

A. ASSIGNMENT RECAP

- Write a 2500-word report including a **2000-word research** paper to identify and examine an **important issue in bond, equity, or derivatives markets**.
- And a **500-word reflection** on Industry talk.

Tips to choose topics for Part A

- Pick a contemporary issue that interests you and that you want to learn more about. This will make the research process more engaging.
- Scan financial news sites to find emerging topics, debates, or recent events that could lead to good research questions.
- Look for issues where experts disagree or there are multiple perspectives. This creates opportunities for analysis.
- Select a focused, specific issue versus something overly broad. This will allow for deeper investigation.
- Browse academic journals in finance for inspiration from latest scholarly research on these markets.
- Pick a topic that has sufficient existing research and literature available to review.
- Consider issues with real-world relevance and impact beyond just academics.

Suggestion to choose topics for Part A

a. Bond Market Topics:

- The impact of rising interest rates on fixed income securities
- Increased bond market volatility and risk management strategies
- The growth of green bonds and social impact investing
- Changes and risks in corporate bond covenants
- Technology innovation in bond trading platforms

b. Equity Market Topics:

- Strategies to mitigate risk in algorithmic or high frequency trading
- Growth prospects and risks of passive index investing
- Trends in global exchange traded funds (ETFs)
- Blockchain applications in equity clearing and settlement
- Environmental, social and governance (ESG) investing in equities

c. Derivatives Market Topics:

- Regulatory responses to growth in complex derivatives
- Counterparty risk concerns in over-the-counter derivatives
- Operational risks of derivatives clearinghouses
- Increased retail investor activity in derivatives markets
- Financial engineering and derivative securities innovation

Suggested Structure:

I. PART A: Research paper (2000 words)

A. Title (Less than 15 words)

B. Abstract (less than 150 words)

C. Introductory: (Suggested 450 words)

- provide the background relating to the research question, which explains/justifies your choice of the research question;
- briefly state your research question;
- identify the key issues relating to your research question; and
- briefly summarize your findings on the research question

Your introduction should be approximately half a page in length

D. Main Body.

- Use subheadings, to divide your research paper into areas that examine different aspects of your research question, to provide a logical structure for your research paper and which shows the logical development of your ideas.
- It should also include the application of financial theories to examine your research question in a systematic and logical fashion.

E. Conclusion

Should state your findings relating to your research question and the possible impact of your findings on global financial markets.

F. Limitations of research paper

Limitations are influences that the researcher cannot control. They are the shortcomings, conditions or influences that cannot be controlled by the researcher that place restrictions on your conclusions.

G. Appendices

H. Reference List

II. PART B: Reflection on the Industry Talk (maximum 500 words)

You are required to write a reflection on the industry talk. Your reflection should address the following questions:

- What was the discussion in the talk?
- How can you relate the talk to the Financial market course?
- What can you add to the discussion?

B. KEYWORD EXPLANATIONS

1. **Bond market** - The marketplace where debt securities called bonds are issued and traded.
2. **Equity market** - The market where shares of stock in publicly held companies are issued and traded.
3. **Derivatives market** - The financial market for instruments like futures, options, swaps derived from and dependent on underlying assets.
4. **Financial markets** - Markets that allow buyers and sellers to trade financial securities like bonds, stocks, currencies.
5. **Securities** - Financial instruments that hold some type of monetary value. Bonds, equities, options are all types of securities.
6. **Volatility** - The degree of variation in the price of a security over time. High volatility means large price swings.
7. **Liquidity** - The degree to which an asset can be quickly bought or sold on a market without impacting its price.

- 8. Market risk** - The possibility of an investor experiencing losses due to factors affecting the overall performance of financial markets.
- 9. Counterparty risk** - The risk that the other party in a financial contract will default on obligations.
- 10. Financial regulation** - Rules and laws governing financial markets and institutions to protect investors and promote stability.
- 11. Financial innovation** - The creation and popularization of new financial instruments, technologies, or processes.