



RHODES UNIVERSITY

Grahamstown • 6140 • South Africa

**Department of Economics and
Economic History**

Master of Commerce (Financial Markets) 2020



RATIONALE FOR THE DEGREE

The financial system is one of the most important inventions of modern society. Its primary task is to move scarce loanable funds from those who save to those who borrow to buy goods and services and to make investments in new equipment and facilities to enable the global economy to grow and increase welfare of all.

The financial sector, not only in South Africa but worldwide, has undergone far-reaching changes during the past two decades. There is a powerful trend towards increasingly intense global competition for financial services as improvements in communication technology have brought widely separated financial institutions into direct competition with one another. National financial systems are merging into one vast, global financial services marketplace where national borders mean less and less. Deregulation of the financial sector by governments has further stimulated the global spreading of competition for financial services. One of the results of these sweeping changes is that the present system of markets and institutions is both more sensitive and more alert to risk in all of its forms.

South Africa's re-introduction into international markets during the late 1990s has meant that the speed of change locally has accelerated. Many important changes have been brought about by both the monetary authorities and the private financial sector, against the background of the liberalisation of financial markets.

Developments have included a changed attitude towards the implementation of monetary policy, the emergence of new financial instruments and products, new financial institutions and brokers and an increased level of activity in the markets. International trends and standards in banking supervision and financial regulation are, further, becoming the norm in South Africa as well. Innovative services and specialist institutions are being designed all the time.

The speed and intensity of these developments have meant that tertiary institutions have not coped sufficiently in designing, updating and implementing curricula and programmes for economists and practitioners in financial markets. There is therefore a shortage of suitably qualified graduates leaving universities to enter into positions in the financial marketplace.

OVERVIEW

The degree is designed to educate candidates in all aspects of financial markets, and the milieu in which the markets operate. Included in the course is the material required by local financial exchanges for qualification as trader and advisor, and part of this material is also recognised by the financial markets authority of the United Kingdom as the qualification for advisor (one additional UK module has to be completed, however). In addition, the successful candidate is recognised by the South African Financial Services Board as a portfolio manager (subject to experience gained in portfolio management).

The degree is by coursework and dissertation and is normally completed in two years. The programme is offered on the basis of the students being full-time in-attendance, although it is possible to complete the dissertation while off campus.

The exams required by the financial exchanges in South Africa form an integral part of the degree and are written at Rhodes as the modules that contain the required exam material are completed.

PROGRAMME OUTLINE AND CONTENT

Thesis (ECO 501)

Coursework:

ECO 504 - Debt and Foreign Exchange Markets

ECO 505 - Equity and Derivative Markets

ECO 506 - Portfolio Theory and Management

ECO 507 – Macroeconomics, Monetary Policy and Financial Markets

ECO 508 (Paper 1) – Quantitative Finance

ECO 508 (Paper 2) – Financial Econometrics

Exams Required by the Financial Exchanges

The Financial Services Board (the regulator of financial exchanges) requires of financial exchanges in South Africa certain minimum education standards for traders and advisors. A number (at the moment seven) of the courses required have been included in the abovementioned modules. Candidates who successfully complete the exchange courses will be recognised by the exchanges (JSE and BESA) as traders and advisors and by the Financial Services Board as portfolio managers. Successful candidates will receive certificates issued by the South African Institute of Financial Markets (SAIFM) and their names will be entered in the registers maintained by the SAIFM and the exchanges. The SAIFM is a body set up by the financial exchanges and administers the exams required by the financial exchanges. The relevant exams are as follows:

- Introduction to Financial Markets
- Regulation and Ethics of the SA Financial Markets
- The South African Money Market
- The Bond Market
- The Foreign Exchange Market
- The Equity Market
- The Derivatives Market

The pass mark for SAIFM accreditation is 70%. Students failing to achieve this grade may, at their own initiative and expense, rewrite the relevant modules. The marks obtained for these modules will be used as part of the class record for papers written during the first semester. Note, however, that this applies to the mark obtained at the *first sitting of the examination* and not (if applicable) to marks obtained for examinations that are rewritten.

ADMISSION REQUIREMENTS AND MINIMUM STANDARDS

An Honours or equivalent degree in Economics, Finance and allied fields with a strong quantitative (Mathematics, Statistics and Econometrics) background is required. Industry experience would be an added advantage.

For detailed information on general admission requirements at Rhodes University, see the university Calendar or Rhodes website: <http://www.ru.ac.za/postgraduategateway/gateway/>.

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