**FIN3010 Financial Markets**

The course deals with a number of financial instruments traded in the markets for securities, foreign exchange, options and futures. Discussions include intersectoral flow-of-funds analysis, determination of interest rates and analysis of money and capital markets. Prerequisite: FIN2010 Financial Management or permission from instructor.

The required textbook is Fabozzi, Modigliani, Jones and Ferri’s *Foundations of Financial Markets and Institutions, 3/e*. The course will cover a large portion of the subjects listed, with varied emphases on later chapters. *A course in International Economics and some basics on International Finance will be helpful, but not required.*

Grading policy: a midterm, a final exam and several homework assignments will count towards the final grade.

**Preliminary Course Outline**

I. INTRODUCTION.

1. Introduction.


II. DEPOSITORY INSTITUTIONS.


5. Central Banks and the Creation of Money.

6. Monetary Policy.

III. NONDEPOSITORY FINANCIAL INTERMEDIARIES.

7. Insurance Companies.

8. Investment Companies and Exchange-Traded Funds.

9. Pension Funds.

IV. DETERMINANTS OF ASSET PRICES AND INTEREST RATES.
11. The Level and Structure of Interest Rates.
12. The Term Structure of Interest Rates.

V. ORGANIZATION AND STRUCTURE OF MARKETS.

VI. MARKETS FOR GOVERNMENT DEBT.
17. Municipal Securities Markets.

VII. MARKETS FOR CORPORATE SECURITIES.
20. Markets for Corporate Senior Instruments: I.
21. Corporate Senior Instruments: II.
22. The Markets for Bank Obligations.

VIII. MORTGAGE AND SECURITIZED ASSET MARKETS.

IX. MARKETS FOR DERIVATIVE SECURITIES.
27. Options Markets.

28. Pricing of Futures and Options Contracts.

29. The Applications of Futures and Options Contracts.

30. Other Derivative Markets: swaps, Caps, Floor, and Credit Derivatives.