

COURSE OUTLINE

(1) General information

FACULTY/SCHOOL	FINANCE AND STATISTICS		
DEPARTMENT	FINANCIAL MANAGEMENT AND BANKING		
LEVEL OF STUDY	Undergraduate		
COURSE UNIT CODE	XPΘMA01		6 th and 8 th
COURSE TITLE	Market Microstructure Theory		
INDEPENDENT TEACHING ACTIVITIES <i>in case credits are awarded for separate components/parts of the course, e.g. in lectures, laboratory exercises, etc. If credits are awarded for the entire course, give the weekly teaching hours and the total credits</i>	WEEKLY TEACHING HOURS	CREDITS	
Lectures and solving exercises	4	7,5	
<i>Add rows if necessary. The organization of teaching and the teaching methods used are described in detail under section 4</i>			
COURSE TYPE <i>Background knowledge, Scientific expertise, General Knowledge, Skills Development</i>	Special topic (elective course)		
PREREQUISITE COURSES:	NO		
LANGUAGE OF INSTRUCTION:	Greek, textbooks in English are suggested. Examination is in Greek.		
LANGUAGE OF EXAMINATION/ASSESSMENT:			
THE COURSE IS OFFERED TO ERASMUS STUDENTS	YES (in English)		
COURSE WEBSITE (URL)	http://bankfin.unipi.gr/faculty/anthropelos/teach.html		

(2) LEARNING OUTCOMES

<p>Learning Outcomes The course learning outcomes, specific knowledge, skills and competences of an appropriate (certain) level, which students will acquire upon successful completion of the course, are described in detail. It is necessary to consult:</p> <p>APPENDIX A</p> <ul style="list-style-type: none"> • Description of the level of learning outcomes for each level of study, in accordance with the European Higher Education Qualifications' Framework. • Descriptive indicators for Levels 6, 7 & 8 of the European Qualifications Framework for Lifelong Learning and <p>APPENDIX B</p> <ul style="list-style-type: none"> • Guidelines for writing Learning Outcomes <p>The main goal of the course is to introduce the students to the basic concepts and theories that have been developed in recent years for markets' microstructure. More specifically, the subjects the course will study:</p>

- The distinction of markets into primary and secondary and into markets of organized or over-the-counter mechanisms
- The theory of formation of prices and trading volumes, the concept of equilibrium and efficiency in a securities market
- The price spread and the concept of liquidity of a market and the "central" role of the central market maker
- The strategic behavior of investors and its effect on prices
- The categories of the orders and their properties
- The information asymmetry and the way it is modelled
- How the liquidity of a market is defined, measured and affected

General Competences

Taking into consideration the general competences that students/graduates must acquire (as those are described in the Diploma Supplement and are mentioned below), at which of the following does the course attendance aim?

<i>Search for, analysis and synthesis of data and information by the use of appropriate technologies,</i>	<i>Project planning and management</i>
<i>Adapting to new situations</i>	<i>Respect for diversity and multiculturalism</i>
<i>Decision-making</i>	<i>Environmental awareness</i>
<i>Individual/Independent work</i>	<i>Social, professional and ethical responsibility and sensitivity to gender issues</i>
<i>Group/Team work</i>	<i>Critical thinking</i>
<i>Working in an international environment</i>	<i>Development of free, creative and inductive thinking</i>
<i>Working in an interdisciplinary environment</i>
<i>Introduction of innovative research</i>	<i>(Other.....citizenship, spiritual freedom, social awareness, altruism etc.)</i>

- Autonomous work
- Team work
- Work in inter-scientific environment

(3) COURSE CONTENT

- 1) The distinction of markets
 - In primary and secondary markets.
 - In organized markets (organized exchange).
 - In money and capital markets (money market and capital market).
 - The structure of markets and trading protocols.

- 2) Setting prices and trading volumes
 - The concept of equilibrium in a market (market equilibrium).
 - The concept of rational expectations.
 - The concept of efficiency in a market (efficiency).
 - Setting prices through an auction.

- 3) The price spread and the factors that affect it
 - The concept of market liquidity.
 - The "central" role of the central negotiator (market maker).

- Inventory cost and risk
 - The importance of asymmetric information.
- 4) Strategic behavior of participants
- The distinction of investors.
 - The competition between central negotiators.
 - The application of game theory.
 - Deviation from market efficiency due to strategic behavior.
- 5) The categories of orders
- Buy and sell orders
 - Order composition and investment objectives.
- 6) Information asymmetry
- The importance and source.
 - How it relates to price margin.
 - Basic mathematical models.
 - Investment strategies derived from asymmetry.
- 7) Liquidity
- Definitions and meanings
 - Liquidity measures
 - Influencing factors

(4) TEACHING METHODS--ASSESSMENT

MODES OF DELIVERY <i>Face-to-face, in-class lecturing, distance teaching and distance learning etc.</i>	In classroom	
USE OF INFORMATION AND COMMUNICATION TECHNOLOGY <i>Use of ICT in teaching, Laboratory Education, Communication with students</i>		
COURSE DESIGN <i>Description of teaching techniques, practices and methods: Lectures, seminars, laboratory practice, fieldwork, study and analysis of bibliography, tutorials, Internship, Art Workshop, Interactive teaching, Educational visits, projects, Essay writing, Artistic creativity, etc.</i> <i>The study hours for each learning activity as well as the hours of self-</i>	Activity/Method	Semester workload
	Lectures	52
	Homeworks	35,5
	Autonomous study	100
	Course total	187,5

<p><i>directed study are given following the principles of the ECTS.</i></p>	
<p>STUDENT PERFORMANCE EVALUATION/ASSESSMENT METHODS</p> <p><i>Detailed description of the evaluation procedures:</i></p> <p><i>Language of evaluation, assessment methods, formative or summative (conclusive), multiple choice tests, short- answer questions, open-ended questions, problem solving, written work, essay/report, oral exam, presentation, laboratory work, other.....etc.</i></p> <p><i>Specifically defined evaluation criteria are stated, as well as if and where they are accessible by the students.</i></p>	<p>Writing exams (90%) that refers to the theoretical questions and exercises on the material developed in the class.</p> <p>Homeworks (10%) that ask students to solve some related to the course exercises.</p>

(5) SUGGESTED BIBLIOGRAPHY:

<p><i>-Suggested bibliography:</i></p> <ul style="list-style-type: none"> • de Jong, F. and Rindi, B. (2009). The Microstructure of Financial Markets, Cambridge University Press. • Foucault, T., Pagano, M., & Roell, A. (2013). Market liquidity: Theory, evidence, and policy. Oxford University Press. • Harris, L. (2003). Trading and exchanges: Market microstructure for practitioners. Oxford University Press. • Hasbrouck, J. (2007). Empirical Market Microstructure: The Institutions, Economics, and Econometrics of Securities Trading. Oxford University Press.
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