

NATIONAL STOCK EXCHANGE OF INDIA LIMITED

DEPARTMENT : SBU-Education

Date : July , 2012

NCFM Test Details

Course outline**FINANCIAL MARKETS (ADVANCED) MODULE****Financial Markets, Products & Institutions**

- A. Financial Markets
- B. Financial Products and Market Entities
- C. Market Infrastructure Institutions
- D. Conflicts of Interest

Quantitative Background to Debt

- A. The Nature of Debt
- B. The Price of a Debt Security
 - Perpetual Debt
 - Discount Instrument
 - Coupon Instrument
- C. Price-Yield Relationship of a Debt Security
- D. Modified Duration of a Debt Security

Debt – Investment Drivers & Approaches

- A. Interest Risk
 - Forward Rates
 - Yield Curve Estimation
 - Shape of Yield Curve
 - Debt Portfolio Structures
- B. Credit Risk & Yield Spreads
 - Assessment of Sovereign Debt Servicing Ability
 - Assessment of Private Debt Servicing Ability
 - Credit Rating
 - Structured Obligations
 - Yield Spread & Changes in Credit Risk

Financial Statements: Analysis & Projections for Equity

- A. Financial Statement Analysis
 - Revenue, Cost & Margin Structure
 - Capital Efficiency
 - Dividend Yield
 - Price – Earnings Ratio

B. Financial Projections

Equity – Valuation & Investment Decisions (Part 1)

- A. Required Rate of Return on Equity
- B. Weighted Average Cost of Capital (WACC)
- C. Fundamental Valuation Approaches
 - Dividend Discounting
 - Free Cash Flow
 - Enterprise Value
 - Earnings Multiple
 - Price to Book Value Multiple
- D. Margin of Safety

Equity – Valuation & Investment Decisions (Part 2)

- A. Economy & Industry Analysis
 - Economy Analysis
 - Industry Analysis
- B. Top-Down or Bottom-up?
- C. Technical Analysis

Derivatives

- A. Background
- B. Interest Rate Futures
- C. Credit Default Swaps (CDS)
- D. Currency Futures
- E. Currency Options
- F. Equity Futures & Options

Alternate Assets & Structured Products

- A. Alternate Assets
 - Gold
 - Real Estate
- B. Structured Products
 - Portfolio Insurance
 - Risks
 - SEBI Regulations

International Markets

- A. Depository Receipts
- B. International Stock Indices
 - S&P 500 Index (SPX)
 - Dow Jones Industrial Average (INDU)
 - NASDAQ Composite Index (CCMP)
 - EURO STOXX 50 Price Eur (SX5E)
 - FTSE 100 (UKX)
 - Deutsche Borse AG German Stock Index DAX (DAX)
 - Nikkei 225 (NKY)

- Tokyo Stock Exchange Tokyo Price Index TOPIX (TPX)
- Hong Kong Hang Seng Index (HSI)
- C. Feeder Funds
- D. Trading in Global Markets through NSE
 - Futures & Options
 - Exchange Traded Funds (ETFs)

New Paradigms in Regulation of Financial Markets

- A. Market Infrastructure Institutions
- B. Alternate Investment Funds
- C. Standardisation of Rating Symbols and Definitions
- D. Investment Advisers
- E. Commission on Public Issues of Debt
- F. Merchant Bankers' Track Record
- G. Algorithmic Trading
- H. Outsourcing by Intermediaries
- I. Qualified Foreign Investors (QFIs)
- J. KYC Registration Agency (KRA)