

Syllabus

for course at advanced level

Financial Market Structure
Finansiell marknadsstruktur

7.5 Higher Education
Credits
7.5 ECTS credits

Course code:	FE5133
Valid from:	Autumn 2017
Date of approval:	2017-03-14
Department	Stockholm Business School
Main field:	Företagsekonomi
Specialisation:	A1N - Second cycle, has only first-cycle course/s as entry requirements

Decision

This syllabus was approved by the Educational Committee of the Stockholm Business School, Stockholm University, 2017-03-14.

Prerequisites and special admittance requirements

Degree of Bachelor worth at least 180 credits, or admitted to Business Studies IV, Extended Course or Business Studies IV, Magister's Course, Master's programme, or equivalent.

Course structure

Examination code	Name	Higher Education Credits
5133	Financial Market Structure	7.5

Course content

Financial market structure is about how legislation, technology, and trading rules and traditions influence trading strategies and market quality, such as efficiency and liquidity.

Efficiency and liquidity are often taken for granted in financial economic theory, but in reality they vary considerably, both over time and across assets (for example stocks, bonds, and derivatives). This course aims to provide students with a basic understanding of how variation in the market structure affects market quality and trading strategies, such as market making, arbitrage, and block trade execution.

The course combines basic theoretical and empirical concepts with current issues in the field. In addition to lectures and seminars based on the textbook and academic articles, the course includes computer labs with market data analysis, as well as several guest lectures.

Learning outcomes

Intended Learning Outcomes

The overall aim of the course is to introduce basic theoretical and empirical concepts in market structure, and to provide the students with insights in current issues in market structure research and practice.

Upon completion of the course, students should be able to:

Knowledge and understanding

1. Describe basic concepts that influence trading strategies and the degree of efficiency and liquidity in financial markets.

Skills and abilities

2. Apply empirical tools to measure market liquidity, market efficiency, and transaction costs based on financial market data.

Judgement and approach

3. Evaluate changes in market structure, financial regulation, and financial technology, with respect to trading strategies, market efficiency, and market liquidity; theoretically as well as empirically.

Education

The course consists of a combination of lectures, seminars, and computer labs and requires a significant portion of self-study on the part of students.

The course workload is 200 hours equivalent to 7,5 ECTS (40 hours per week equivalent to 1,5 ECTS).

The language of instruction is English. Note that all teaching and learning activities - such as lectures, seminars, and assessment tasks – are carried out in English.

Forms of examination

Assessment for the course is continuous throughout the course activities. Each assessment task is weighted in relation to its importance in the overall assessment of the course. The student's results from the different assessment tasks are added up to a total course score that then translates into the final grade for the course.

Assessment tasks

The course contains the following weighted assessment tasks:

1. Individual final examination: assesses intended learning outcomes number, 1, 2, and 3; and constitutes 60% of total course score.
2. Written assignment: assesses intended learning outcomes 1 and 2; and constitutes 20% of total course score.
3. Active participation in lectures and seminars: assesses intended learning outcomes 1 and 3; and constitutes 20% of total course score.

Grading

After completion of the course, students receive grades on a scale related to the intended learning outcomes of the course. Passing grades are A, B, C, D and E. Failing grades are Fx and F. A grade Fx can be completed for a grade E.

The maximum score for the course is 100. Receiving a final passing grade requires a score of at least 50. The scale for the final grade is tied to fixed score intervals: A: 90-100; B: 80-89; C: 70-79; D: 60-69; E: 50-59; Fx: 45-49; F: less than 45. The grades correspond to the total score that a student obtains for all the weighted assessment tasks combined, as part of the continuous assessment for the course.

Each assessment task is awarded 0–100 points. The score for a single assessment task is the number of points multiplied by its percentage weight, and the scores for all assessment tasks are added up to a final score, which then translates into a corresponding final course grade between A and F.

Assessment task 1 is assessed on a scale from 45 to 100 points. Results lower than 45% yield 0 points.

Assessment tasks 2 and 3 are assessed on a 100-point scale in four intervals:

- Excellent: 100 points.
- Good: 75 points.
- Sufficient: 50 points.
- Weak: 0 points.

The student is responsible for completing the course's assessment tasks: that a sufficient amount of course points is earned and a passing course grade is obtained. The course's final assessment task can be taken twice: 1) during the course's first scheduled occasion; and, if a passing result (at least 50 course points) was not achieved at the first occasion, 2) at the course's second, scheduled occasion. All other assessment tasks are offered once during the course.

A passing grade (A–E) in the course is obtained when a student has achieved a course score of at least 50.

A failing grade (Fx or F) in the course is obtained when a student has not achieved a course score of at least 50:

- If the achieved score is 45–49, a grade Fx is obtained, which can be completed for a grade E within 3 semester weeks after receiving instructions from the course director. If a complementary task is not completed within this time limit, and the course's two final assessment tasks have been accomplished, the course grade Fx is confirmed, implying that the student must re-register for the course and that previously acquired course points are forfeited. Note that first-time registered students have priority access to the seminar groups.
- If the achieved score is lower than 45, a grade F is obtained, implying that the entire course must be retaken and that previously acquired course points are forfeited.

Re-registration implies that:

- first-time registered students have priority access to the course's group registration;
- the final assessment task can be re-assessed without attendance at any of the course's other learning activities and without points from the course's other assessment tasks accredited.

Students receiving a passing grade may not retake the final examination or complete a previously not completed assessment task to attain a higher grade. A passing grade may not be turned into a failing grade upon the request of a student.

Assessment criteria

The assessment criteria are designed as overall assessments, combined qualitative descriptions of what the student is expected to do in order to demonstrate how well the course's learning outcomes are achieved. The assessment criteria are based upon the general abilities as expressed in the degree objectives of the Higher Education Ordinance (appendix 2, System of Qualifications). The list of abilities below is a compilation of these degree objectives. To pass the course students should demonstrate general ability to:

- recall, understand and explain course content, the course subject and its scientific basis and methodology;
- apply course content;
- critically analyse course content;
- orally and in writing, present and discuss course content;
- relate course content to current societal issues;

The following assessment criteria are used to decide to what extent students have demonstrated these abilities and hence fulfil the course's intended learning outcomes, whereby a grading decision can be made. A higher grade-level presupposes the abilities at lower levels.

A (Excellent) ☐

The student demonstrates ability to evaluate and relate to the content of the course from a comprehensive, critically reflective perspective, as well as to transfer and apply insights in new, meaningful contexts.

B (Very Good) ☐

The student demonstrates ability to, from an overarching and coherent perspective of the field, understand and use concepts to explain how different aspects of the course relate to each other, interconnect and become meaningful.

C (Good) ☐

The student demonstrates ability to discuss the content, tasks and complex issues dealt with in the course from several well-developed but mainly independent perspectives.

D (Satisfactory) ☐

The student demonstrates satisfactory ability to discuss the content, tasks and complex issues dealt with in the course in a way that, albeit in-depth and elaborate, is decidedly one-dimensional.

E (Sufficient) ☐

The student demonstrates sufficient ability to discuss the content, tasks and complex issues dealt with in the course in a way that is decidedly one-dimensional.

Fx (Fail) ☐

The student's knowledge, skills and abilities display minor flaws, overall or in significant parts.

F (Fail) ☐

The student's knowledge, skills and abilities display major flaws, overall or in significant parts.

Interim

If the course is discontinued, or its contents are substantially altered, students have the right to be examined according to this syllabus once per semester for three further semesters.

Limitations

This course may not be included in a degree together with a course, taken in Sweden or elsewhere, of identical or partially similar content.

Misc

Exemption from an assessment task is granted if the student presents a valid reason and a written certification (such as illness and a medical certificate), whereupon the student may re-sit the assessment task at a later date while maintaining previously acquired course points.

Application for exemption should be submitted to the Director of Studies immediately after, or during planned absences well before, the date when the assessment task is carried out. A granted exemption expires at the end of the immediately following semester.

Required reading

Required Reading

- Foucault, T., M. Pagano, A. Röell: Market Liquidity: Theory, Evidence, and Policy. Oxford University Press, 2013.
- A selection of academic articles (updated each semester, see the study guide).