

## FIN-521 International Currency Markets



# UNIVERSITY OF NICOSIA ΠΑΝΕΠΙΣΤΗΜΙΟ ΛΕΥΚΩΣΙΑΣ

<b>Course Code</b> FIN-521	<b>Course Title</b> International Currency Markets	<b>ECTS Credits</b> 10
<b>Department</b> Finance	<b>Semester</b> Fall/Spring/Summer	<b>Prerequisites</b> DFIN-511
<b>Type of Course</b> Required	<b>Field</b> Finance	<b>Language of Instruction</b> English
<b>Level of Course</b> 2 <sup>nd</sup> Cycle	<b>Year of Study</b> 1 <sup>st</sup>	<b>Lecturer(s)</b> Ioannis Mnelaou Svetlana Sapuric
<b>Mode of Delivery</b> Distance Learning	<b>Work Placement</b> N/A	<b>Co-requisites</b> None

### Objectives of the Course:

One useful framework for understanding digital currencies is to consider them a foreign currency relative to your own benchmark currency. The main objective of the course is to provide a critical study of the foreign exchange markets, both theoretically and operationally to understand useful principles that could be applied to the study of digital currencies.

Topic areas include:

- 1/ the operations and dynamics of the FX currency markets
- 2/ the role of arbitrage and speculators
- 3/ the impact of foreign exchange controls and the exchange price margin
- 4/ the efficacy of various transfer and payment systems

The concepts underlying these areas will be applied to digital currencies.

### Learning Outcomes:

Upon completion of this course, students are expected to be able to:

1. Model and explain theoretical changes in foreign exchange rates
2. Observe and participate in foreign exchange and digital currency transactions
3. Explain the price volatility of traditional and digital currencies
4. Understand how digital currencies fit into the current FX framework

**Course Contents:**

<b>Lecture</b>	<b>Topic</b>
1	<b>Introduction to Foreign Exchange Markets</b>
2	<b>Key Infrastructure and Architecture of FX and Digital Currency markets</b>
3	<b>Inside a Trading Platform: Fiat and Digital Currency Platforms</b>
4	<b>Fiat and Digital Currency Arbitrage, Parity and Interest Rates</b>
5	<b>Understanding the market through the investment Decision Process and Security Analysis</b>
6	<b>Introduction to Portfolio Management and Market Theories</b>
7	<b>Forex Trading Vehicles</b>
8	<b>FX Hedging and Digital Currency Derivatives</b>
9	<b>Put-Call Parity/The One-Step Binomial/Black-Scholes Model</b>
10	<b>SDRs and relation to Digital Currency/Modern Currency Failures (2007-Today)</b>
11	<b>Historical Currency Failures (1900-2007)/Digital Currency Failures</b>
12	<b>FX and Digital Currency Key Regulation/Investor Compensation Fund</b>

**Learning Activities and Teaching Methods:**

Lectures, Discussions, Exercises
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**Assessment Methods:**

Quizzes, Assignments and/or Case Studies: 30%
Final Examination: 70%

**Required Textbooks/Reading:**

<b>Authors</b>	<b>Title</b>	<b>Publisher</b>	<b>Year</b>	<b>ISBN</b>
Rosenstreich	Forex Revolution: An Insider Guide to the Real World of Foreign Exchange	PrenticeHall	2005	e-book

**RECOMMENDED TEXTBOOKS / READINGS**

<b>Authors</b>	<b>Title</b>	<b>Publisher</b>	<b>Year</b>	<b>ISBN</b>
IMF	Balance of Payments Textbook	IMF	1996	e-book ISBN 005799781462322008
Chicago Mercantile Exchange	FX Options Trader Handbook	CME Group	2014	e-book
Nakamoto, S.	Bitcoin: A Peerto-Peer Electronic Cash System	www.bitcoin.org	2008	journal
Jan Babecký, Tomáš Havránek, Jakub Matějů, Marek Rusnák, Kateřina Šmídková and Bořek Vašíček	Working Paper Series No 1485/October 2012: Banking, Debt, and Currency Crises. Early warning indicators for developed countries	European Central Bank	2012	<a href="http://www.ecb.europa.eu">http://www.ecb.europa.eu</a> ISSN 1725-2806 (online)
Hull, J. C.	Options, Futures and Other Derivatives	Pearson	2009	0-13-500994-4
<p>News, articles and updates related to the Fiat and Digital Currency markets, and which are published by the Central Banks, the Market Authorities, the International Monetary Fund, the Bank of International Settlements and any other governmental authority or regulator is recommended reading for this course. Furthermore, additional material will be provided throughout the duration of the course. The currency market is a continuous developing space and extra information related to regulatory updates will be also delivered.</p>				