

COURSE DESCRIPTION AND OUTLINE

Course information	
Name	Financial Markets
Code	E000007119
Degree	Business in Spain
ECTS Credits	6
Type	Mandatory
Department	Financial Management
Area	Finance
University	Universidad Pontificia Comillas
Coordinator	Karin Martín Bujack
Descriptor	This course allows students to understand how financial markets (such as bonds, stocks, derivatives and foreign exchange) work and affect the economy, other institutions, business profits and our daily life taking into account the impact of a digital environment. It allows students to be able to take investment decisions.

Professors information	
Professor	
Name	Karin Alejandra Irene Martín Bujack
Department	Financial Management
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Tutorials timetable	To be announced in class
Professors information	
Professor	
Name	Ignacio Moreno Vicente
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Professors information	
Professor	
Name	Luis Garvía
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Tutorials timetable	To be announced in class

SPECIFIC DETAILS OF THE COURSE

CONTEXT
Contribution to the professional background
<p>On one hand, the course allows the student to gather the key concepts on financial markets, its products, pricing, risks and the market participants. This gives a practical support to be able to understand the financial information as well as to be able to work on financial markets. The students learn how to make investment decision applying theory to the real world according to their needs and the characteristics of the products and markets. In summary, the course provides the analytical skills to understand concepts related to the money market, the bond market, the foreign market, the stock market and the derivative markets.</p> <p>On the other hand, the course takes into account the impact of a digital environment on the functioning of the markets, on the valuation of the assets, on the different forms of negotiation and on the regulation.</p>

Prerequisites
No formal requirements, however accounting and financial math knowledge would be useful.
Competences - Objectives
Generic competences of the course
Instrumental
<ul style="list-style-type: none"> - Analysis and synthesis competence - Problem solving and decision making capability - Organization and planning capacity - Ability to manage information from different sources

- Knowledge of IT related to the course
Interpersonal
<ul style="list-style-type: none"> - Interpersonal skills: listening, arguing and discussing - Leadership and teamwork skills - Critical and self-critical ability - Ethical commitment
Systemic
<ul style="list-style-type: none"> - Ability to learn and work autonomously - Ability to prepare and transmit ideas, projects, reports, solutions and problems.
Specific competences of the subject
Conceptual
<ul style="list-style-type: none"> - Knowledge and understanding of national and international financial markets and the financial system. - Learning the essential technical tools for the identification of business opportunities and decision making in the digital context.
Procedural
<ul style="list-style-type: none"> - Ability to assess and analyze financial assets traded in different countries and markets. - Ability to analyze the public information of markets and companies for taking investment or financing decisions. - Ability to issue an investment recommendation to the market and investors - Handling of the massive disposition of data to work in new areas of professional development in the activities of investment banking, strategic consulting, auditing, analytical marketing, among others
Attitudinal
<ul style="list-style-type: none"> - Be willing to assume the functions of a financial advisor in the field of national and international financial markets

DETAILED COURSE INFORMATION

COURSE CONTENT
PART 1: INTRODUCTION TO THE FINANCIAL SYSTEM
Chapter 1: Overview of the Financial System
1.1 Introduction
1.2 Assets, markets and participants

1.3 Financial flows
Chapter 2: Central Banking and the monetary policy
2.1 Central Banks: origins, structures and functions. The European Central Bank (ECB)
2.2 The Monetary policy instruments
2.3 Extraordinary measures
Chapter 3: Interest rates
3.1 Nominal vs. real
3.2 Yield to maturity
3.3 Spot rates
3.4 Forward rates
3.5 The yield curve
3.6 Hedging interest rate risk: FRA
Chapter 4: Depository Institutions: Banks
4.1 Banking industry: structure and products
Chapter 5: Interbank markets
5.1 Introduction
5.2 The deposit market
5.3 The treasury bill market
5.4 Repos
5.5 Commercial paper
5.4 The foreign exchange rate
Chapter 6: Forex markets
6.1 Introduction
6.2 Structure: assets and participants
6.3 Acquisition parity
6.4 Foreign exchange forward
Chapter 7: Capital Markets
7.1 Introduction
7.2 The investing trinity: risk, liquidity and return
7.3 Introduction to Fixed-Income and Equity Markets
Chapter 8: Fixed income markets- The bond market
8.1 Introduction
8.2 Public debt
8.3 Corporate debt

8.4 Credit rating
5.2 Bond prices and their relationship to interest rates
5.3 Macaulay Duration vs. Modified Duration
Chapter 9: The Stock Market
9.1 Introduction. Main characteristics and organization of the stock exchanges
9.2 The electronic trading system. Definition and types of stock orders and transactions
9.3 Long vs short positions
9.4 Capital increase and subscription rights
9.5 Initial Public Offerings (IPOs)
9.6 Indexes of the stock market activity
Chapter 10: Derivatives Markets
10.1 Recap of derivatives already discussed
10.2 Main features and classification
10.3 The Futures Market
10.4 The Options Market

TEACHING METHODS AND STRUCTURE

Teaching methods for the Financial Market course	
<p>This course requires the students attend the class sessions. There are regular teaching sessions, case study discussions and practical problems and questions. Active student participation is important. They are expected to read the assigned materials prior to the class, in addition to preparing the problems and case studies when appropriate.</p>	
Teaching methods and activities when the student attends a class session	Competences
<p>Regular teaching sessions where the teacher will define and explain the technical terms and analysis, giving examples and pointing at the issues that arise debate in the reality of the financial markets. The student should listen attentively, trying to understand the rational and ideas being explained. He is expected to take notes of the main contents to complement class material. Classroom discussion is encouraged, and students can interrupt the professor asking questions or requesting further clarification. Preparation prior to the class is essential to take the most of the teaching session.</p> <p>In addition to this, there are classes with a more active involvement from students. They will carry out activities and problems, supervised by the teacher, trying to apply in practice the theoretical content</p>	<p>Cognitive skills</p> <p>Interpersonal skills</p> <p>Attitude skills</p>

<p>explained in class. During these workshops, problems are solved, case studies are discussed and news or reading material related to the topic are debated. Sometimes the work will be done individually, and sometimes the students will work as a team.</p> <p>A few sessions may be spent in talks or presentations from guests who are professionals from different areas related to Financial Markets.</p>	
Teaching methods and activities outside the classroom sessions	Competences
<p>Besides taking part in class work and supervised workshops, the student needs to spend time revising individually the course material. Outside of the classroom, the student must read the materials assigned by the teachers, he also must work and solve problems and questions and look for additional information when needed.</p>	<p>Systemic skills</p> <p>Practical and procedure skills</p> <p>Instrumental skills</p>

ASSESSMENT AND EVALUATION CRITERIA

Activities assessed	Weight
Classroom participation and discussions	10%
Mid-term tests	20%
Practice cases, exercises, discussions and pitch presentations	20%
Final exam	50%

To pass this course it is necessary to pass the final exam with a score of at least 4.0 out of 10.

The students that have a formal exemption to attend class (including those who are studying abroad), the course grade will be 100% of the final exam grade.

In case a student fails, in the second or subsequent attempts, the grade will be 100% the final exam mark.

In order to be able to take the final exam, it is a requirement not to have unjustifiably missed more than a third of the classes. Failure to comply with this requirement, the student may lose the right of examination, as established by the faculty (Article 93.1 of the General Regulations).

SUMMARY OF THE STUDENT EXPECTED WORKING HOURS			
Hours in classroom			
Lessons	Case study and problem solving sessions		Assessment
40	30		10
Hours outside the classroom			
Individual work on theoretical knowledge	Individual work on practical knowledge	Group work	On-going revision
25	25	20	Included in previous categories
ECTS CREDITS:			6

BIBLIOGRAPHY AND ADDITIONAL READING LIST

Bibliography
Textbooks
The teacher will provide the material to follow the course through Moodlerooms. Additionally, a variety of complementary material will be provided in class or through the course's website.
Articles and news
A variety of material will be handed out in the classroom or through the course webpage
Web pages
ECB; BdE; CNMV; FED; Bolsa de Madrid
Notes
The student will be supplied with lesson notes and slides through the course webpage
Additional reading list
<ul style="list-style-type: none"> ▪ On-going Academic Papers and news during the course

- Bodie, Zvi ; Kane, Alex and Marcus, Alan (2021). Investments. Ed. Mc Graw-Hill 12th Edition. ISBN13: 9781260013832
- Mishkin, Frederic S and Eakins, Stanley (2018). Financial Markets and Institutions. Pearson, 9th Edition
- He, M. D., Leckow, M. R. B., Haksar, M. V., Griffoli, M. T. M., Jenkinson, N., Kashima, M. M., ... & Tourpe, H. (2017). Fintech and financial services: initial considerations. International Monetary Fund.
- Nicoletti, Bernardo (2017) The Future of FinTech. Integrating Finance and Technology in Financial Services. Palgrave Studies in Financial Services Technology book series.
- Hull, John: Fundamentals of futures and options markets (2017). Ed. Pearson. 9th edition.
- Moral Bello, C.: Mercados Financieros. Edit. IT&FI, Madrid, 2014.
- Moral Bello, C.: Mercados Financieros III. Casos prácticos. Edit. IT&FI, Madrid, 2011.
- Mishkin, Frederic S (2014): The economics of Money, Banking, and Financial Markets Ed. Pearson. 10th edition. (some chapters)
- Brealey, Richard and Myers, Stewart (2012): Fundamentals of Corporate Finance., 7ª edición. Ed. Mc Graw-Hill
- Keown, Art J.; Martin, John D.; Petty, John W. and Scott, David F. (2007): Foundations of Finance: The Logic and Practice of Finance Management. Ed. Prentice Hall