

SEMESTER –V

DERIVATIVE MARKETS

UNIT-I

NATURE OF FINANCIAL DERIVATIVES INCLUDING FUTURES & OPTIONS

Characteristics of Derivatives, Underlying assets (Equity Bonds/Loans, Foreign currency & Commodity), Need for Derivatives, Types of Derivatives & Comparison between them, Forwards/Futures/Options, Participants in Derivatives Market (Hedgers, Speculators, Arbitrageurs).

UNIT-II

PRINCIPLES OF TRADING & HEDGING WITH INDEX FUTURES

Terminology – Spot, future price, contract specifications, contract cycle, expiry date, settlement date, basis, mark to market, Contract specification for BSE Sensex, Tick date, types of orders, trading strategies, Hedging Strategies, Initial, Maintenance Margins, Executing & Clearing, Execution, Matching confirmation, Clearing Mechanism, Settlement price, Settlement cycle, cash vs. Physical delivery, “Open Interest” & “Trading Volumes”

UNIT- III

PRINCIPLES OF TRADING & HEDGING WITH OPTIONS

Terminology – call, put, writer, buyer, premium, intrinsic value, time value, expiry date, settlement date, stock price, ATM, OTM & ITM, The Greeks -(Delta, Gamma, Theta, Vega)

UNIT – IV

RISK MANAGEMENT SYSTEMS & PROCEDURES

Types of Risks (Counter –party or credit risks, Market or price risks, liquidity risks, Legal & regulatory risks, Operating risks), Risk Identification & a measurement, Methods of risks control (Position Limits, VAR, Margins, operating Procedures & systems etc) Separation of trading, settlement, accounting & risk control functions, Internal control structure & Management Information System, Regulatory & external reporting.

SEMESTER –V

FOREIGN EXCHANGE MARKET

UNIT-I

INTRODUCTION TO INTERNATIONAL FINANCIAL SYSTEM & FOREIGN EXCHANGE MARKET

- Important terms & concepts
- Foreign Exchange & Euro currency
- Foreign Exchange brokers & mechanism of foreign exchange transfers
- CHIPS (Clearing House Interbank Payments Systems), SWIFTS (Society for Worldwide Interbank Financial Telecommunications).

UNIT –II

EXCHANGE RATE SYSTEMS

- Gold & Bretton woods systems
- Fixed & Floating exchange rate system
- Adjustable peg system
- Crawling peg exchange rate system
- Snake in the tunnel system
- Exchange rate mechanism in India

UNIT –III

FOREIGN EXCHANGE MANAGEMENT

- The risks element in foreign exchange markets
- Need & Importance of foreign exchange management
- Methods adopted (spot & forward, arbitrage, cross currency deals, swaps, options & futures)

UNIT –IV

FOREIGN EXCHANGE MARKET IN INDIA

- Impact of liberalization & globalization in India's foreign exchange market
- RBI's role in directing & controlling foreign exchange market
- The pros & cons of full convertibility of Indian currency
- FEMS & the Indian foreign exchange market
- Indian multinationals & their impact on foreign exchange

SEMESTER –V

GLOBAL CAPITAL MARKET

UNIT –I

IMPACT OF GLOBALISATION ON THE CAPITAL MARKETS

- Growing International Integration
- Role of Media & Technology in Capital mobility
- Diversification benefits of global investment
- Mergers & Acquisitions

UNIT –II

GLOBAL (INTERNATIONAL BOND MARKET)

- Domestic Bonds, Euro Bonds & foreign Bonds
- Participants in the global bonds markets.
- Credit rating agencies & their role
- Procedure for issuing Euro Bonds

UNIT –III

GLOBAL EQUITY MARKETS

- Major stocks markets of the world
- Emerging stock markets
- International Equity Trading – Multiple Listing
- Depository receipts

UNIT –IV

OBSTACLES TO INTERNATIONAL INVESTMENTS

- Information Barriers
- Foreign Exchange Risk
- Political risks
- Taxation
- Other Regulatory Barriers

SEMESTER –V

INSURANCE (FUND) MANAGEMENT

UNIT –I INTRODUCTION

The Insurance Mechanism

- Fundamental Principles of Insurance
- Importance of life & general insurance
- Growth of evolution of insurance business in India with specific reference to post liberalization

UNIT –II IDENTIFICATION OF ‘RISK’ TO BE INSURED

- Sources of Risk
- Risk Identification
- “Insurance Policy” as a financial product

UNIT –III ORGANISING AN INSURANCE BUSINESS

- Types of Organizations
- Role of IRDA
- Procedure for setting up an insurance business

UNIT-IV OPERATIONAL ASPECTS OF INSURANCE BUSINESS

- Marketing insurance products including E-Marketing
- Actuarial role

SEMESTER –V

PORTFOLIO MANAGEMENT

UNIT-I

INTRODUCTION

- A venues and Multiple Investment
- Need for designing and Investment Portfolio
- Relevance of Portfolio Management in different sectors of financial markets
- Popularity of equity portfolio management services

UNIT –II

PORTFOLIO THEORY AND APPLICATION

- Markowitz portfolio theory
- Efficient frontier and investor utility
- The Capital Asset Pricing Model – Expected Return and Risk – Security Market Line (SML)
- Arbitrage pricing Theory
- Capital Market Line

UNIT –III

PERFORMANCE EVALUATION OF A PORTFOLIO

- Treynor Portfolio Performance Measure
- Sharpe Portfolio Performance Measure
- Jensen's Measures
- Factors affecting performance measures
- Reliability of performance measures
- EMH (Efficient Market Hypothesis)

UNIT –IV

PORTFOLIO MANAGEMENT SERVICES IN INDIA

- Portfolio Management Service providers in India
- Procedure for setting up Portfolio Management Services
- Regulation of Portfolio Management Services
- Evaluation of present scenario and estimation of future prospects

SEMESTER V

REGULATION OF SECURITIES MARKET

UNIT –I

OVERVIEW OF INDIAN SECURITIES MARKET

- Nature of Savings & Investment
- Profile of Indian Investor
- Factors affecting Investments decision of an Indian Investor

UNIT –II

NEED FOR REGULATING SECURITIES MARKETS IN INDIA

- Protection to retail investor
- Vanishing companies of nineties
- Pricing of IPO's & possible economic offences

UNIT –III

LEGISLATIONS GOVERNING THE SECURITIES MARKETS

- Companies Act 1956
- Securities contracts Regulation Act
- SEBI Act
- Depositors Act
- Insurance Act
- Special regulatory requirements of derivatives market

UNIT-IV

REGULATORY BODIES

- Department of Company affairs
- Department of Economics affairs
- SEBI
- RBI
- IRDA
- Need for self regulation