



Spring Term

Basic Information:

Title:	Money and Capital Market	Code:	FIN 442
Program:	BBIT	Credit Hours:	Three (03)
Sessions:	30 Classes + Mid Term + Final Term	Pre-Requisite:	FIN 340

Course Description:

The Money and Capital markets are the mechanism in our society for converting the public savings into investments buildings, machinery, equipment's, inventories for goods and raw materials, so the country can grow, new jobs can be created and living standards can rise.

Learning Outcomes:

After the completion of this course, it is expected that students who will involve themselves in the knowledge base working of the course will be capable to:

- Detailed study of money and capital markets*
- Interest rate theory - Estimating risk and return of assets with fixed cash flows and management of interest rate risk.*
- Derivative financial instruments, markets, and prices and management of interest rate risk.*
- Capital market equilibrium and portfolio choice under uncertainty.*
- Asymmetric information in capital markets; and Issues in market microstructure.*

Teaching Learning Methodology:

The formal teaching component of this course consists of active student participation in and contribution to all forms of teaching and learning i.e. lectures, discussions, research assignments and projects. Lectures will be twice a week of 90 min each.

Group Configurations:

One of the objectives of this course is to encourage and facilitate teamwork. Class will have to make a group of four for projects and research assignments. It is recommended that student will form their own groups. As a general guideline, your group should have members with diverse skill sets including people who are proficient or have aptitude for different subject areas.

Weekly Term Plan

Wk	Lecture Topic
01	<i>The role of financial system in the Global Economy</i>
02	<i>Corporate stock and listing process in Stock Exchanges</i>
03	<i>Stock exchanges and Capital Market in Pakistan</i>
04	<i>Money Market and role of Commercial banks</i>
05	<i>Securitization in Pakistan</i>
06	<i>Mortgaged Back Securities Market in Pakistan – Regulations</i>
07	<i>Bonds Market Developments in Pakistan and emerging economies.</i>
08	<i>Mid Term Examination</i>
09	<i>Role of Credit Rating Agencies in the development of Bonds Market</i>
10	<i>TFC's issued by the corporate sector in Pakistan</i>
11	<i>International rating of Pakistani Banking Sector</i>
12	<i>International Money Market Instruments – Banker's acceptance</i>
13	<i>Interest rates and security prices</i>
14	<i>Relationship between interest rate and security prices</i>
15	<i>Global Interbank rates</i>
16	<i>Final Term Examination</i>



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Topics in Detail

No	Topics
01.	<i>The role of financial system in the Global Economy Financial Assets, Money and Financial Transactions</i>
02.	<i>Corporate stock and listing process in Stock Exchanges Capital Markets and Regulatory Authorities, Global Stock Exchanges</i>
03.	<i>Stock exchanges and Capital Market in Pakistan Regulatory Framework Scope of Derivative Markets in Pakistan</i>
04.	<i>Money Market and role of Commercial banks Securities companies/Investment Banks and role in Money Market</i>
05.	<i>Securitization in Pakistan Fixed Income Securities Market in Pakistan</i>
06.	<i>Mortgaged Back Securities Market in Pakistan – Regulations Money Market Instruments of SBP, Process and Regulations</i>
07.	<i>Bonds Market Developments in Pakistan and emerging economies. Issues in Pakistan Bond markets and Role of Credit Rating Agencies</i>
08.	<i>Mid Term Examination</i>
09.	<i>Role of Credit Rating Agencies in the development of Bonds Market Fixed Income securities issued by GOP nationally and internationally Islamic Bonds, Sukuks in Pakistan and in other economies.</i>
10.	<i>TFC's issued by the corporate sector in Pakistan Mutual Funds with a focus on Money Market Funds covering Practical aspects</i>
11.	<i>International rating of Pakistani Banking Sector International banking – Future of financial system</i>
12.	<i>International Money Market Instruments – Banker's acceptance International transactions & Currency Value</i>
13.	<i>Interest rates and security prices Interest rates in the financial system</i>
14.	<i>Relationship between interest rate and security prices Monetary policy tools/ instruments and Interest rates in Pakistan</i>
15.	<i>Global Interbank rates KIBOR as Benchmark rate in Corporate lending, Reuters and KIBOR</i>
16.	<i>FinalTerm Examination</i>

Text & Recommended Readings

- A. *Money & Capital Markets*
By Peter S. Rose. 6th edition
- B. *Dawn, Business Section Economic and Business Review*
- C. *Business Recorder; Pakistan Economist etc.*
- D. *Various publications of State Bank of Pakistan*

Assignment Specification

- Microsoft Word for Documentation*
- Headings* *Arial 11pt Bold*
- Normal Text* *Times New Roman 10pt*
- Header Footer* *Times New Roman 8pt*
- Paragraph* *Single Line Spacing*
First Line Indent 1.0 cm
- Page Margins* *2 cm from each side*



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Grading Policy:

Final Grade for this course will be the cumulated result of the following term work with relevant participation according to the quoted percentage.

Sessional	25%	Mid Term	35%	Final Term	40%
Assignments	10 %	Mid Term Exam	25%	Final Exam	30%
Quizzes	10%	Major Report/Work	10%	Case Study/ Project/ Term Paper	10%
Presentations	05%				

Remember subdivision of Mid Term and Final Term Examination should be done only in extreme cases of very essential and major Grading Instruments.

Dishonest Practices & Plagiarism

Any student found responsible for dishonest practice/cheating (e.g. copying the work of others, use of unauthorized material in Grading Instruments) in relation to any piece of Grading Instrument will face penalties like deduction of marks, grade 'F' in the course, or in extreme cases, suspension and rustication from IBIT.

For details consult PU Plagiarism Policy at <http://pu.edu.pk/dpcc/downloads/Plagiarism-Policy.pdf>

Grading System:

Letter Grade	Grade Point	Numbers Equivalence
A	4.00	85 – 100 %
A-	3.70	80 – 84 %
B+	3.30	75 – 79%
B	3.00	70 – 74 %
B-	2.70	65 – 69 %
C+	2.30	61 – 64 %
C	2.00	58 – 60 %
C-	1.70	55 – 57 %
D	1.00	50 – 54 %
F	0.00	Below 50 %
I	Incomplete	*
W	Withdraw	*

Norms to Course:

- ✓ Submission Date and Time for the term instruments is always **Un-Extendable**
- ✓ 5 Absentees in class will result in forced withdrawal. **(PU Policy)**
- ✓ Re-sit in Mid and Final Term will cause you a loss of 2 and 3 grade marks respectively. **(PU Policy)**
- ✓ This is your responsibility to keep track of your position in class evaluation units.
- ✓ After the submission date, NO excuse will be entertained.
- ✓ Keep a copy of all submitted Grading Instruments.
- ✓ Assignment is acceptable only in its Entirety.
- ✓ No make up for any assignment and quiz.
- ✓ Copied & Shared work will score Zero.
- ✓ Assignments are Individual.

Good Luck
 For the Spring Term