

# COURSE OUTLINE

COURSE TITLE	<b>FINANCIAL MARKETS</b>	CODE:
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YEAR OF STUDY	III	SEMESTER	I	COURSE STATUS (C-COMPULSORY/O-OPTIONAL/E-ELECTIVE)	C
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NUMBER OF HOURS PER WEEK				TOTAL NUMBER OF HOURS PER SEMESTER	TOTAL NUMBER OF SELF-STUDY HOURS	CREDITS	TYPE OF ASSESSMENT (MT-mid-term, O-oral exam, M-mixed)	LANGUAGE OF TEACHING
C	S	L	Pr.					
2	2	-	-	56	94	5	M	EN

COURSE COORDINATOR	ACADEMIC TITLE, FIRST NAME, LAST NAME <b>ASSIST. SILVIU URSU</b>	DEPARTMENT <b>BUSINESS ADMINISTRATION / FINANCE</b>
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PREREQUISITE COURSES	FINANCE, MONEY AND BANKING
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COURSE OBJECTIVES	<p><b>MAIN OBJECTIVE:</b></p> <p>This course aims to provide the fundamentals of financial markets. On completion of the course, the student will be familiar with notions and concepts specific to the markets in financial instruments, both securities and derivatives, and will be able to identify and use the financial instruments specific to various transactions carried out on financial markets.</p> <p><b>SPECIFIC OBJECTIVES: KNOWLEDGE, ABILITIES AND/OR COMPETENCIES</b></p> <p>i) <u>Cognitive competencies (knowledge)</u></p> <ul style="list-style-type: none"> <li>• to identify the main financial instruments issued and traded in financial markets</li> <li>• to understand the functions and the role of financial markets in a market economy</li> <li>• to know the mechanism of spot trading in a stock exchange</li> <li>• to know the mechanism of margin trading in a stock exchange</li> <li>• to differentiate between primary and secondary capital markets</li> <li>• to identify the responsibilities of intermediaries in the markets of cash and derivatives instruments</li> <li>• to know the particularities of the Romanian capital and derivatives markets</li> <li>• to know how to determine the profit / loss of a financial derivative transaction</li> </ul> <p>ii) <u>Functional competencies (abilities and competencies: applying knowledge to a particular context)</u></p> <ul style="list-style-type: none"> <li>• to participate as an investor in an IPO and in a primary public offering of bonds</li> <li>• to open an investment account at a brokerage (investment) firm</li> <li>• to make stock and bond transactions in a stock exchange</li> <li>• to identify the appropriate financial derivatives for specific hedging operations</li> <li>• to choose the optimal financial derivative for maximizing the payoff of a speculative transaction</li> <li>• to make futures and options transactions in the Romanian financial derivatives markets (BVB and SIBEX)</li> </ul> <p>iii) <u>Personal competencies</u></p> <ul style="list-style-type: none"> <li>• to critically evaluate the findings of recently published research in financial markets</li> <li>• to formulate interpretative options and demonstrate their relevance</li> </ul> <p>iv) <u>General competencies</u></p> <ul style="list-style-type: none"> <li>• to creatively apply the research techniques specific to finance</li> <li>• to be able to act independently and creatively in addressing and solving problems</li> <li>• to objectively and constructively evaluate critical situations</li> </ul>
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COURSE OUTLINE	Name of chapter / Topic	No. of hours
	INTRODUCTION TO FINANCIAL MARKETS	2
	FINANCIAL MARKETS PARTICIPANTS	2
	THE STOCK MARKET	8
	THE BOND MARKET	8
	ALTERNATIVE INVESTMENTS	2
	FINANCIAL MARKET INDICES	2
	ANALYSIS OF FINANCIAL INSTRUMENTS	4
	FINANCIAL MARKET EFFICIENCY	2
	THE PRIMARY MARKET OF STOCKS AND BONDS IN ROMANIA	2
	THE SECONDARY MARKET OF STOCKS AND BONDS IN ROMANIA	4
	THE FORWARD MARKET	4
	THE FUTURES MARKET	4
	THE OPTION MARKET	6
	THE SWAP MARKET	4
	THE FINANCIAL DERIVATIVES MARKET IN ROMANIA	2
SEMINAR / LAB TOPICS	STOCK VALUATION USING THE CAPITAL ASSET PRICING MODEL STOCK VALUATION USING THE DIVIDEND DISCOUNT MODEL THE DETERMINATION OF BOND YIELD, INTEREST RATES AND PRICE PRICE FORMATION AND ORDER EXECUTION IN A SECONDARY MARKET TRADING STOCKS ON MARGIN FUNDAMENTAL AND TECHNICAL ANALYSIS OF STOCKS THE DETERMINATION OF A FORWARD TRANSACTION PAYOFF THE DETERMINATION OF A FUTURES TRANSACTION PAYOFF THE DETERMINATION OF A OPTION TRANSACTION PAYOFF THE DETERMINATION OF A SWAP TRANSACTION PAYOFF USING THE MARGIN SYSTEM IN FINANCIAL DERIVATIVES TRANSACTIONS	
TEACHING METHODS	LECTURE, DEBATE, INTERACTIVE COURSE	

BIBLIOGRAPHY	<p>CHANCE, Don – <i>Analysis of Derivatives for the CFA Program</i>, AIMR, 2003</p> <p>CHISHOLM, Andrew – <i>An Introduction to Capital Markets. Products, Strategies and Participants</i>, John Wiles &amp; Sons, 2002</p> <p>FABOZZI, Frank, MODIGLIANI, Franco – <i>Capital Markets. Institutions and Instruments</i>, 3<sup>rd</sup> Edition, Prentice Hall International, 2003</p> <p>FABOZZI, Frank – <i>Fixed Income Analysis</i>, Wiley-Interscience, 2007</p> <p>HARRIS, Larry – <i>Trading and Exchanges</i>, Oxford University Press, 2003</p> <p>HULL, John C. – <i>Options, Futures &amp; Other Derivatives</i>, 6<sup>th</sup> Edition, Pearson Prentice Hall, 2006</p> <p>MISHKIN, Frederic, EAKINS, Stanley – <i>Financial Markets and Institutions</i>, 5<sup>th</sup> edition, Pearson International, 2006</p> <p>PRISACARIU, Maria, URSU, Silviu, ANDRIEȘ, Alin – <i>Piețe și instrumente financiare</i>, Editura Universității "Alexandru Ioan Cuza" Iași, 2008</p> <p>REILLY, Frank, BROWN, Keith – <i>Investment Analysis and Portfolio Management</i>, Thomson South-Western, 2006</p> <p>REUTERS – <i>Introducere în studiul produselor financiare derivate</i>, Editura Economică, București, 2001</p>
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ASSESSMENT	TERMS	Minimum 5 (both evaluation of activity during the semester and examination)
	CRITERIA	Evaluation of activity during the semester (EVP) and examination (EX)
	TYPES	Written papers, attendance and participation in class, written examinations
	FINAL GRADE FORMULA	50%*EVP+ 50%*EX