COURSE SYLLABUS

# Advanced Security Markets and Financial Contracts, 7.5 credits

*Advanced Security Markets and Financial Contracts, 7,5 högskolepoäng*

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| **Course Code:** | JASR24 | **Education Cycle:** | Second-cycle level |
| **Confirmed by:** | Council for Undergraduate and Masters Education <MISSING VALUE> | **Disciplinary domain:** | Social sciences (75%) and natural sciences (25%) |
| **Valid From:** | Aug 22, 2016 | **Subject group:** | NA1 |
| **Version:** | 3 | **Specialised in:** | A1N |
| **Reg number:** | IHH2017/994-313 | **Main field of study:** | Business Administration, Economics |

## Intended Learning Outcomes (ILO)

On completion of the course the students will be able to:

Knowledge and understanding

- Understand the institutional features of security markets.
- Understand the problems faced by firms in connection with the choice of their financial structure.
- Appreciate the interactions of the strategic choices that firms can make at different points in time.

Skills and abilities

- Optimise the firms' investment policy.
- Optimise the firms' financial structure.
- Price general assets and financial securities.
- Evaluate investment opportunities that entail related strategic decisions, made at different points in time, and price assets whose value is related to the value of such investment opportunities.

Judgement and approach

- Identify the financial economics issues involved by the general problem of corporate governance.
- Evaluate the interactions between investment decisions made at different points in time.

## Contents

The course focuses on the economic analysis of the different types of securities and contracts used in financial transactions, and the markets in which they are traded. After a brief review of investment decisions and the valuation of business units, the theory of choice under risk and its application to models of asset pricing are covered. Arbitrage pricing is also considered, both as a general asset pricing strategy, and in connection with specific models, such as those conventionally used in option pricing.

The main types of securities considered are bonds and debt securities in general, and shares of the stock of companies. In either case, we consider both the general structure of the securities of the respective type, and the implications of the structure for the determination of the firms' optimal financial structure.
A specific part of the course covers models of dynamic optimisation. These models allow tackling business problems which entail related optimising decisions made at distinct points in time, such as the optimal timing of the launching of new products, optimal R&D strategies, inventory management and the renewal of machinery.

## Type of instruction

Lectures and workshops.

The teaching is conducted in English.

## Prerequisites

Bachelor's degree in Business Administration or Economics (or the equivalent).

## Examination and grades

The course is graded A, B, C, D, E, FX or F.

All ILOs are tested in a written examination, counting for 6 credits. The ILOs related to skills and abilities and approach are also tested in a number of written assignments, counting for 1.5 credits in total.

Registration of examination:

| Name of the Test | Value | Grading |
|---|---|---|
| Written test | 6 credits | A/B/C/D/E/FX/F |
| Written assignment | 1.5 credits | A/B/C/D/E/FX/F |

## Course evaluation

It is the responsibility of the examiner to ensure that each course is evaluated. At the outset of the course, evaluators must be identified (elected) among the students. The course evaluation is carried out continuously as well as at the end of the course. On the completion of the course the course evaluators and course examiner discuss the course evaluation and possible improvements. A summary report is created and archived. The reports are followed up by program directors and discussed in program groups and with relevant others (depending on issue e.g. Associate Dean of Education, Associate Dean of faculty, Director of PhD Candidates, Dean and Director of Studies). The next time the course runs, students should be informed of any measures taken to improve the course based on the previous course evaluation.

## Other information

JIBS students are expected to maintain a strong academic integrity. This implies to behave within the boundaries of academic rules and expectations relating to all types of teaching and examination.
Copying someone else's work is a particularly serious offence and can lead to disciplinary action.

When you copy someone else's work, you are plagiarizing. You must not copy sections of work (such as paragraphs, diagrams, tables and words) from any other person, including another student or any other author. Cutting and pasting is a clear example of plagiarism. There is a workshop and online resources to assist you in not plagiarizing called the Interactive Anti-Plagiarism Guide.
Other forms of breaking academic integrity include (but are not limited to) adding your name to a project you did not work on (or allowing someone to add their name), cheating on an examination, helping other students to cheat and submitting other students work as your own, and using non-allowed electronic equipment during an examination. All of these make you liable to disciplinary action.

## Course literature

Literature

- Finance - A Quantitative Introduction by Nico Van Der Wijst Cambridge University Press, 2013