

## COC104 Capital Markets [4 Credits]

**Learning Objectives:** This course aims at giving a comprehensive understanding of capital market operations in

terms on structure, trading and settlement procedures, instruments, processes and related components as also emerging challenges in the area.

### 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. D. C. Patwari, Options and Futures: Indian Perspective, Jaico Publishing House.
7. Hull, Introduction to Futures and Options, Prentice Hall.
8. Richard Waldron, An Introduction to Commodity Trading, Quantum Publishing.
9. Nick Battley, Introduction to Commodity Futures and Options, Irwin
10. French, Don, Security and Portfolio Analysis, Merrill Publishing Co.
11. Preeti Singh, Investment Management, Himalaya Publishing.
12. Devin S., Portfolio Management, Prentice Hall.
13. Cheney, Muses, Fundamentals of Investments
14. V. K. Bhalla, Portfolio Analysis and Management, Sultan Chand & Sons
15. Agarwal, A Guide to Indian Capital Markets, New Delhi.
16. Jack Clark Francis and Richard W. Taylor, Investment, Schaum's outline series, Tata McGraw Hill.