



UNIUNEA EUROPEANĂ



GUVERNUL ROMÂNIEI

Fondul Social European  
POSDRU 2007-2013Instrumente Structurale  
2007-2013MINISTERUL  
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CIPOSDRU

UNIVERSITATEA DE VEST  
DIN TIMIȘOARA**Investește în oameni!****Investește în oameni!**

Proiect cofinanțat din Fondul Social European prin Programul Operațional Sectorial Dezvoltarea Resurselor Umane 2007- 2013

## COURSE SYLLABUS

### 1. Information about the programme

1.1 Institution of higher education	WEST UNIVERSITY OF TIMISOARA
1.2 Faculty / Department	FACULTY OF ECONOMICS AND BUSINESS ADMINISTRATION
1.3 Department of	FINANCE
1.4 Area of study	FINANCE
1.5 Level of studies	UNDERGRADUATE
1.6 Training / qualification	FINANCE AND BANKING

### 2. Discipline data

2.1 Course title	<b>Capital markets FB1FB2212</b>						
2.2 Course holder	Associate professor MURGEA Aurora PhD						
2.3 Seminar holder	Associate professor MURGEA Aurora PhD						
2.4 Year of study	2	2.5 Semester	2	2.6 Type of assessment	ex	2.7 Type of discipline	mandatory

### 3. Total estimated time (hours of teaching per semester)

3.1 Number of hours per week	4	3.2 course	2	3.3 seminar	2
3.4 Total hours in the curriculum	56	3.5 course	28	3.6 seminar	28
<b>Distribution of time:</b>					<b>hours</b>
Study based on Instructions, course materials, bibliography and notes					18
Additional documentation library, specialized electronic platforms / field					10
Training seminars / laboratories, homework, essays, portfolios and essays					12
Tutoring					
Examinations					4
Other activities.....					
<b>3.7 Total hours of private study</b>		<b>44</b>			

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<b>3.8 Total hours per semester</b>	<b>100</b>
<b>3.9 Number of credits</b>	<b>4</b>

## 4. Prerequisites (where applicable)

4.1 of curriculum	<ul style="list-style-type: none"> <li>Microeconomics, Macroeconomics, Applied mathematics, Corporate finance, Direct Investments</li> </ul>
4.2 of skills	<ul style="list-style-type: none"> <li>Ability to understand financial concepts, to use logical reasoning and critical analysis</li> </ul>

## 5. Conditions (where applicable)

5.1 of the course	Attendance minimum 50%
5.2 to lead seminar / laboratory	Attendance minimum 70%

## 6. Specific skills acquired

Professional skills	<b>C4 Performing financial operations and transactions specific to public or private entities/organizations</b> <ul style="list-style-type: none"> <li>C4.1 Identification and description of financial operations and transactions</li> <li>C4.2 Explaining financial operations and transactions</li> </ul>
	<b>ABILITIES</b> <ul style="list-style-type: none"> <li>C4.3 To apply the knowledge, methods, techniques and instruments for performing financial operations and transactions;</li> <li>C4.4 To evaluate the quality of financial operations and transactions performed based on standard methods;</li> <li>C4.5 To simulate operations and/or financial transactions.</li> </ul>

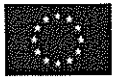
## 7. Course objectives (based on the grid of the skills acquired)

7.1 The overall objective of discipline	Offer solid knowledge regarding main financial instruments, institutional structures and trading mechanisms in the national and international
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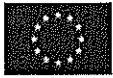
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	markets
7.2 The specific objectives	<ul style="list-style-type: none"> <li>- Explanation of the interdependences between the main components of the contemporary financial systems and the new globalization induces evolutions</li> <li>- Explanation of the financial innovation impact in the contemporary financial markets</li> <li>- Explanation of the characteristics, the advantages and disadvantages of the financial instruments diversification concerning the writes they generate and the way they are reward</li> <li>- Understanding, through the use of the proposed case studies the way one could use the financial instruments and the effect of its use</li> <li>- Explanation regarding the risk-return correlation and using mathematic methods in order to estimate financial instruments risk and return</li> <li>- The main methods of bonds payment are comparatively presented and analyzed</li> <li>- The various methods of increasing the stockholders assets , the main risks and their reducing, the main effects of new stocks issuing are largely discussed and analysed</li> <li>- Simulations of the spot trades</li> <li>- During the presented case studies the utility and effects of the margin trades and of the futures, forward, options swaps contracts are presented</li> <li>- Placing the actual stage of knowledge into the European financial services integration eliminating the barriers which were separating the financial system components</li> <li>- The whole area takes into account the national and European legislatives rules impact over the instruments and financial intermediaries, the main official markets, the alternatives trades systems, the financial intermediaries</li> <li>- Presentation and analysis of the latest financial innovations and their utility</li> </ul>



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## 8. Contents

8.1 Course	Teaching methods	Comments
<b>1. Investments: background and issues</b> <ul style="list-style-type: none"> <li>- Real assets versus financial assets</li> <li>- Taxonomy of financial assets</li> <li>- Capital markets and the economy</li> </ul>	Debate	<b>Week 1: 2 hours</b> The first course is meant to create the general framework for the next topics
<b>2. The investment process</b> <ul style="list-style-type: none"> <li>- Type of decisions</li> <li>- The players</li> <li>- Recent trends</li> </ul>	Debate	<b>Week 2: 2 hours</b> The main type of decisions is analysed. Also now the students are familiarised with the main participants on the capital markets and with the latest evolutions on it.
<b>3-4. Asset classes and financial instruments</b> <ul style="list-style-type: none"> <li>- The bond market <ul style="list-style-type: none"> <li>- International bonds</li> <li>- Government bonds</li> <li>- Municipal bonds</li> <li>- Corporate bonds</li> </ul> </li> </ul>	Debate	<b>Week 3, 4: 4 hours</b> The main objective of these two courses to introduce the important features of broad classes of securities, bonds in this case
<b>5. Asset classes and financial instruments – Equity securities</b> <ul style="list-style-type: none"> <li>- Common stocks as ownership shares</li> <li>- Preferred stock</li> </ul>	Debate	<b>Week 5: 2 hours</b> The main objective of these two courses to introduce the important features of broad classes of securities, equity in this case
<b>6. Stock and bond market indexes</b> <ul style="list-style-type: none"> <li>- Stock market indexes</li> <li>- Bond market indexes</li> </ul>	Debate	<b>Week 6: 2 hours</b> Main objective is to understand the indexes calculation and their use.
<b>7. Derivative markets</b> <ul style="list-style-type: none"> <li>- Futures contracts</li> <li>- Options</li> <li>- Swap contracts</li> </ul>	Debate	<b>Week 7: 2 hours</b> Main objective is to understand how main derivatives are used to hedge risk or to obtain speculative profits
<b>8. Primary capital market</b> <b>Main features</b> <b>Type of issuing securities</b> <ul style="list-style-type: none"> <li>- traditional syndication process</li> <li>- bought deal</li> <li>- auction process</li> <li>- preemptive rights offering</li> </ul>	Debate	<b>Week 8: 2 hours</b> Main objective is to explain the general characteristics of primary markets
<b>9. Secondary market</b> <ul style="list-style-type: none"> <li>- Main features and functions</li> <li>- Architectural structure of secondary markets</li> <li>- Type of orders</li> <li>- Special operations</li> </ul>	Debate	<b>Week 9: 2 hours</b> Main objective is to explain the general characteristics of secondary markets
<b>10. Mutual funds and other investment</b>	Debate	<b>Week 10: 2 hours</b>



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<b>companies</b> - Main features of the investment companies - Types of the investment companies - Mutual funds - Exchange traded funds		Main objectives are to explain the way investment companies could be use for portfolio diversification and risk reduction
<b>11-12. Equity valuation</b> - Valuation by comparables - Intrinsic value versus market price - Dividend discount models - Price earning ration - Free cash-flow valuation approach	Debate	<b>Week 11, 12: 4 hours</b> Main objectives of these two courses are to present the main methods used to evaluate equity, in the process of portfolio construction.
<b>13. Bond valuation</b> - Bond pricing - Bond pricing between coupon dates - Bond yields	Debate	<b>Week 13: 2 hours</b> Main objectives are to present the main methods used to evaluate bonds, in the process of portfolio construction.
<b>14. Romanian capital market</b> - Structure - Institutions - Evolutions	Debate	<b>Week 14: 2 hours</b> Main objective is to present main particularities of Romanian capital market
<b>Bibliography</b> 1. Bodie,Z, Kane, A, Marcus, A.J – <i>Essentials of investments</i> , seventh edition, McGrawHill, 2008 2. Fabozzi, F.J, Modigliani, F. – <i>Capital markets, Institutions and Instruments</i> , Pearson International Edition, , 2009 3. Rose,P.S, Marquis, M.H. – <i>Money and capital markets</i> , tenth edition, McGraw Hill, 2009 4. Chisholm, A.M. – <i>An introduction to international capital markets –Products, Strategies, Participants</i> , Second Edition, Wiley, 2009 5. Chapman,C. – <i>How the stock markets work. A guide to the international markets</i> , Century Ltd, Random House UK, 1998 6. McInish T. H. - <i>Capital markets -a global perspective</i> , Blackwell Publishers Ltd, 2008 7. Liaw,T.- <i>Capital markets</i> , Prentice Hall International, 2003		
<b>8.2. Seminar / lab</b>	<b>Teaching methods</b>	<b>Comments</b>
<b>1. Investments: background and issues</b>	Debate	<b>Week 1: 2 hours</b> Discussion regarding the main aforementioned issues
<b>2. The investment process</b>	Debate and lab activities	<b>Week 2: 2 hours</b> Discussion regarding the main aforementioned issues and familiarisation with main data sources on international capital markets and Romanian one.
<b>3-4. Asset classes and financial instruments</b> – The bond market	Debate and lab activities	<b>Week 3, 4: 4 hours</b> Discussion regarding the main aforementioned issues and applications regarding the bond features, returns and risks



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5. Asset classes and financial instruments – Equity securities	Debate and lab activities	<b>Week 5: 2 hours</b> Discussion regarding the main aforementioned issues and applications regarding the equity features, returns and risks
6. Stock and bond market indexes	Debate and lab activities	<b>Week 6: 2 hours</b> Discussion regarding the main aforementioned issues and applications regarding the index calculation and uses
7. Derivative markets	Debate and knowledge test	<b>Week 7: 2 hours</b> Discussion regarding the main aforementioned issues and testing the knowledge accumulated until that moment
8. Primary capital market	Debate and study case	<b>Week 8: 2 hours</b> Discussion regarding the main aforementioned issues and IPO study case
9. Secondary market	Debate and lab activities	<b>Week 9: 2 hours</b> Discussion regarding the main aforementioned issues and trade simulations using Romcapital trade platform
10. Mutual funds and other investment companies	Debate and lab activities	<b>Week 10: 2 hours</b> Discussion regarding the main aforementioned issues and applications regarding the mutual funds features, returns and risks
11-12. Equity valuation	Debate and lab activities	<b>Week 11, 12: 4 hours</b> Discussion regarding the main aforementioned issues and applications regarding equity valuation techniques
13. Bond valuation	Debate and lab activities	<b>Week 13: 2 hours</b> Discussion regarding the main aforementioned issues and applications regarding bond valuation techniques
14. Romanian capital market	Debate	<b>Week 14: 2 hours</b> Discussion regarding the main aforementioned issues
<b>Bibliography</b>		
<ol style="list-style-type: none"> <li>1. Bodie, Z., Kane, A., Marcus, A.J. – <i>Essentials of investments</i>, seventh edition, McGrawHill, 2008</li> <li>2. Fabozzi, F.J., Modigliani, F. – <i>Capital markets, Institutions and Instruments</i>, Pearson International Edition, , 2009</li> <li>3. Rose, P.S., Marquis, M.H. – <i>Money and capital markets</i>, tenth edition, McGraw Hill, 2009</li> <li>4. Chisholm, A.M. – <i>An introduction to international capital markets – Products, Strategies, Participants</i>, Second Edition, Wiley, 2009</li> <li>5. Chapman, C. – <i>How the stock markets work. A guide to the international markets</i>, Century Ltd, Random House UK, 1998</li> </ol>		



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6. McInish T. H. - *Capital markets -a global perspective*, Blackwell Publishers Ltd, 2008

7. Liaw,T.- *Capital markets*, Prentice Hall International, 2003

## 9. Corroboration of the course contents with the epistemic expectations of the community representative, professional associations and representative employers of the programme itself.

- Course structure is correlated with the one used in international universities
- Course provided abilities are compatible with the one requested by the employers in this field

## 10. Evaluation

Type of activity	10.1 Evaluation criteria	10.2 Evaluation methods	10.3 Percentage of the final mark
10.4 Course	Answers at the exam	Written exam with 10 open questions	60%
		1 Lab application	
10.5 Seminar	Participation at the debates	Written test with 5 short opened questions	40%
	Test	1 lab application	
10.6 Minimum performance standards			
<ul style="list-style-type: none"> <li>• To pass the exam the students are require to obtain at least mark 5 (five)</li> </ul>			

**Date of submission:** September 2014

**Titular of the course:**

**Seminary titular:**

Assoc. Prof. MURGEA Aurora PhD

Assoc. Prof. MURGEA Aurora PhD

**Date of approval in department:** September 2014

**Head of the Department:**

Assoc. Prof. MOLDOVAN Nicoleta PhD



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