Module title: Fundamentals of Financial Markets

Please note this module description is preliminary and is subject to change.

Module code: Providing School/Department: ICMA Centre

Level: 7 Number of credits: 10

Term(s) in which taught: Autumn Number of ECTS credits: 5

Module convenor: Dr Alfonso Dufour

Summary module description:
To provide an economic framework for the understanding of global financial markets, organised exchanges, market players and the importance of liquidity and price efficiency.

Aims:
Participants will gain an understanding of the international stock and bond markets, ‘repo’ markets (for borrowing/lending on a secured basis); an introduction to foreign exchange and money markets, and to futures markets; finally, specific markets for commodity and energy are presented.

Intended learning outcomes:

Assessable learning outcomes:
By the end of the module, it is expected that students will:
Understand the main features of global financial markets in bonds, stocks, foreign exchange, commodities and energy.
Be familiar with the structure of financial trading systems and with the characteristics of major players in each market.
Be able to distinguish between exchange and OTC markets and between primary and secondary markets in each asset or instrument.
Understand the role of intermediaries, mark-to-market procedures, quotation conventions and market mechanics.
Understand the importance of liquidity and repo contracts.

Additional outcomes:

Outline content
1. General introduction to world financial markets: geographically, by type of exchange, by issuers, liquidity and type of instruments.
   a. Liquidity, the distinction between exchange versus OTC markets and the role of intermediaries in their various forms.
   b. Primary and secondary markets. Market mechanics including types of orders, market participants, margin and short trades.
   c. Market players and effect on liquidity and price efficiency.
4. Fixed income and foreign exchange markets
   a. Short term debt securities issued by government and corporations. Classification of bonds according to issuer: government, agencies, corporate and municipal. Comparison of bond markets in major countries and a description of the main intermediaries and their role.
   b. Foreign exchange market - quotation conventions, types of brokers, central banks' policies.
5. Futures, option and commodity markets:
   a. A comparison of the main exchange traded markets, options on futures, specifications of the most popular contracts, trade orders for futures contracts, mark-to-market procedure, and various expiration conventions.
   b. Commodity and energy markets: Specific features, delivery and settlement methods, backwardation and contango, short squeezes and regulations. Price risks of oil and gas, electricity, coal.

Global context (where appropriate):
The module explores global trends. International examples are used to illustrate key aspects of financial markets and regulation.

Brief description of teaching and learning methods:
Each topic is presented in a lecture. Two practical workshops are used to discuss and experiment with some of the concepts introduced in the lectures.

Contact hours:

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<tr>
<th></th>
<th>Autumn</th>
<th>Spring</th>
<th>Summer</th>
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<tbody>
<tr>
<td>Lectures</td>
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<td>10</td>
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<td>Seminars</td>
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<td>Tutorials</td>
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<td>Project supervision</td>
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<td>Demonstration</td>
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<td>Practical classes and workshops</td>
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<td>Supervised time in studio/workshop</td>
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Fieldwork
External visits
Work-based learning
Guided independent study  85
Placement
Year abroad
Total hours by term  100
Module total hours (10 credit module = 100 hours)  100

Summative Assessment Methods (%) - work which contributes towards the overall module mark:

<table>
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<tr>
<th>Method</th>
<th>Percentage</th>
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<tr>
<td>Written assignment, including essay</td>
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<td>Dissertation</td>
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<td>Set exercise</td>
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<td>Portfolio</td>
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<td>Project output (other than dissertation)</td>
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<td>Oral assessment and presentation</td>
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<td>Practical skills assessment</td>
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<td>Report</td>
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<td>In-class test administered by School</td>
<td>30</td>
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<tr>
<td>Written examination</td>
<td>70</td>
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Coursework: 1-hour, multiple choice test.
Relative percentage of coursework: 30% MC Test, 70% Final Exam

Examinations: 1.5 hours closed-book written examination

Requirements for a pass: 50% weighted average mark

Reassessment arrangements: By written examination only. 1.5 hour written examination.

THE INFORMATION CONTAINED IN THIS MODULE DESCRIPTION DOES NOT FORM ANY PART OF A STUDENT'S CONTRACT.