

FSC106 Stock Market Operations [4 Credits]

Learning Objective: The course aims at providing the students a comprehensive knowledge on Indian and Global Capital Markets and its working mechanism.

UNIT 1: Capital Markets in India

(12 Hours)

An overview of Indian Securities Market, Meaning, Functions, Intermediaries, Role of **Primary Market** – Methods of floatation of Capital – problems of New Issues Market –IPO's –Investor protection in primary market – recent trends in primary market – SEBI measures for primary market - Meaning, Nature, Functions of **Secondary Market** – Organization and Regulatory Framework for stock exchanges in India – Defects in working of Indian stock exchanges – SEBI measures for secondary market – Overview of major stock exchanges in India –

Listing of Securities : Meaning – Merits and Demerits – Listing requirements, procedure, fee – Listing of rights issue, bonus issue, further issue – Listing conditions of BSE and NSE – Delisting

UNIT 2: Trading and Settlement System in Indian Stock Exchanges

(12 Hours)

Indian Stock Exchanges: BSE – Different trading systems – Share groups on BSE – BOLT System – Different types of settlements – Pay –in and Pay out –Trading – Settlement – Shortages – Auctions – Bulk deals – Block deals – Short Selling – Margin Trading – BSE SME Platform – BSE Indonext - NSE – Market segments – NEAT system options – Market types, order types and books – Trading, Clearing & Settlement – Demat settlement – Physical settlement – Funds settlement – Valuation debit – Valuation price – Auctions - OTCEI – Need –Features – Participants – Listing procedure – Trading and Settlement – Market making – Factors inhibiting growth of OTCEI

UNIT 3: Global Securities Markets

(12 Hours)

Foreign Stock Exchanges: NYSE – Trading rooms – Players on NYSE trading floor – Role of specialist – Trading technology and procedure – NASDAQ OMX - Structure – Advantages – NASDAQ – NASD organisation – Functions –NASD rules – Trading firms on NASDAQ – Market makers – ECN's –order entry firms –order execution on NASDAQ – World's major stock markets – NYSE Euronext – Trading rooms – Players on NYSE Euronext trading floor – Role of specialist – Trading technology and procedure – NASDAQ OMX – NASD organisation – Functions –NASD rules – Trading firms on NASDAQ OMX – Market makers – ECN's – order entry firms – order execution on NASDAQ OMX - **European Stock Markets** - London Stock Exchange, Swiss Exchange, Vienna Stock Exchange, Paris Stock Exchange, Frankfurt stock exchange – **Asian Stock Markets** – Hong Kong Stock exchange – Taiwan stock exchange – Japanese capital markets – Shanghai stock exchange – Singapore stock exchange – working mechanism

UNIT 4: Risk Management & Surveillance System in Indian Stock Exchanges

(10 Hours)

Risk Management system in BSE &NSE – Margins – Exposure limits – Surveillance system in BSE & NSE – Circuit breakers – Surveillance activities – Online surveillance – off-line surveillance – Rumour verification – Risk management – Risk containment measures – Settlement guarantee Mechanism – Asset/capital adequacy – margins – Inspection of books and investigation – Penal Charges and on-line monitoring

UNIT 5: Indian & Global Stock Market Indices

(14 Hours)

Stock Market Index – Meaning – Purpose and Consideration in developing index –Methods (Weighted Aggregate Value method, Weighted Average of Price Relatives method, Free Float method) – BSE Sensex – Scrip selection criteria – Construction – BSE Investment Strategy Indices – BSE Thematic Indices – BSE Sectoral Indices - NSE indices – S&P CNX Nifty – Scrip selection criteria – Construction – Global Stock market indices , Volatility Indices(Overview)

Suggested Readings:

1. Punithavathy Pandian Security Analysis and portfolio Management, Vikas Publishing House Pvt. Ltd.
2. V. A. Avadhani, Investment and Securities Market in India, Himalaya Publishing House.
3. Prasanna Chandra, Security Analysis and Portfolio Management, Tata McGraw –Hill.
4. Sanjeev Agarwal, A Guide to Indian Capital Market, Bharat Publishers
5. Chandra, Prasanna, (2009), Investment Analysis, 3rd edition, Tata McGraw Hill
6. P R Joshi, Global Capital Markets – shopping for finance, Tata Mc Graw Hill
7. Capital Market (Dealers) Module, Workbook from NSE
8. Financial Markets: A Beginners' Module, Workbook from NSE