

| DEREE COLLEGE SYLLABUS FOR: | | | | | | | | | |
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| EC 4044 FUNDAMENTALS OF TRADING | | | | | | | | | |
| (same as FN 4044) (Fall 2019) | | | | | | | | | |
| US Credits: | 3/1.5/3 | | | | | | | | |
| PREREQUISITES: | None | | | | | | | | |
| CATALOG DESCRIPTION: | Introduction to the art and science of trading. Trading room structure and market participants. Trading behavior and risk management. Intermarket competition, regulation and information technology innovation in trading. Computer trading simulations. | | | | | | | | |
| RATIONALE: | This course is about financial trading and it is aimed at students who plan careers in financial institutions. The theoretical underpinnings for the material come from mainstream economics and the subfields of finance and market microstructure. The course provides knowledge and understanding of how the financial market structure and the regulators adapt to innovations in information technology and competition among trading participants and venues. Student familiarization with trading processes, as well as assessment are based on trading simulations. | | | | | | | | |
| LEARNING OUTCOMES: | As a result of taking this course, the student should be able to: <ol style="list-style-type: none"> 1. Make use of software and platforms of major information vendors 2. Demonstrate understanding of the organizational structure of the trading room 3. Apply principles of trading techniques and decision-making through simulation 4. Demonstrate knowledge and understanding of the impact of determinants of trading and the role of market-makers | | | | | | | | |
| METHOD OF TEACHING AND LEARNING: | In congruence with the learning and teaching strategy of the college, the following tools are used: <ul style="list-style-type: none"> • The class is run in a simulated trading room, equipped with Bloomberg, Thompson-Reuters, Rotman Interactive Trader (RIT), TraderEx, Palisade, Morningstar. • The class consists of lectures, cases, simulation exercises, and in-class discussion of related material. • Trading workshops and guest speakers • Office Hours: Students are encouraged to make full use of the office hours of their instructor in order to consult and discuss issues related to the course content. • Use of the Blackboard learning platform for announcements and course material, including additional resources. | | | | | | | | |
| ASSESSMENT: | <p>Summative:</p> <table border="1"> <tr> <td>Trading template exercise (LO 1)</td> <td>10%</td> </tr> <tr> <td>Case (LO 2)</td> <td>30%</td> </tr> <tr> <td>Simulation exercises (LOs 3, 4)</td> <td>60%</td> </tr> </table> <p>Formative:</p> <table border="1"> <tr> <td>Formative examination questions</td> <td>0%</td> </tr> </table> <p>The formative assessment aims to prepare students for the written final examination.</p> <p>The trading template exercise tests LO 1. The case tests LO 2. The simulation exercises test LOs 3 and 4.</p> <p>The final grade for this module will be determined by averaging all summative assessment grades, based on the predetermined weights for each assessment. Students are not required to resit failed assessments in this module. Failure to pass the module results in module repeat.</p> | Trading template exercise (LO 1) | 10% | Case (LO 2) | 30% | Simulation exercises (LOs 3, 4) | 60% | Formative examination questions | 0% |
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| Case (LO 2) | 30% | | | | | | | | |
| Simulation exercises (LOs 3, 4) | 60% | | | | | | | | |
| Formative examination questions | 0% | | | | | | | | |

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| REQUIRED MATERIAL: | <p>Elder, A. (2002). Come Into My Trading Room: A Complete Guide to Trading. Wiley.</p> <p>Schwartz, R.A., Sipress, G.M., Weber, B.W. (2010). Mastering the Art of Trading through Simulation. Wiley.</p> <p>Schwartz, R.A. and Francioni, R. (2004). Equity Markets in Action: The Fundamentals of Liquidity, Market Structure and Trading. Wiley.</p> |
| RECOMMENDED MATERIAL: | <p>Feitzinger, K. (2014). Estimating recoverable damages in rule 10b-5 securities class actions, Cornerstone Research.</p> <p>Lehalle C.A. and Laruelle S. (eds) (2013). Market Microstructure in Practice. World Scientific.</p> <p>O’ Hara, M. (2014). High Frequency Market Microstructure. University of Warwick. https://www2.warwick.ac.uk/fac/soc/wbs/subjects/finance/.../maureen_ohara.pdf</p> <p>Bainbridge, Stephen M. (2012). An overview of insider trading law and policy: An introduction to the insider trading research handbook. Research Handbook on Insider Trading. S. M. Bainbridge, Edward Elgar. http://ssrn.com/abstract=2141457.</p> <p>Bainbridge, Stephen M. (2001). The law and economics of insider trading: a comprehensive primer. http://ssrn.com/abstract=261277.</p> <p>Morrison-Foerster, LLP. (2015). 2014 Insider Trading Annual Review. Morrison-Foerster, LLP. http://www.mofo.com/~media/Files/ClientAlert/2015/02/150211InsiderTradingAnnualReview.pdf</p> <p>Bagehot, W. – pseudonym for Jack Traynor - (1971). The Only Game in Town. Financial Analysts Journal 27, no. 2 (March-April), 12-22</p> <p>Fischel, Daniel R. (1982). Use of modern finance theory in securities fraud cases involving actively traded securities. Business Lawyer, 38(1), 1-20.</p> <p>Dunbar, Frederick, & Tabak, David. (1999). Materiality and magnitude: event studies in the courtroom. National Economic Research Associates (NERA). Sections I and II.</p> <p>Ellman, A. (2013), Stock Investing for Students, Digital Publishing of Florida</p> |
| COMMUNICATION REQUIREMENTS: | Use of financial markets and trading terminology |
| SOFTWARE REQUIREMENTS: | Bloomberg, Thompson-Reuters, TraderEx, Rotman Interactive Trader, Palisade, MorningStar, Excel, Word, PowerPoint |
| WWW RESOURCES: | <p>www.bloomberg.com</p> <p>www.reuters.com</p> <p>www.economist.com</p> <p>www.ft.com</p> <p>www.wsj.com</p> |

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| INDICATIVE CONTENT: | <ol style="list-style-type: none">1. Basics of trading2. Organizational structure of the trading room3. Overview of financial markets4. Market participants5. Market-making and proprietary trading6. Drivers of tactical decision-making in trading7. The role of regulators |