

# **FIN301 Financial Instruments, Institutions and Markets**

**Level:** 3

**Credit Units:** 5 Credit Units

**Language:** ENGLISH

**Presentation Pattern:** EVERY SEMESTER

## **Synopsis:**

Financial Markets facilitate transfer of resources from savers and investors to the users of funds; they provide a forum for trading financial assets, discovery of prices, risk sharing and risk management, and mechanisms for transfer of ownership, control and governance. Thus, financial markets and the instruments traded therein play a vital role in meeting the fundamental economic objectives of mobilizing funds, allocating them efficiently, and monitoring their use. Financial institutions perform a vital role as intermediaries between savers and the ultimate investors. They are crucial for the efficient functioning and stability of an economy. This course provides a basic understanding of the significance of financial markets and financial institutions in the economy.

## **Topics:**

- The Financial System
- Characteristics and Regulation of Financial Markets and Instruments
- Efficient Market Hypothesis
- Financial institutions – commercial banks, investment banks, unit trusts and mutual funds, insurance companies and pension funds
- Money market instruments – T-Bills, certificates of deposits, commercial papers, repos, – issue procedures – primary markets and secondary markets
- Bond markets – various types of bonds – bond covenants – primary market issue procedures – secondary market trading
- Stock market – primary market issue procedure – secondary market – stock exchanges – trading procedure
- Derivative markets – trading – margin requirements for futures and options – instruments – forwards, futures, options, securities with embedded options, exotic options, and credit derivatives
- Foreign Exchange Market

## **Textbooks:**

Anthony Saunders and Marcia Millon Cornett: Financial Markets & Institutions: An Introduction to the Risk Management Approach + Ethics in Finance Powerweb 7 MCGRAW  
ISBN-13: 9781307341805-AA

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**Learning Outcome:**

- Explain the significance and functioning of financial markets in the economy
- Differentiate between financial markets such as money markets, equity markets, debt markets, derivative markets and foreign exchange markets; the trading platforms and trading mechanisms deployed, and the methods of price discovery
- Examine the nature of various financial instruments traded in money markets, bond markets, equity markets, derivatives markets, the foreign exchange market and mortgage markets.
- Distinguish between the implications of various forms of market efficiency
- Analyse the role of financial institutions in the economy
- Describe the operations of various financial institutions
- Describe the functioning of financial markets, and their role and significance in the economy
- Analyse the role and functions of financial instruments traded in financial markets
- Illustrate how financial instruments are traded in financial markets
- Demonstrate the essential knowledge and interpersonal skills to work effectively in a team
- Demonstrate proficiency in writing

**Assessment Strategies:**

<b>Continuous Assessment Component</b>	<b>Weightage (%)</b>
PRE-COURSE QUIZ	2
PRE-CLASS QUIZ	2
PRE-CLASS QUIZ	2
GROUP BASED ASSIGNMENT	38
PARTICIPATION	6
<b>Sub-Total</b>	<b>50</b>

<b>Examinable Component</b>	<b>Weightage (%)</b>
Written Exam	50
<b>Sub-Total</b>	<b>50</b>

**Weightage Total** **100**