

# CAPITAL MARKETS

**PL T P C**

**1 0 1 2**

## Course Objective:

1. Ability to deep dive into money markets and instruments
2. Ability to solve the problems arising in capital markets
3. Exposure to the Nsmart platform
4. To acquire knowledge to analyze the process required for capital market
5. Ability to prepare the evaluation report of capital market
6. Ability to interpret the Technical and Fundamental reports of the capital market through detailed analysis

## Course Content:

### **UNIT 1: Overview of Securities Markets**

**3 + 6**

Overview of Securities Markets | Products, Participants, and Functions | Primary Markets | Secondary Markets | Derivatives | Regulators | Exchanges | Depositories | Clearing Corporations | Regulatory Framework | Reforms | Technology Adoption & Disruption | Investor Protection | Trading Vs Investment

### **UNIT 2: Primary Markets**

**3 + 6**

Functions of Primary Markets | Market Participants | Types of Issues | Factors Impacting Markets & Share Price | Private Placement Vs Public Issue | Book Building | Credit Rating | Merchant Banking | On-line IPOs | Demat Issues | Virtual Debt Portals | ADRs/GDRs | Public Issues | Euro Issues | Debt Issues | Collective Investment Vehicles viz., MFs, VCFs, CISs | ETFs | Valuation of Shares Selection Criteria for Investing in Stocks

### **UNIT 3: Secondary Markets**

**3 + 6**

Functions of Secondary Market | Market Participants | Membership | Listing | Trading and Settlement Mechanism | Trading Technology | Trading Rules - Insider Trading, Unfair Trade Practices | Takeovers | Buy-back | Turnover | Market Capitalization | Prices | Liquidity | Transaction Costs | Risk Management | Indices | Right & Obligations of Investors /Traders

**UNIT 4: Government Securities Markets & Derivatives Markets****3 + 6**

Indian Debt Market | Basics of Bond Market | Primary Market | Secondary Market - NDS, NDS-OM, CCIL | Wholesale Debt Market (WDM) Segment of NSE Corporate Bond Market | Instrument Offered | Risk & Return | Products, OTC vs Exchange Traded Derivatives | Participants, and Functions | Trading Mechanism | Membership | Contract Specification | Equity Derivatives | Debt Derivative | Commodity Derivatives | Currency Derivatives Clearing & Settlement | Open Interest & Volume | Implied Volatility | Risk Management | Comparison Across Assets Classes

**UNIT 5: Mathematics, Statistics, and Emerging Trends****3 + 6**

Measures of Central Tendency | Risk and Return in Stocks & Derivatives | Algo Trades | High-Frequency Trading Robot Advisory Gift City FinTech & Disruptions New Products & Way Forward

**Course Outcome:**

1. He / She can create a blog on Trading Screen on N-Smart, create a Market Watch, and Buy / Sell Securities He / She can track Top Gainers / Losers and Favourite / Desired Stocks
2. He / She can access Order Book / Trade Book and Net Obligations - for Contract Note
3. He / She can set up surveillance (Simulation of Exchange)
4. He / She can become a sub-broker/distributor with a firm and grow in life
5. He/ She becomes an exchange-approved authorized person under an existing SEBI Registered broker after clearing NISM 5A. Once he accumulated capital, he can become a direct broker also, thus giving opportunities to many young people for self-employment

## 20 PROJECT TITLES

1. You are an SME in the garment segment. Prepare a techno commercial note to be presented to a Merchant banker, whom you intend to approach for SME listing in NSE
2. Prepare a techno commercial note using the First Chicago method of valuation to seek funding from a venture capital firm
3. You are providing a cable service network in your town. You plan to evolve into a data network provider in your town. Prepare a pitch deck to be presented to potential investors
4. You are the CFO of an Indian MNC operating in different countries. Evaluate the commercial feasibilities of raising money from international capital markets through equity and bond markets
5. You have got 5 years of experience in the broking industry as a dealer in a broking firm. You have an investor who is ready to fund and start a broking firm. Evaluate the various business considerations including manpower, Infra, Capital, and compliance requirements to be considered before starting the business
6. XYZ's father is getting a retirement benefit of Rs 50 lakhs. Do a risk-return analysis and come out with a solution for a probable investment allocation
7. You need to build a small excel financial model to value a fair price of a company's share price using discounted cash flow method
8. You are a Research analyst in your Organization in the Equity vertical. Prepare a sector report on the Indian IT industry and its near-term outlook
9. Use the EIC framework and do a detailed analysis of the valuation of an IT company and prepare a research report to be circulated to your retail clients
10. You are bullish on the IT sector in India. You intend to invest in a mid-cap IT company. Evaluate your investment decision using the DCF method and the Relative valuation method
11. You are a relationship manager in a broking firm. Your client is into leather garment exports to Walmart US. Annual turnover of 165 Cr Rs Rupee equivalent in USD billing (USDINR = Rs 82.5 Rs/USD). Make a presentation to the MD of the company on hedging solutions offered by your firm and compare it with the solutions offered by banks
12. You are an options trader on the prop desk of a broking firm, trading in Nifty and Bank Nifty options. You do multi-leg strategies trade. Evaluate the alternative of using algo trading to address your existing pain points in your trading process

13. You are working in Treasury dealing room of a bank. Your GM – Treasury is asking you to evaluate the arbitrage opportunities prevailing between Indian OTC markets and the Exchange-traded derivatives segment of NSE of Indian Rupee pairs. Prepare a report with the last 6 months' data and suggest your recommendations on the pairs that can be considered
14. Download the IPO prospectus of a company from the SEBI website. Evaluate the critical factors (qualitative and quantitative) to be considered before you decide to invest in the IPO as a retail investor
15. You are a bullion dealer in your city. Critically evaluate with practical examples, the ways in which you can overcome price risk management of gold using Exchange traded Gold Derivatives
16. The recent pandemic and the subsequent geopolitical tensions have made stock prices volatile. Analyze the Value at Risk for that single stock portfolio that you plan to build using the Historic simulation method by analyzing the last 10 years' daily stock price data. You plan to invest 2 Lakhs Rupees
17. Download the Annual report FY 2021-22 for a listed large-cap company (nonbanking company) and come out with the key findings of general ratios and the various valuation ratios
18. Real estate prices are still hovering high. It is not affordable for all to own commercial properties in Main metros. (Real Estate Investment Trusts) REITs can help in providing value for such people. Evaluate the advantages of REITs when compared to Real estate funds by taking a real-life comparison
19. You plan to invest in gold for long-term investments. Critically evaluate the various modes in which gold can be invested, and the cost-benefit and unique features of the various modes
20. Your client is holding Govt bonds in his portfolio. Interest rates continue to go northwards. Make a product proposal to your client on the ways in which he can use Interest rate Futures offered in the Exchange platform for price risk management

**Books References: -**

| S.No | Capital Market Reference Books                                                                                                                                       |
|------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1    | Sekharan Dibin., 2021. " Capital Market And Investment Management" Notion Press, First Edition, ISBN-10: 1639408150, ISBN-13: 978-1639408153                         |
| 2    | Strumeyer Gary., 2017. " The Capital Markets: Evolution of the Financial Ecosystem" Wiley, First edition, ISBN-13: 978-1119220541                                    |
| 3    | Fabozzi Frank J. ,2015. " Capital Markets Institutions, Instruments, and Risk Management" The MIT Press, Fifth edition, ISBN-10: 0262029480, ISBN-13: 978-0262029483 |
| 4    | McInish Thomas H. ., 2000. "Capital Markets" Wiley-Blackwell., First edition, ISBN-10: 0631211608, ISBN-13: 978-0631211600                                           |