

Course Description

Financial markets

Programme : Grande Ecole

Academic Year : 2008/2009

Semester : 1

Type of Course : Core course

Number of credits : 5

Course Manager : Gros Lambert, Bertrand

Lecturer : PAYTE Mickaël

Language of instruction : English

Field of Study : Finance

Axis : Global Management

1. Learning Outcomes

This 10 week course is structured to provide student participants with technical, product knowledge, an understanding of the instruments and the workings of the international financial markets. This course will include developing knowledge of what the financial markets are all about, who are the players (providers/users/intermediaries) in the financial markets, what are the instruments and tools of the financial markets, what are the terms/vocabulary of the financial markets, how the financial markets operate and are monitored and regulated. This course will include establishing teams to execute a programme of trading activities to reinforce their technical and market knowledge including accounting, back office processing and clearing of trades.

2. Course Contents

What are

the financial instruments and tools (financial mathematics/securities exchanges) of the financial markets;

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tab-stops: 28.0pt list 50.2pt; mso-list: l0 level1 lfo1; mso-layout-grid-align: auto; punctuation-wrap: hanging;

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Ignore">&middledot; <span

lang="EN-GB" style="FONT-SIZE: 12pt; FONT-FAMILY: "Comic Sans MS"; mso-ansi-language: EN-GB">How are

the providers and users of capital matched up by the intermediaries; What affects the prices of securities (stocks/bonds/money markets/derivatives/foreign exchange); </o:p></p>

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lang="EN-GB" style="FONT-SIZE: 12pt; FONT-FAMILY: "Comic Sans MS"; mso-ansi-language: EN-GB">What are

the terms/vocabulary of the financial markets, sources of information Bloomberg/Reuters, financial press, etc;

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Ignore">&middledot; <span

lang="EN-GB" style="FONT-SIZE: 12pt; FONT-FAMILY: "Comic Sans MS"; mso-ansi-language: EN-GB">How the

financial markets operate; </o:p></p>

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tab-stops: 28.0pt list 50.2pt; mso-list: l0 level1 lfo1; mso-layout-grid-align: auto; punctuation-wrap: hanging;

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lang="EN-GB" style="FONT-SIZE: 12pt; FONT-FAMILY: "Comic Sans MS"; mso-ansi-language: EN-GB">How are

risks (credit, market, trading, counterparty, operational) identified, monitored and controlled; </o:p></p>

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Ignore">· <span

lang="EN-GB" style="FONT-SIZE: 12pt; FONT-FAMILY: "Comic Sans MS"; mso-ansi-language: EN-GB">What is

the legal, regulatory, ethical environment and their impact on these markets and the participants.<span style="mso-spacerun:

yes"> </o:p></p>

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FONT-FAMILY: "Comic Sans MS"; mso-ansi-language: EN-GB"> </o:p></p>

<p class="MsoNormal" style="MARGIN: 0in 0in 0pt 14.2pt; tab-stops: 28.0pt"><span lang="EN-GB" style="FONT-SIZE: 12pt;

FONT-FAMILY: "Comic Sans MS"; mso-ansi-language: EN-GB">This course will include

establishing teams that will function throughout the full course to develop an understanding of each of the exchanges, the

environment of trading activities to reinforce their technical and market knowledge including accounting, mathematics, risk

management, back office processing and clearing of trades. </o:p></p>

3. Prerequisites

Each student is expected to enter the course with a basic knowledge of the differences between debt and equity, interest and dividends, the use and application of corporate balance sheets and income statements, understanding of the time value of money with the ability to calculate internal rate of return and yield to maturity.</p>

Every student is expected to arrive with a financial calculator capable of calculating discounted cash flow, NPV, internal rate of return and yield to maturity.

4. Readings

- Daily access to FT, Wall Street Journal, Bloomberg/Reuters
- Bond Markets, Analysis, and Strategies by Frank Fabozzi, published Pearson PrenticeHall
- Financial Markets and Institutions: A Modern Perspective by Anthony Saunders and Marcia Millon Cornett, published by McGraw-Hill
- Capital Markets: Institutions and Instruments, by Frank Fabozzi and Franco Modigliani, published by Pearson/PrenticeHall

5. Assessment Methods

1/3rd of course assessment is based on team/case assignment of the financial markets presentations and the financial markets simulation

There will be both a mid-term and final examination which will be composed of questions on specific market knowledge as well as computational questions on the bond/debt markets and raising equity through Initial Public Offerings each of which will be weighted 1/3rd.

6. Teaching Methods

In addition to classroom lectures and student case presentations, the course will rely strongly on current market knowledge as well as up to date knowledge of contemporary events occurring and how they affect the international financial markets.

Students are organised into teams where each team is initially expected to prepare a comprehensive presentation of the world's leading financial exchanges: Deutsche Borse, Euronext/NYSE, London Stock Exchange, NASDAQ, Tokyo Stock Exchange, Hong Kong Stock Exchange, Shanghai Stock Exchange, Singapore Stock Exchange, Clearing Houses/Regulatory Organisations, Commodities and Derivatives Exchanges: CME/CBOT, LIFFE, EUREX,

NYMEX.</p>

Subsequently the teams are structured into a simulated global financial market where different teams take the rolls of exchanges, intermediaries, users of capital, investors, clearing houses, regulators. The students develop an international trading mechanism for raising/investing funds, trading, clearing and supervising securities. </p>

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7. More Information

This course is presently not described.