



COURSE SYLLABUS

FINANCIAL INSTRUMENTS AND MARKETS

Instructor:

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Teaching Assistant:

— *Dmitry Baskakov, Researcher, Department of Finance and Accounting,*
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Organization of the course

Program	Master Degree in Management
Year	1st year
Course status	Core (MCF)
Workload	6 ECTS, 45 hours of classes
Prerequisites	no
Teaching methods	Lectures, seminars, exercises, home and class assignments.

Course objectives

Financial markets and institutions play a key role in the allocation of capital in any modern economy. This has been confirmed by a growing body of empirical studies, as well as by the recent financial crisis.

The aim of the course is to provide a broad picture of the main financial markets and institutions. It introduces the notion of security and the main types of securities used in financial markets. It then describes equity, debt security and derivatives markets. Finally, the course introduces important financial institutions – such as commercial banks – and examines their contribution to the economy.

Course content

Topic 1. Introduction. Overview of financial markets and institutions and their role in the economy

1. Savings, investment, financial markets and financial intermediation
2. Securities
3. Equity vs. debt – an introduction
4. Main financial markets and types of securities
5. Determinants and structure of interest rates

Topic 2. Central banks and monetary policy

1. The role of central banks
2. Monetary policy

Topic 3. Debt security markets

1. Money markets
2. Bond markets
3. Bond valuation
4. Mortgages

Topic 4. Equity markets

1. The issuance, trading and valuation of stocks
2. CAPM

Topic 5. Derivative securities markets

1. Definition of derivative contracts
2. Main examples of derivative contracts (forwards, futures, options, swaps)
3. Basics of derivative valuation

Topic 6. Commercial banks and other financial intermediaries

1. The role of financial intermediaries
2. Banks as financial intermediaries
3. Bank management
4. Bank regulation
5. Other financial intermediaries

Office hours for individual consultations:Alexander Bukhvalov:

— Volkhovskiy per., 1-3, room 124. The schedule is placed at the Blackboard site.

Dmitry Baskakov:

— Volkhovskiy per., 1-3, room 124.

Evaluation system

There is no formal mid-term exam for this course. Attestation will be done on the basis of current class assignments (50% or more from possible max). Final grade consists of the following elements:

<i>Element</i>	<i>Weight</i>
1. Final Exam	70 %
2. First in-class quiz	15 %
3. Second in-class quiz	15 %

Literature**Required reading:**

[Mad] *Financial Markets and Institutions*, 9th edition (2011), by Jeff Madura

Optional reading:

Options, Futures and Other Derivatives, 6th edition, by John Hull

As of September 2 Blackboard site is still not running. That's why I have printed out this extremely brief version of syllabus. If the situation will be the same tomorrow then I would place materials at my personal site quoted at the beginning.

The reading assignment for September 4 is the following. Read Chapter 1 [Mad] for more detailed discussion of Class 1 contents.

As it is usual I ask you to read the material for Class 2 in advance. For Class 2 read please Chapters 2 and 3 [Mad].