

COC104 Capital Markets [4 Credits]

Learning Objective: This course aims to acquaint the students with the knowledge of financial markets, instruments its working mechanism and regulatory framework.

UNIT 1: Financial Markets and Instruments

(12 Hours)

Introduction to Investment: Investment – objectives of investments – Factors determine Investments – Investment and Speculation – Investment and Gambling – Investment and Arbitrage – Investment Alternatives – Investment Process - Short – term Investment Options – Long – term Investment Options – Equity – Bonds – Mutual Funds – Index – Derivatives – Depositories – Investment Environment in India.

UNIT 2: Securities Market

(12 Hours)

Security Markets Segments - Products - Types of Securities – Meaning – Security Market – Functions of Security Markets – Stock Exchange – Role of Stock Exchange in Securities Markets – Participants in Securities Markets – Regulators of Securities Markets – Key Indicators of Securities Markets

Developments In Indian Security Market: Reforms in Indian Securities Markets – Market Regulators – Screen Based Trading – Equity Derivative Trading – Clearing Corporation – Investor Protection – Globalization – Volatility Index (VIX) – Issue of Capital and Disclosure Requirements

UNIT 3: Primary Market

(12 Hours)

Issue of Securities: Issue of Shares – Need of Issue – Kinds of Issue – Meaning of Issue Price – Market Capitalization – Public Issue Vs Private Issue – Initial Public Offer – Book Building Process – Foreign Capital Issuance: ADR's and GDR's

Pricing of Securities: Pricing of Issues - Price Discovery under Book Building Process – Cut off Price – Floor Price – Price Bands – Outcry System – Listing Agreement – Listing of Shares – Delisting of Shares

Documentation of Issue of Securities: Registrar of Companies – Issue of Prospectus – Types of Prospectus – Offer Document Vs Prospectus – Due Diligence

UNIT 4: Secondary Market

(12 Hours)

Introduction to Secondary Market ; Meaning of Secondary Market – Role of Secondary Market – Primary Market Vs Secondary Market – Stock Exchange – Types of Exchanges – Role of Exchange - Trading Of Securities in Secondary Market: Trading of Securities – Trading Methods – Membership in Stock Exchanges - NEAT System – Types of Markets in Trading – Trading Procedures and Systems – Orders Management in Trading – Trade Cancellation – Auctions Markets

Clearing and Settlement - Clearing and Settlement – Transaction Cycle – Settlement Agencies – Clearing and Settlement Process – Clearing Process – Settlement Process – Settlement Cycle – Securities and Funds Settlement

UNIT 5: Risk management and Regulatory Framework

(12 Hours)

Risks Surveillance - Risk in Settlements – Types of Risks – Risk Management: Capital Adequacy Requirements – Margins – Types of Margins – Online Exposure Monitoring – Offline Monitoring

Regulatory System of Indian Securities Market - Legal Frame Work – SEBI (Intermediaries) Regulations 2008 – SEBI (Prohibition of Insiders Trading) Regulations 1992 – SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations 2003 -Indian Company Law – Income Tax Act – Disclosure Practices under Listing Agreement

Suggested Readings:

1. Fischer & Jordan, Security Analysis and Portfolio Management, Prentice Hall India.
2. Punithavathy Pandian, Security Analysis and Portfolio Management, Vikas Publishing House Pvt. Ltd.
3. I. M. Pandey, Financial Management, Vikas Publishing House Pvt. Ltd.
4. Martin Pring, Technical Analysis Explained, McGraw Hill.
5. V. A. Avadhani, Investment and Securities Market in India, Himalaya Publishing House.
6. Hull, Introduction to Futures and Options, Prentice Hall.
7. French, Don, Security and Portfolio Analysis, Merrill Publishing Co.
8. Preeti Singh, Investment Management, Himalaya Publishing.
9. Devin S., Portfolio Management, Prentice Hall.
10. V. K. Bhalla, Portfolio Analysis and Management, Sultan Chand & Sons
11. Agarwal, A Guide to Indian Capital Markets, New Delhi.

