




LONDON CAPITAL COMPUTER COLLEGE

Diploma in Finance (530) – Financial Markets & Investments

Prerequisites: Knowledge of accounting and financial terminology.	Corequisites: Completion of Diploma in BA & Computer Systems or Diploma in Accounting & Finance or equivalence.
<p>Aim: This course examines the financial markets from a micro perspective. When traders operate in the financial market, how do they arrive at the transaction prices? How is the traders' dispersed information incorporated into these prices? What determines the liquidity and depth of an asset market? What is the optimal behaviour for traders in financial markets? Why do bubbles and crashes arise? Do the institutional details of the exchange influence this price formation process? If so, how should exchanges and regulators ideally design the rules of trading? Is there a role for market making, should the market be fully transparent, should insider trading be permitted, and are electronic exchanges good or bad for the market? In recent years, financial economists have turned to seriously address these and related questions about the financial markets' microstructure. A strong analytical framework now provides a good understanding of these issues. Nevertheless, research in this area still leaves many questions open for further investigations. This course will in part review the facts on financial markets, partly present the key theoretical models, and partly see how the models address the important issues. The development of these three parts will run in parallel throughout the course. An analysis of the financial instruments (including derivative securities) of both domestic and international institutions of the money and capital markets; plus the operations of financial intermediaries such as commercial banks, savings and loan associations, and insurance and investment companies. It is said that money makes the world go round and, with just a brief examination of the financial markets, it's easy to see why. The global, 24-hour marketplace for currencies, bonds, equities and derivatives, shows staggering sums changing hands between borrowers and investors. And between these borrowers and investors are the various intermediaries, all taking their cut. Candidates will understand the characteristics and structure of financial markets, together with the key issues that continue to affect their operation.</p>	
Required Materials: Recommended Learning Resources.	Supplementary Materials: Lecture notes and tutor extra reading recommendations.
Special Requirements: The course requires a combination of lectures, demonstrations and discussions.	
<p>Intended Learning Outcomes:</p> <p>1 Define financial markets and the mechanisms that enable the buying and selling of securities and commodities. Analyse the main types of financial markets</p> <p>2 Define and explain the nature of Money Markets</p>	<p>Assessment Criteria:</p> <p>1.1 Define securities, transaction costs, commodities, efficient market hypothesis and financial instrument.</p> <p>1.2 Define and explain the nature of Capital Markets</p> <p>1.3 Analyse Capital Markets into Primary and secondary and distinguish between them.</p> <p>1.4 Explain instruments traded on Capital Markets such as</p> <p>1.5 Stocks(shares), corporate bonds, fixed income products, derivative products</p> <p>1.6 Explain the nature of returns (yields), risks, term structure and security of these instruments.</p> <p>2.1 Identify and differentiate main participants in the money markets- Retail and Institutional money market funds,</p>

<p>3 Understand and explain Other Markets in the Financial System</p> <p>4 Obtain detailed knowledge of various Financial Instruments in the key areas of:</p> <p>5 Understand the nature and purpose of Investments</p> <p>6 Understand how to assess investments using portfolio and capital market theory</p> <p>7 Explain the nature and process of financial regulation</p>	<p>Banks, Central Banks, Cash management programs, Arbitrage Asset Backed Commercial Paper (ABCP) Conduits, Trusts, Pension Funds, Hedge Funds, Credit Unions, etc.</p> <p>2.2 Identify and differentiate the main Financial Instruments traded in- Banker's Acceptances, Commercial Paper, Certificates of Deposit, Repurchase Agreements, Eurodollar, Municipal notes, Treasury bills etc.</p> <p>2.3 Discuss the Terms to maturity, Returns and risk profiles of such Instruments.</p> <p>3.1 Describe Derivatives Markets- Futures, Options, Swaps</p> <p>3.2 Describe Foreign Exchange Markets.</p> <p>3.3 Describe Commodities Markets.</p> <p>3.4 Describe Insurance Markets.</p> <p>3.5 Describe Cash/ Spot Markets.</p> <p>4.1 Describe pricing</p> <p>4.2 Describe yield/ return</p> <p>4.3 Describe credit analysis.</p> <p>5.1 Describe today's investment alternatives</p> <p>5.2 Define indirect investing.</p> <p>5.3 Describe how securities are traded</p> <p>6.1 Describe returns and risks from investing</p> <p>6.2 Describe portfolio theory</p> <p>6.3 Describe portfolio selection</p> <p>6.4 Define asset pricing models.</p> <p>6.5 Explore management of investments</p> <p>6.6 Discuss the nature of Portfolio Management</p> <p>6.7 Evaluation of Investment Performance</p> <p>7.1 Describe the purpose of Financial Regulation.</p> <p>7.2 Identify institutions involved in regulation giving examples of various countries</p> <p>7.3 Explain the consequences of non-compliance with rules and directives of the regulatory system</p>
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Recommended Learning Resources: Financial Markets & Investments

<p>Text Books</p>	<ul style="list-style-type: none"> • Guide To Financial Markets by Marc Levinson. ISBN-10: 1861979568 • An Introduction to Global Financial Markets by Stephen Valdez. ISBN-10: 0230006353 • Finance and Financial Markets by Keith Pilbeam. ISBN-10: 1403948356
<p>Study Manuals</p> 	<p>BCE produced study packs</p>

CD ROM 	Power-point slides
Software 	None

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