

- Mean Variance Analysis
- Mean Variance Frontier



- Capital Allocation Line
- Capital Market Line
- Capital Asset Pricing Model (CAPM)
- Systemic vs. diversifiable risk
- Arbitrage Asset Pricing Theory
- Beta Estimation Cost of Capital: Unlevering betas WACC

Reading Assignment:

*Book Chapters: BMA ch. 7, 8, 9. (Book) (See Bibliography)*

*Book Chapters: Corporate Finance, the whole Chapter 6 (See Bibliography)*

*Practical Case: Uralita: Furnaces (FIN010164-U-ENG-WOD)*

## **SESSION 18 (LIVE ONLINE)**

Portfolio Theory and CAPM

Lecture:

- Mean Variance Analysis
- Mean Variance Frontier
- Capital Allocation Line
- Capital Market Line
- Capital Asset Pricing Model (CAPM)
- Systemic vs. diversifiable risk
- Arbitrage Asset Pricing Theory
- Beta Estimation Cost of Capital: Unlevering betas WACC

Reading Assignment:

*Book Chapters: BMA ch. 7, 8, 9. (Book) (See Bibliography)*

**Financing Decisions. Theories explaining financing decisions. Raising equity and debt.**

**Estimating the weighted average cost of capital (cost of equity and cost of debt).**

*Lectures:*

- Theories explaining financing decisions.
- The concept of the WACC (weighted average cost of capital)
- Raising Debt: Banks versus Bond Markets. The cost of issuing debt versus the cost of a loan.
- Raising equity: Stock Markets versus Private Equity (Venture Capital, Business Angels & Private Equity)
- The estimation of the Cost of Equity: From Markowitz Risk-Return Analysis to the Capital Assets Pricing Model (CAPM).

## **SESSIONS 19- 24**

- o The risk-free asset
- o The market risk-return premium
- o Systemic vs diversifiable risk.
- o Beta parameter (the concept of levered and unlevered beta)

*Reading Book Assignment:* BDM sections you should read: Chapter 12 (sections 12.1 to 12.3) and Chapter 23 (sections 23.1 to 23.2)

## **SESSION 19 (LIVE IN-PERSON)**

Portfolio Theory and CAPM

Lecture:

- Mean Variance Analysis
- Mean Variance Frontier
- Capital Allocation Line
- Capital Market Line
- Capital Asset Pricing Model (CAPM)
- Systemic vs. diversifiable risk
- Arbitrage Asset Pricing Theory
- Beta Estimation Cost of Capital: Unlevering betas WACC

Reading Assignment:

*Book Chapters: BMA ch. 7, 8, 9. (Book) (See Bibliography)*

*Book Chapters: Corporate Finance, Chapter 12 (sections 12.1 to 12.3) and Chapter 23 (sections 23.1 to 23.2) (See Bibliography)*

## **SESSION 20 (LIVE IN-PERSON)**

Portfolio Theory and CAPM

Lecture:

- Mean Variance Analysis
- Mean Variance Frontier
- Capital Allocation Line
- Capital Market Line
- Capital Asset Pricing Model (CAPM)
- Systemic vs. diversifiable risk
- Arbitrage Asset Pricing Theory
- Beta Estimation Cost of Capital: Unlevering betas WACC

Reading Assignment:

*Book Chapters: BMA ch. 7, 8, 9. (Book) (See Bibliography)*

*Book Chapters: Corporate Finance, Chapter 12 (sections 12.1 to 12.3) and Chapter 23 (sections 23.1 to 23.2) (See Bibliography)*

## **SESSION 21 (LIVE IN-PERSON)**

Portfolio Theory and CAPM

Lecture:

- Mean Variance Analysis
- Mean Variance Frontier
- Capital Allocation Line
- Capital Market Line
- Capital Asset Pricing Model (CAPM)
- Systemic vs. diversifiable risk
- Arbitrage Asset Pricing Theory

- Beta Estimation Cost of Capital:Unlevering betasWACC

Reading Assignment:

*Book Chapters: BMA ch. 7, 8, 9. (Book) (See Bibliography)*

*Book Chapters: Corporate Finance, Chapter 12 (sections 12.1 to 12.3) and Chapter 23 (sections 23.1 to 23.2) (See Bibliography)*

## **SESSION 22 (LIVE IN-PERSON)**

Portfolio Theory and CAPM

Lecture:

- Mean Variance Analysis
- Mean Variance Frontier
- Capital Allocation Line
- Capital Market Line
- Capital Asset Pricing Model (CAPM)
- Systemic vs. diversifiable risk
- Arbitrage Asset Pricing Theory
- Beta Estimation Cost of Capital:Unlevering betasWACC

Reading Assignment:

*Book Chapters: BMA ch. 7, 8, 9. (Book) (See Bibliography)*

*Book Chapters: Corporate Finance, Chapter 12 (sections 12.1 to 12.3) and Chapter 23 (sections 23.1 to 23.2) (See Bibliography)*

## **SESSION 23 (ASYNCHRONOUS)**

Portfolio Theory and CAPM

Lecture:

- Mean Variance Analysis
- Mean Variance Frontier
- Capital Allocation Line
- Capital Market Line
- Capital Asset Pricing Model (CAPM)
- Systemic vs. diversifiable risk
- Arbitrage Asset Pricing Theory
- Beta Estimation Cost of Capital:Unlevering betasWACC

Reading Assignment:

*Book Chapters: BMA ch. 7, 8, 9. (Book) (See Bibliography)*

*Book Chapters: Corporate Finance, Chapter 12 (sections 12.1 to 12.3) and Chapter 23 (sections 23.1 to 23.2) (See Bibliography)*

## **SESSION 24 (LIVE IN-PERSON)**

Review Session

*Book Chapters: Corporate Finance, Chapter 12 (sections 12.1 to 12.3) and Chapter 23 (sections 23.1 to 23.2) (See Bibliography)*

## **Managing Financial Risk with derivative instruments.**

*Lectures:*

- Risks hedge with derivative instruments by corporations: commodities, currencies, interest rates.
- Listed versus OTC (Over the Counter) markets
- Future & forwards. Investment strategies: hedge, arbitrage, & speculation
- Swaps. Credit Default Swaps
- Options & warrants

## **SESSIONS 25- 27**

*Reading Book Assignment:* BDM sections you should read: Chapter 20 (sections 20.1 to 20.2) and Chapter 30 (section 30.2)

### **SESSION 25 (LIVE IN-PERSON)**

Derivative instruments listed and over the counter

Future contracts. Strategies with futures: speculation, hedging, and arbitrage

*Book Chapters: Corporate Finance, Chapter 20 (sections 20.1 to 20.2) and Chapter 30 (section 30.2) (See Bibliography)*

### **SESSION 26 (LIVE IN-PERSON)**

Swaps contracts. Credit Default Contracts.

*Book Chapters: Corporate Finance, Chapter 20 (sections 20.1 to 20.2) and Chapter 30 (section 30.2) (See Bibliography)*

### **SESSION 27 (LIVE IN-PERSON)**

Options contracts

*Book Chapters: Corporate Finance, Chapter 20 (sections 20.1 to 20.2) and Chapter 30 (section 30.2) (See Bibliography)*

### **SESSION 28 (LIVE ONLINE)**

Discussion about ethic & ESG in the financial arena.

### **SESSION 29 (LIVE IN-PERSON)**

Review of the Course

### **SESSION 30 (LIVE IN-PERSON)**

FINAL EXAM

## **BIBLIOGRAPHY**

### **Compulsory**

- Brealey, Myers & Allen. *Principles of Corporate Finance*. McGraw Hill. ISBN

9781265074159 (Digital)

The following book is requested for this course. However, you do not need to purchase the printed book. The professor has only requested to get access to Connect. Please click on Buy digital book, and make sure to select the correct access for your group. In case of doubt, contact with your professor.

- BERK, Jonathan & Peter DEMARZO. (2019). *Corporate Finance*. 5th edition. Pearson Education Limited. ISBN 9781292304151 (Printed)

You can use it online through the ie library. I highly recommend you use it to master the course. I include in each session the assigned chapters or sections that cover the different topics.

## EVALUATION CRITERIA

Your final grade in the course will be based on both individual and group work of different characteristics that will be weighted in the following way:

Criteria	Percentage	Comments
quality and contribution	10 %	
effort and preparation	30 %	
grade	25 %	
grade	35 %	

### A. CLASS PARTICIPATION (10% of the grade)

The students are expected to come prepared and participate actively (and voluntarily) during lectures. In addition, the professor can cold-call on students. The criteria used for class participation grade are based on quality (concepts and arguments used) and contribution to move your peer's understanding forward. The students are required to obey the "IE UNIVERSITY'S CODE OF CONDUCT IN CLASS" (see Section 8).

### B. BUSINESS CASES (3 cases which represent 30% of the grade)

You are recommended to work in groups no larger than 5 or 6 students and hand over the case at the deadline (start of the session in which they must be presented). Please pay attention to the presentation of your solutions and the explanations given, they will be considered for the marks. Errors and mistakes are not the basis of the mark if your work shows effort and good preparation, as mistakes are part of the learning process.

### C. MID-TERM EXAM (25% of the grade)

### D. FINAL EXAM (35% of the grade)

The final exam is a mandatory and cumulative computer-based exam. A minimum grade of 4/10 is required for this exam in order to pass the subject, even if the aggregate mark of the course including all the assessments is greater than 5. The retake policy will follow the university rule (see below).

### RE-SIT / RE-TAKE POLICY

Each student has four (4) chances to pass any given course distributed over two (2) consecutive academic years. Each academic year consists of two calls: one (1) ordinary call (during the semester when the course is taking place); and one (1) extraordinary call (or "re-sit") in June/July.

Students who do not comply with the 70% attendance requirement in each subject during the semester will automatically fail both calls (ordinary and extraordinary) for that Academic Year and have to re-take the course (i.e., re-enroll) during the next Academic Year.

Regarding to the newly implemented 'liquid learning' model, all students must still abide by the same IEU attendance policy, including those students who are connecting remotely to class sessions and not physically in the classroom because they are unable to be physically in Spain, on campus. During the sessions, students connecting remotely are required to fully connect their camera and microphone at all times, and must actively participate during the sessions (using all necessary audiovisual equipment), just as their fellow peers who are physically present in the classroom on campus.

The Extraordinary Call Evaluation criteria will be subject to the following rules:

- Students failing the course in the ordinary call (during the semester) will have to re-sit evaluation for the course in June / July (except those students who do not comply with the attendance rule, and therefore will not have that opportunity, since they will fail both calls and must directly re-enroll in the course during the next Academic Year).
- It is not permitted to change the format nor the date of the extraordinary call exams or deadlines under any circumstance. All extraordinary call evaluation dates will be announced in advance and must be taken into consideration before planning the summer (e.g. internships, trips, holidays, etc.)
- The June/July re-sit will consist of a comprehensive evaluation of the course. Your final grade for the course will depend on the performance in this exam or evaluation only. I.e., continuous evaluation over the semester (e.g. participation, quizzes, projects and/or other grade components over the semester) will not be taken into consideration on the extraordinary call. Students will have to achieve the minimum passing grade of 5 and the maximum grade will be capped at 8.0 (out of 10.0) – i.e., "notable" in the extraordinary call.
- Re-takers: Students who failed the subject on a previous Academic Year and are now re-enrolled as re-takers in a course will need to check the syllabus of the assigned professor, as well as contact the professor individually, regarding the specific evaluation criteria for them as re-takers in the course during that semester (ordinary call of that Academic Year). The maximum grade that may be obtained as a retaker during the ordinary call (i.e., the 3rd call) is 10.0 (out of 10.0). The evaluation will be realized as follows: Option 1. Two quizzes at the student's choice (40%) and the final comprehensive exam (60%). The student must obtain a 5 out of 10 minimum in the final exam in order to pass the subject. Option 2. The student may also choose to take the final exam as the only assessment (100%). For both options, the passing grade is 5.

After exams and other assessments are graded by the professor (on either the ordinary or extraordinary call), students will have a possibility to attend a review session (whether it be a final exam, a final project, or the final overall grade in a given course). Please be available to attend the session in order to clarify any concerns you might have regarding your grade. Your professor will inform you about the time and place of the review session.

- Students failing more than 18 ECTS credits after the June/July re-sits will be asked to leave the Program. Please, make sure to prepare yourself well for the exams in order to pass your failed subjects.
- In case you decide to skip the opportunity to re-sit for an exam or evaluation during the June/July extraordinary call, you will need to enroll in that course again for the next Academic Year as a re-taker, and pay the corresponding tuition fees. As you know, students have a total of four (4) allowed calls to pass a given subject or course, in order to remain in the program.

## PROFESSOR BIO

Professor: **CARMEN ALONSO-MUÑOYERRO HERNANDEZ**

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### **CARMEN ALONSO-MUÑOYERRO HERNANDEZ**

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Carmen Alonso-Muñoyerro has a solid academic and professional experience: PhD Ex-Thesis in Economics, Finance, Universidad Rey Juan Carlos, Spain, MA in International Economics and Trade, Universidad Complutense, Spain, BA in Economics and Business, University of California Los Angeles, USA. *Cum Laude*.

She worked for over 11 years at Capital Markets at Banco Santander trading different assets and working on the bond issuance department. Professor Alonso-Muñoyerro has worked as an Associate Professor at Centro Internacional de Formación Financiera, Professor at Loyola-Marymount - Universidad de Alcalá joint programme and Associate Professor at IE Business School where she has been awarded the Best Professor Prize on four occasions.

## OTHER INFORMATION

### ETHICS CODE

This course will be conducted according to the rules specified in the IE Ethics Code which demands zero tolerance for academic dishonesty. You are expected to be familiar with the School's Ethics Code and to follow the procedures outlined therein. All work handed in for grading has to be your own or your group's, and all sources of information used have to be accounted for.

### CODE OF CONDUCT IN CLASS

1. Be on time: Students arriving more than 5 minutes late will be marked as "Absent". Only students that notify in advance in writing that they will be late for a specific session might be granted an exception (to the discretion of the professor).
2. If applicable, bring your name card and strictly follow the seating chart. It helps faculty members and fellow students learn your names.
3. Don't leave the room during the lecture: Students are not allowed to leave the room during the lecture. If a student leaves the room during the lecture, he/she will not be allowed to re-enter and, therefore, will be marked as "Absent". Only students that notify that they have a special reason to leave the session early will be granted an exception (to the discretion of the professor).
4. Do not engage in side conversation. As a sign of respect toward the person presenting the lecture (the teacher as well as a fellow student), side conversations are not allowed. If you have a question, raise your hand and ask it. If you do not want to ask it during the lecture, feel free to approach your teacher after class. If a student is disrupting the flow of the lecture, he/she will be asked to leave the classroom and, consequently, will be marked as "Absent".
5. Use your laptop for course-related purposes only. The use of laptops during the lectures should be authorized by the professor. The use of Facebook, Twitter, or accessing any type of content not related to the lecture is penalized. The student will be asked to leave the room and, consequently, will be marked as "Absent".
6. No cellular phones: IE University implements a "Phone-free Classroom" policy and, therefore, the use of phones, tablets, etc. is forbidden inside your classroom. Failing to abide by this rule entails expulsion from the room and will be counted as one Absence.

7. Escalation policy: 1/3/5. Items 4, 5, and 6 above entail expulsion from the classroom and the consequent marking of the student as “Absent.” IE University implements an “escalation policy”: The first time a student is asked to leave the room for disciplinary reasons (as per items 4, 5, and 6 above), the student will incur one absence, the second time it will count as three absences, and from the third time onward, any expulsion from the classroom due to disciplinary issue will entail 5 absences.

