

## COURSE TECHNICAL DATA

Course Information	
ECTS Credits	3
Degree	Master in Finance / Master Universitario en Finanzas por la Universidad Pontificia de Comillas
Professor	Jorge Martín, Ph.D.
Name	Global Financial Markets and Their Regulation
Email	Jorge.martin@advantere.org; a.delcampo@advantere.org; e.bobillo@advantere.org

## GOALS AND CONTENTS

### OBJECTIVES

#### Objectives:

To create the appropriate mental structure to understand a theoretically complex industry by studying and reflecting on concepts that are the starting point for comprehending the functioning and purpose of financial markets and more complex assets.

To gain in-depth knowledge of the functioning of Central Banks, particularly the European Central Bank, and how they use monetary policy to achieve their objectives.

To analyze the fundamental role that the European Central Bank has played in solving the various crises experienced in Europe since the beginning of the financial crisis of 2008.

To understand interest rate curves: what they indicate, how they work, and how to take advantage of them.

To gain knowledge of fixed income and equity markets, as well as the different investment alternatives encompassed within so-called alternative assets.

To provide students with knowledge and tools for analyzing the regulatory and supervisory framework applicable to the international financial system, as well as the tax impacts derived from different investment products.

#### General Competencies

CG.2 Critical Thinking: Utilize critical thinking for decision-making and problem-solving in financial management processes.

RA1: Interpret, analyze, synthesize, and evaluate ideas from a critical standpoint.

CG.6 Global and Local Orientation Capacity: Analyze current financial problems in local and global environments, considering complex economic aspects, cultural, social, and ethical factors.

RA1: Ability to analyze current problems in local and global environments, considering complex economic aspects, cultural, social, and ethical factors.

CG.10 Technical Capacity: Ability to analyze, synthesize, and project, applied to situations, problems, and models in the financial field.

RA1: Capable of facing the analytical study of cases and scenarios, as well as synthesizing information and data.

#### Specific Competencies



CE 01: Gain in-depth knowledge and contextualize the main international financial markets and instruments, understanding the needs they meet and analyzing the role of the main financial institutions operating in each.

RA1: Gain in-depth knowledge and contextualize the financial system in capitalist economies, understanding the financial flows of advanced modern economic systems, the agents involved and their needs, institutions, supervisory bodies, financial products and markets, and the modern paradigms established around them. Understands the regulations, organization, and functioning of central banks, specifically in the execution of the single monetary policy in the euro area.

RA2: Understands and distinguishes the types of money and capital markets; organized, official, and OTC; fixed income and equity; bonds and loans. Understands the dynamics of financial product trading and its regulations.

RA3: Knows and applies tools for tracking, valuation, negotiation, sensitivity measurement, and risk for fixed income and equity.

CE 09: Delve into and contextualize the national and international regulations applicable to the financial sector, the agents involved, the supervisors, and understand the consequences of their application and non-compliance.

RA1: Recognizes the different agents that regulate, intermediate, and supervise the financial system, their roles, the tools they use, and the most current issues they face. Understands the purpose and scope of public information regarding financial products that must be made available to clients and interested parties.

RA2: Understands the implications of applying financial and non-financial regulations in the sector, the regulation of alternative investments, investment funds, and structured products, as well as the compliance work carried out by all sector agents and the resources of each organization involved in this.

RA3: Understands the functioning and implications of credit rating agencies and their impact on various financial asset markets.

## CONTENTS

### MODULE 1: Introduction

#### Topic 1: Introduction to Financial Markets

- 1.1 Economic development and its role as a driver of welfare and equality.
- 1.2 National and International Financial System. Organizations and entities that comprise it.
- 1.3 Correlation of different financial markets.
- 1.4 The role of the regulator and the most relevant financial intermediaries.

#### Topic 2: Monetary Policy

- 2.1 Single monetary policy: ECB and European System of Central Banks (ESCB).
- 2.2 Monetary Policy Instruments: main financing operations.
- 2.3 Extraordinary Monetary Policy measures 2008-2022.
- 2.4 Money Market.

### MODULE 2: Products and Markets

#### Topic 3: Fixed Income

- 3.1 Introduction to fixed income markets.
- 3.2 Classification of different fixed income assets. Valuation and the concept of duration and convexity.
- 3.3 Functioning and participants of the fixed income market.
- 3.4 New fixed income markets (Multilateral Trading Facilities - "MTFs").
- 3.5 Sustainable financing (ESG): green and social bonds.
- 3.6 Debt futures.

#### Topic 4: Equities



- 4.1 Stock market and tradable assets.
- 4.2 Fundamental analysis. Growth versus Value.
- 4.3 Technical analysis applied to equities.
- 4.4 Active versus passive investing. Investment funds and ETFs.
- 4.6 ESG factors in equities.
- 4.7 Options and Futures.

**Topic 5: Forex**

- 5.1 Spot market.
- 5.2 Futures market.
- 5.3 Currency options.

**Topic 6: Alternative Assets**

- 6.1 Hedge Funds.
- 6.2 Commodities.
- 6.3 Private Markets.

**MODULE 3: Regulation and Taxation of Financial Markets and Products**

**Topic 7: Regulatory Framework of the Financial System**

- 7.1 MiFID I and MiFID II.
- 7.2 PSDI and PSDII.
- 7.3 AIFMD.
- 7.4 MiCA.
- 7.5 Shadow Banking.
- 7.6 Regulation to mitigate/prevent crises.

**Topic 8: Regulatory Compliance**

- 8.1 Anti-money laundering.
- 8.2 Securities compliance.
- 8.3 Customer compliance.
- 8.4 Corporate compliance.

**Topic 9: Taxation of Financial Products**

- 9.1 Introduction to the Spanish and European Financial System.
- 9.2 Tax regime for direct investments in personal income tax (IRPF) and corporate tax (IS).
- 9.3 Tax regime for investments in collective investment instruments in personal income tax (IRPF) and corporate tax (IS).
- 9.4 Wealth tax and inheritance and donations tax.
- 9.4 Tax planning for residents and non-residents.

TEACHING METHODOLOGY

**General methodological aspects of the course**

**\*\*Expository Lessons\*\***

Individual study of the slides presented in class and additional materials (books, scientific articles, and annual company presentations and reports).

Cooperative work among students who, in pairs or small groups, receive a task, case, or scenario that requires sharing information and resources among members to achieve a common objective. Based on the case method, studied by each student and discussed by each group before individual interventions in each general session.

The case method stimulates inductive learning. From the analysis of specific examples, different analytical tools are constructed, and general rules of application to all types of



companies and sectors are induced. Therefore, prior study of the cases and active participation in the debates of the general sessions are essential.

Presentations should be evaluated and critiqued by other classmates or the professor to deepen the subject.

In a Problem-Based Learning (PBL) environment, students work collaboratively in small groups to solve complex, real-world problems. They engage in self-directed learning, researching and gathering information to understand the problem and propose solutions. Facilitators guide the process, encouraging critical thinking and discussion, while students apply their knowledge and skills to reach a consensus.

### EVALUATION AND GRADING CRITERIA

Evaluation Activities	(%)
Final exam	30%
Case studies (groups)	50%
Participation (mini case studies, attendance)	20%

#### Grading

The evaluation criteria of the course are governed by the following rules:

1. All students must attend 100% of the days scheduled for this course. All absences must be justified. Failure to justify an absence will result in a penalty depending on the number of days of unexcused absence.
2. The final mark will be the sum of the activities, assessment criteria and weightings described in the Evaluation and Grading Criteria section. All elements of the course assessment must be passed.
3. Individual and group work must be handed in on time and in the manner specified by the subject teacher.
4. A final mark below 5 means that an exceptional exam must be taken. The final mark in this examination must not be higher than the median of the marks obtained in the ordinary examination.

#### Evaluation criteria for second enrolment applications

Students enrolled in the subject for the second year must complete the individual and group assignments set by the subject teacher. The same assessment criteria will be used as those set out in the section on Assessment and Grading Criteria.

In cases not covered in this teaching guide, the regulations of the Advantere School of Management and the General Regulations of Comillas will be applied.



### Basic Bibliography

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- Frederic S. Mishkin, The Economics of Money, Banking and Financial Markets, 8th edition, 2006, Addison Wesley.
- Fabozzi, F. J., Modigliani, F., & Ferri, M. G. (2012). Foundations of financial markets and institutions. Prentice Hall.
- Alexander, G. J., Sharpe, W. F., & Bailey, J. V. (2012). Fundamentals of investments. Prentice Hall.
- ECB (2014) Guide to the Banking Supervision.  
<http://www.ecb.europa.eu/pub/pdf/other/ssmguidebankingsupervision201409en.pdf?85e39f5cf761e11147f6e828cd4088b1>
- ECB (2014) Comprehensive Assessment Stress Test Manual.  
<http://www.ecb.europa.eu/pub/pdf/other/castmanual201408en.pdf>
- BIS (2011) Basel III: A global regulatory framework for more resilient banks and banking systems  
<http://www.bis.org/publ/bcbs189.pdf>
- The financial crisis of 2007: misaligned incentives, banks mismanagement and troubling policy implications (pages 1-8).  
[http://econ.as.nyu.edu/docs/IO/22946/Prager\\_04302012.pdf](http://econ.as.nyu.edu/docs/IO/22946/Prager_04302012.pdf)
- Daniel Gross (2012) Banking union: Ireland vs Nevada, an illustration of the importance of an integrated banking system
- CORE PRINCIPLES (pages 1-26):  
<http://www.iosco.org/library/pubdocs/pdf/IOSCOPD121.pdf>
- Directive 2014/65/EU of the European Parliament (pages 1-12). <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014L0065&from=EN>
- LESSONS FROM THE COLLAPSE OF HEDGE FUND, LONG-TERM (David Shirreff)  
[http://eml.berkeley.edu/~webfac/craigne/e137\\_f03/137lessons.pdf](http://eml.berkeley.edu/~webfac/craigne/e137_f03/137lessons.pdf)
- DIRECTIVE 2011/61/EU on Alternative Investment Fund Managers (pages 1-5):  
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:174:0001:0073:EN:PDF>
- Regulation (EU) No 648/2012 on OTC derivatives, central counterparties and trade repositories (EMIR) FAQ: [http://ec.europa.eu/finance/financial-markets/docs/derivatives/emir-faqs\\_en.pdf](http://ec.europa.eu/finance/financial-markets/docs/derivatives/emir-faqs_en.pdf)
- What Is Shadow Banking? (IMF WP/14/25)  
<https://www.imf.org/external/pubs/ft/wp/2014/wp1425.pdf>
- Luis Garicano (2012) Five lessons from the Spanish cajas debacle for a new euro-wide supervisor. VoxEU <http://voxeu.org/article/fivelessons-spanish-cajas-debacle-new-euro-wide-supervisor>



- DIRECTIVE 2014/59/EU: a framework for the recovery and resolution of credit institutions and investment firms (pages 1-6).
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- CRD IV/CRR – Frequently Asked Questions [http://europa.eu/rapid/press-release MEMO-13-272 en.htm](http://europa.eu/rapid/press-release_MEMO-13-272_en.htm)
- Viral Acharya y Sascha Steffen(2014) Falling short of expectations? Stress-testing the European banking system [http://www.sascha-steffen.de/uploads/5/9/9/3/5993642/aqr\\_stress\\_tests\\_-\\_15\\_jan\\_2014.pdf](http://www.sascha-steffen.de/uploads/5/9/9/3/5993642/aqr_stress_tests_-_15_jan_2014.pdf)
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[http://www.bde.es/f/webbde/GAP/Secciones/SalaPrensa/InformacionInteres/ReestructuracionSectorFinanciero/Arc/Fic/en/reestructuracion0209-2013\\_e.pdf](http://www.bde.es/f/webbde/GAP/Secciones/SalaPrensa/InformacionInteres/ReestructuracionSectorFinanciero/Arc/Fic/en/reestructuracion0209-2013_e.pdf)
- Christopher Gandrud y Mark Hallerberg (2013) who decides? resolving failed banks in a European framework
- <http://www.bruegel.org/publications/publication-detail/publication/803-who-decides-resolving-failed-banks-in-a-european-framework/>