



Financial  
Markets  
Leadership  
Institute



Financial  
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Insights



# Certification in Advanced Capital Markets

Leadership Careers in Financial Markets

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**Financial  
Markets  
Leadership  
Institute**

Financial Markets Leadership Institute (FMLI) is a Global Financial Markets Skills and Leadership Attributes development institution.

Through its Short Term, Modular Skills & Leadership Programs like Fixed Income Engineering & Analytics, Trading Engineering, Psychology & Technical Analysis, Advanced Global Derivatives, High Frequency and Algorithmic Trading, Portfolio & Asset Management, Global Investment Banking & Global Equities Research etc. as well as through its longer term programs like Global Financial Markets Practitioners Program, FMLI is helping participants discover their inner potential and in the process, transforming them from being knowledge consumers to becoming knowledge contributors and inculcating leadership skills and attributes that are highly valued in Global Financial Markets today.



**FMLI Live  
Markets™  
Trading &  
Settlement**

FMLI Live Markets is News and Global Price Feeds, Dealing Room/ Trading, Middle Office Risk Management and Back Office Clearing & Settlement desk set up by Financial Markets Leadership Institute where FMLI participants experience Live Markets like Fixed Income, FX, Equities, Commodities, Mutual Funds and their Futures, Options and other Derivatives. FMLI Live Markets provides access to Global Markets and provides unprecedented experiential learning opportunity to its participants. Participants understand how Global Financial Instruments are quoted, negotiated, traded, margined and settled.

Fundamental & Technical Analysts have all data feeds and charting capabilities and stock screeners that they will ever need for their research. FMLI welcomes you to a new way of learning by experiencing.

**FMLI sees Global Financial Markets as a single, integrated marketplace. Hence, its outlook, course content & teaching methodologies is completely global.**

# Certification Programs from FMLI

- 01 Certification in Advanced Capital Markets
- 02 Certification in Trading Psychology, Trading Engineering & Technical Analysis
- 03 Certification in Advanced Global Derivatives
- 04 Certification in Cryptocurrency & Blockchain for Financial Markets
- 05 Certification in Global Equity Research
- 06 Certification in Global Investment Banking
- 07 Certification in Global Asset & Hedge Funds Management
- 08 Certification in Principles and Application of Fintech



“The Most Employable & Valuable  
Short Term Financial Market  
Program on Planet Earth”



# Certification in Advanced Capital Markets

## Program Content

Global Financial Institutions like Exchanges, Investment Banks, Hedge Funds, Brokerages, Dealing Rooms, Market Makers, Algo Traders, Clearing Corporations & Depositories etc. are designed, built & run using some particularly important Principles and attributes of Financial Markets.

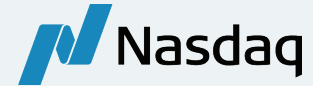
They also play very precise and important roles in forming the Trading, Broking, Risk Management, Clearing & Settlement infrastructure of Financial Markets in any country. Collectively, FMLI calls these Institutions as 'Financial Markets Infrastructure'.

Financial Markets Infrastructure solves trading, clearing & settlement problems in their respective countries using structure and processes that are like each other.

**However, because we do not understand these concepts and processes of one country, we don't understand the process followed in any country. Understanding how these institutions are constructed and how they work in unison to provide trading, risk management, clearing & settlement infrastructure in any country is of highest importance if you want to have a successful global career in Financial Markets.**

In Advanced Capital Markets program, we deep dive in these institutions to first understand the precise nature, construct, design, and characteristics that define and make up these institutions. Then we go about understanding the science & processes behind order flows, trading, risk, surveillance, and settlements in detail.

These characteristics are the actual DNA of Financial Markets and as someone wishing to have a career in Top 10% of Financial Markets, it is imperative that you understand.



We study the following institutions -

- Buy Side Institutions – Hedge Funds, Bank Treasury & Asset Management Companies
- Order Facilitators
- Global Stock Exchanges
- Traders & Trading Community
- Market Makers/ Jobbers/ Dealers
- Members of Stock Exchange/ Brokerages
- Clearing Members
- Clearing Corporations
- Index Construction Companies
- Depositories & Depository Participants
- Other Settlement Infrastructure Institutions

We study, in detail, the overall architecture & construction of these institutions that make up Financial Markets & how these institutions come together & play their roles in completing millions of transactions in equities, bonds, derivatives, commodities & FX markets every day, without glitches. We study closely, the processes involved in Order Flows, Trading on Exchanges, Brokerages, Commodity Firms, Asset Management Companies, Risk Management, Collateral Management, Margining & Settlement processes, IPOs and FPOs to make you highly sought after in Financial Market jobs. We also study important international initiatives such as MIFID, MIFIR and Basel Committee's Recommendations on Financial Markets Infrastructure.

**These are the precise things that add up to 'Skills' & 'Leadership Orientation' which Financial Markets badly demands and looks out for in candidates, but candidates sorely lack. These attributes are the DNA of Financial Markets and knowing them/ not knowing them will determine your own extent of participation, influence, and progress in fi-nancial markets.**

Having these skills and leadership orientation is your key to a Leadership Career in Financial Markets that FMLI's whole proposition is built on.

This is the most important program, one can take in Financial Markets, anywhere in the world!



# 01

## Certification in Advanced Capital Markets

### Taking Your Knowledge of Financial Markets Infrastructure to the Next Level

#### Global Structure Of Trading & Exchanges

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**This section gives you a complete hang of how the entire Trading Industry is structured & functions. The inside out of Trading venues, Exchanges, Market Makers, Dealing Rooms, Brokers, Traders, Speculators & even Manipulators.**

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**Trading Industry** – Buy Side/ Sell Side, Dealers, Brokers, Broker-Dealers, Trading Instruments, Trading Venues, Market Regulations

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**Market Structures** – Philosophy, Principles & Construction of Trading systems, Principles & global models on which stock exchanges are constructed. Quote driven, Order driven & hybrid exchanges. Creation & maintenance of order books. Order Presentation, Order Negotiation.

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**Trading Sessions** – Floor vs Automated Trading, Fairness, Distributed Access, Continuous Markets, Call Markets, Execution Systems, Transparency & Data Reporting, Order Routing Systems, Floor Trading, Screen Based Trading, Manipulations. Public benefits of trading, Public benefits of Liquid Markets,

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**Order & It's Properties** – Liquidity, Philosophy behind Order Attributes, Market Quotes & various issues in displaying, grabbing liquidity. Games traders play. Global Practices in hiding & showing liquidity, Study & measurement of Market Impact from orders

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**Order Driven Markets** – Auction Markets, Construction of Order Books, Order Precedence Rules, Rule Based Order Matching & Global Models in Order Matching, Trade Pricing, Discrimination, Uniform Pricing & Single Price Auction in Exchanges, Supply & Demand & how exchanges manage them globally. Price Manipulation & how exchanges cope up

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Implementation of these Principles in Exchanges. Study of popular exchanges like NSE, BSE, NYSE, NASDAQ, SGX, LSE, JSE & ASX.

# 01

## Certification in Advanced Capital Markets

### **Speculators & Liquidity Suppliers**

Fundamental Values, Informed Traders, Informed Prices, Informed Trading Strategies, Styles of Informed Trading, Arbitrageurs & Types of Arbitrage, Uninformed Trading, Market Efficiency, Price Discovery in Exchanges

Market Makers & Market Making as a business, Dealers, Trading with Dealers, Attracting Order Flows, Dealer Inventory (of Shares) Management, Adverse Selection, Price Mistakes, Block Traders, Specialists, Front Runners, Squeezers, Bluffers, Parasitic Traders, Manipulators & their strategies,

Bid Ask Spreads, Component of Spreads, Asymmetry in Quotes and Trading

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### **Buy Side Traders**

Investment Banks, Bank Treasury, Asset Management Companies, Dealing Rooms, Market vs Limit Orders, Order Exposure & its issues, Defensive Strategies, Offensive Strategies, Deceptive Strategies.

Introduction to Algorithmic Trading & Popular Algorithms

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### **Liquidity & Volatility & Exchanges**

Search for Liquidity & Dimensions of Liquidity, Fundamentals of Volatility, Origin of Volatility & correct interpretation, Predictability & Uncertainties, Identifying Source of Volatility, Measuring Volatility & its Components, Liquidity Cost

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### **Transaction Costs**

Transaction Cost Measurements, Missed Trade Opportunity Costs, Measuring Trading Performance & VWAP. Trading Costs in India, STT

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### **Brokers & Brokerages**

Role of Brokers, Expertise, Structure of Broking, Structure of Brokerage Firms, Proprietary & Client Trading, Profitability & Incentives, Global, as well as Indian Issues in Brokerage & Commission, Payments for Order Flows, Underwriting, Principal-Agent Problem, Dual Trading Problem, Best Execution & Performance Measurement, Order Preferencing, Dishonest Brokers, Frauds



# 01

## Certification in Advanced Capital Markets

### Index & Portfolio Markets

Constructing, Calculating & Interpreting Indices, Liquidity & Price Formation in Indices, Index Products, Why Index Products are Needed

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### Internalization, Preferencing & Crossing

Internal Order Crossing, Order Flow Externality, Consolidation of Marketplaces, Secondary Precedence Rules, Global Practices & Experiences

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### Insider Trading & Direct Market Access (DMA)

Inside Information & Insider Trading, Cases, Global Regulation & India's response through Direct Market Access, Enforcement Bubbles, Crashes, Circuit Breakers, Tools in hands of Exchanges & Regulators

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### Trading Industry

- Institutional Trades
- Retail Trades
- Trades in Options & Futures
- Bond Market Trades
- FX Trades

### Market Wide Risk Management

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**This part of the program deals with Implementation of Margining by Exchanges, Clearing Corporations, Clearing Members and Brokerages. Also deals with mechanisms by which intra-day risk & overall settlement risk is managed & controlled. We also study key surveillance measures.**

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We study the following -

- Initial Margin,
- Marked to Market Margining,
- Maintenance Margin,
- VaR Margin,
- Exposure Based Margins
- Ad-Hoc Margin,

# 01

## Certification in Advanced Capital Markets

Computation of Margins in Equity, Futures, Options and Commodities transactions.

Issues involved in collection of margins in different Business Models, Practical aspects on how Clients & Brokerages cope up with margin calls. Payment of Margins, Margin Exemption in Custodian Trades.

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Impact of Margin on Trading, Management of Margins on days of Trading Stress & Market declines, Maintaining Liquid Assets & Collateralization, Managing Margin Shortfalls/

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Surveillance on Brokers, Trading Members and Clients done by exchanges and regulators. Key themes in market rigging and manipulation, associated surveillance, and enforcement.

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Management & Enforcement of risk when millions of people and institutions, unknown to each other come and transact. Risk Management practices by major exchanges such as NSE, BSE, New York Stock Exchange, NASDAQ, Singapore Exchange, London Stock Exchange, Japan (Tokyo) Stock Exchange & Australian Stock Exchange.

### Clearing & Settlement

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**In this particularly important and completely undocumented part of Financial Markets, we study how Clearing & Settlement is structured in any country. How these structures are decided and implemented.**

**We also study in detail how Clearing & Settlement in various asset class takes place**

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### Clearing Members

Structure of Memberships, Risks & Mitigation. Trading & Clearing, Professional Clearing, How Clearing as a service is rendered, Management of Credit Risk in Clearing, Competition, Pricing of Clearing Services & Issues involved

# 01

## Certification in Advanced Capital Markets

Steps involved in Clearing & Clearing of

- Debt Instruments
- Equities
- Futures
- Options
- Commodities
- Currency Derivatives

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### Clearing House & Clearing Corporations

Difference, Global Structure of Clearing Corporations, Novation of Contracts, Role of Central Counterparty, Computation of Obligations & Settlement, Pay-in & Pay outs

**Settlement of Equities, Derivatives, & Commodities Transactions.**

**Managing shortfalls and Closeouts**

Managing Solvency of Clearing Members, Measuring Market-wide Risks and Limits

Cross Margining & inter-Operability between Clearing Corporations

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### Custodians

Role of Custodians and their functioning. Local & Global Custodians. Clearing & Settling Institutional Trades

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### Depository & Depository Participants

Structure of Depository & Depository Participants Globally. Role, Functioning & Process in Settlements. Various Types of Transactions, Handling Corporate Action. Other Important Functions. Safekeeping of Securities.

Role of Depositories in creating efficiency in Settlement process and transitioning from T+5 to T+3 and to T+1. Global experiences & hurdles in transitioning

Study of Clearing & Settlement in NSE Clearing, Indian Clearing Corporation, Clearing Corporation of India Limited, Depository Trust Clearing Corporation in US, HKEX, JASDEC, London Clearing House, NSDL & CDSL.

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**Full Lifecycle of Trades involving Brokerage, Clearing Member, Clearing Corporation, Custodian, Depository, DP & Client – Equity, FX, Derivatives, Commodity etc. Including Full Straight Through Processing**

# 02

## Certification in Advanced Capital Markets

### Building on what we already understood in Level 1

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In Level 2 of this program, we build on concepts acquired in Level 1, again from a leadership career perspective. We go deeper in concepts in Financial Markets Infrastructure.

Some of the things we will understand are –

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#### Initial Public Offering & Follow-up Offerings

Global practices & process in Initial Public Offerings and Follow-up Public Offerings.

Role & functioning of company, Regulator, Lead Issuers, Merchant Bankers, Underwriters & other agencies.

Step by step process in IPOs – Planning, Preparing Red Herring Prospectus, Filing, Issuing, Pricing, Book Building, Allocation & Closure Dutch Auction, Green Shoe Option & other popular methods, Reverse IPO. Listing, Price Discovery and Stabilization. Detailed Study of Red Herring Prospectus of some popular IPOs. Process in India vis-à-vis US & select countries in Europe.

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#### Further Understanding of Sell Side Institutions

Further Study of Structure, Agreements, Roles, Responsibilities and warranties each institution on sell side makes to other. Example, Broker with Exchanges, Exchange with Clearing Corporation, Clearing Corporation with Depository etc. This is important to understand their inter-relationships & how Global Models in Clearing & Settlement space is evolving.

Study of Global Settlement Models - Delivery vs Payment, Payment vs Payment, RTGS. Evolution of these models.

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#### Trade/ Position Carry Forward Mechanisms

Carry forward Mechanisms & Leverage based Positions – Study of erstwhile Badla System vs Options, Futures and other derivatives. Margin Funding & Trading on Margin in India & global practices

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# 02

## Certification in Advanced Capital Markets

### **Basel Committee Recommendations on Financial Markets**

#### **Infrastructure**

Basel Committee for Banking Supervision recommendations of Financial Markets Infrastructure and how countries must adapt them globally. Study of Indian implementation & how balance institutions like Derivatives Trade Repository is still pending. Who will fill this gap and how?

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#### **Managing Settlement of OTC Derivatives**

Fixing of OTC Derivative trades. ISDA Agreement, its interpretation, and key features. Breaking down of OTC Trades into Cashflow obligations & Settling them.

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#### **OTC Derivatives to Central Counterparty Clearing**

Global steps to moving OTC Derivatives to Central Clearing – why and how etc. Increasing transparency & Reducing risk in OTC derivatives space. Margining & Settlement. Why are global standards like MIFID, MIFID II and MIFIR important and what key principles of Financial Markets are they serving and how.

A detailed understanding of MIFID II & MIFIR & their global implications for a global career

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#### **Blockchain in Trading, Clearing & Settlements**

Blockchain is changing the way brokerages, exchanges, asset managers, clearing corporations, custodians, clearing firms and other participants are functioning. In fact, this alone has tremendous impact over your careers in the next ten years. We understand the concepts of blockchain, its application and how it is revolutionizing Financial Markets Infrastructure.

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# Master Most Important Aspects of Financial Markets

What you get is detailed understanding to some key issues that you always had in mind like -

- *Why are Financial Institutions like exchanges built the way they are built today?*
- *Why does liquidity & transaction costs matter to them so much?*
- *How are Global Exchanges built in the first place?*
- *How to build clearing & settlement infra in crypto exchanges?*
- *How would you go about enlisting members?*
- *What precise role do you expect these members to play?*
- *How will you go about constructing your indices and listing securities?*
- *What order types will you introduce? How will you match them?*
- *How would you attract liquidity? And measure it?*
- *How would you go about measuring risk and what exactly would you do to contain risk?*
- *Would you choose an internal department to clear & settle trades that are executed or would go ahead and create a Clearing Corporation?*
- *What relationship will you have with other institutions you are required to work with, like brokerages, clearing & settlement firms, custodians, clearing corporations, clearing members, depository & depository participant etc.?*

Similarly, we pick up each institution that matters and do a deep dive in their own Principles, construct, design and working. Again, practical stuff, not theoretical.

For example,

- *How are clearing corporations constructed?*
- *Why is market integrity and risk so important for them?*
- *Why do they How and why do they margin traders and brokers?*
- *How are these margins calculated?*
- *Why does ease and speed of settlement matter to depositories?*
- *What are the prevalent global models for these institutions?*
- *Which model has India selected to follow? And why?*
- *Do you find depository participants everywhere or are they only found in India? And why?*

What is the exact role of brokers, clearing members, clearing corporations, depositories, depository participants, banks and several other institutions that come forward to complete your transaction and make the market what it is today. And a deep dive into how they go about doing it and the glue of strong well established principles and processes that bind them?

Our success in Financial Markets career is dependent upon understanding these extremely critical things that determine our own foundation, ability to lead and be in control. And these are the exact things we will provide mastery over -

- How are the institutions that matter globally like Investment Banks, Brokerages, Exchanges, Market Making Institutions, Dealers, Clearing Corporations, & the whole Financial Markets Infrastructure providing Trading, Risk, Clearing & Settlement services designed, built & run in home country & in mature markets
- What are the precise attributes that separate one institution from the other? New York Stock Exchange & Bombay Stock Exchange perform the same function. But they are in a lot of ways, quite different from each other. But can you really list down all the attributes that differentiate them? Perhaps you may not because you do not understand the attributes that build and define exchanges and separate them from each other
- Exactly what do these institutions do when they become part of a larger Financial Market ecosystem like Trading, Risk & Settlement Infrastructure
- How does the whole process of Trading, Risk Management, Clearing & Settlement work in segments like equities, derivatives, commodities, FX & bonds? Insight of this alone can make you eligible for 80-90% of Financial Market jobs, which otherwise is a struggle to get.

**To someone who does not understand these well, they appear like black boxes. A lot of practitioners do not understand how these institutions function, their processes, motivations, and the attributes that define and separate them from one another and end up having average careers. However, if you know how and why these institutions are designed and how the financial markets infrastructure works in Europe for example, you can pick up the best practices and replicate the same in US or any developing country in Asia, like back home in India. You can also contribute significantly to improving institutions regardless of which institution & geography you work in.**



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# After going this program you actually know how much you didn't know of Financial Markets and how this knowledge was actually the key

If you are still not convinced, take a small test. If you know answers to these questions clearly, you don't need this course.

<p><b>01</b></p> <p>How does exchange manage to create trust in an environment where millions of people who don't know each other come to trade</p>	<p><b>02</b></p> <p>How is a Member of Exchange different from Member of Clearing Corporation</p>	<p><b>03</b></p> <p>How does exchange enforce that all transactions done will be honored and all transactions will be settled</p>	<p><b>04</b></p> <p>Why is clearing corporation responsible for protecting overall market integrity. How does it achieve this?</p>	<p><b>05</b></p> <p>How does the life cycle of a trade in stock market or commodity market look like? Can you break it down to its elemental steps?</p>
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You will appreciate that these questions are easy (except maybe the last one) and people desirous of having a leadership career in finance and financial markets should know these basics. But if you still don't know the answer to any one of these questions, this course is certainly for you. You can also get in touch for our free counselling session to understand if you need it or not.





## Why Should You Take This Program

An In-depth understanding of Financial Markets, Functioning of Institutions & Processes is needed to do real justice to your job and make a brilliant career. You cannot be on the sidelines and expect to do well professionally. This program is extremely important for every Financial Markets Practitioner and knowledge seeker who hopes to make it big in Financial Markets. We have hand crafted this program very carefully and it is not available anywhere else in the world. Worse, it is not even documented in books. Some minor parts of it is documented but you will need to sift through 50 odd books to even get the essence.

The fact is this course should be called as the 'Real MBA in Financial Markets.'

Of 1000s of candidates we have interviewed for jobs, we have found that even most liked candidates do not have knowledge about trading, risk and settlement value chain, leave alone understanding the in-depth nuances that form the DNA of Financial Markets. Without a mastery over these, they simply lack the skills needed to lead Financial Markets & Institutions & end up working in fringe areas of financial markets without making an impact. These concepts are extensively used to solve long term design problems used to construct Financial Markets.

This course also has the power to separate you from thousands of others graduating for a Career in Financial Markets and competing for the same jobs. If you are already employed, this program guarantees promotion due to better performance in job



These are also the things that add up to 'Skills' & 'Leadership Orientation' which Financial Markets badly demands and looks out for in incumbent participants, but participants sorely lack. These attributes are the DNA of Financial Markets and knowing them/ not knowing them will determine your own extent of participation, influence, and progress in financial markets. Having these skills and leadership orientation is your key to a Leadership Career in Financial Markets that FMLI's whole proposition is built on.

Pay careful attention to the course content. It gives to you something which would otherwise take you a decade or two of experience to gather, that too if you work at a position where you get a top down view of everything. Without this knowledge, you can only expect to have an average career. This knowledge is also the reason why only a handful of people get to design institutions and lead them whereas thousands of others are employed in mundane, day to day running operations and support. Without this knowledge, you can only be a cog in the wheel with no real powers to lead, manage, design, create or innovate in any Financial Market Infrastructure institution that you work for. Without this knowledge, for example, you cannot even head a dealing room, leave alone designing it from scratch. Or working in technology companies that design products and solutions for dealing rooms. Or in consulting companies that improve them.

The most important thing that this program delivers is an internal satisfaction of knowing things clearly which becomes your springboard for all future learning & literature consumption for Financial Markets. If you also have confusion on which areas you should steer your career in, this is the right program to do.

We have taken it as our mission of sorts to dramatically raise the bar when it comes to understanding of these critical aspects of functioning of Financial Markets. Hence this program.

We strongly believe that this program is a latent need of millions of financial market practitioners who could perform their jobs much better after going through this program, than how they are doing currently.

**In our opinion, if there is scope of only one Financial Markets Course that a student/ early practitioner can take, it is this one.**



All global Financial Market Institutions work in pretty much the same way. We don't understand all, because we don't understand one

Certification in Advanced Capital Markets, is a rigorous course delivered in simple language using concepts which are very easy to understand. The course is delivered in 2 levels. Level 1 is a must do for everyone aspiring to understand financial markets much better and level 2 is for those who want to further build on their knowledge of Level 1. Generally, Level 2 is meant for early practitioners and students who are already performing well in finance and want to refine and enhance their understanding and take it from 90% to 99%.

In these sessions we will start from basic fundamentals and then move to advanced concepts. The focus will be on closing the understanding gap. This program is also recommended as the foundation level for all future modules of FMLI or for any other advanced program you under-take.



# Changes You Can Expect After Completing This Program

Unlike many other programs, the benefits that this program delivers is enormous and transformative. From the first session, you will realize the transformation this program is starting to bring in you in terms of clarity, understanding and in the way you start getting a grip of everything that's happening in Financial Markets around you. If you always thought you had much more potential but couldn't achieved because you lacked clarity, this program can work wonders. You will become much more productive in what you do and will start adding significant value in the job that you are doing.

## Why is it so important for you?

Design of Financial Markets Infrastructure presents several challenges in every area that you pick up. For example,

- How to enable anonymity & negotiation of prices in trading
- How to eliminate lack of trust issues in settlements
- How to protect market integrity from a risk perspective

However, you are unable to solve these problems because you are neither aware that these problems exist, nor their solution.

**After this program, you will be in a much better situation to identify these problems and applying them to newer upcoming areas like Fintech, Algorithmic Trading, Cryptocurrency, Microfinance & in building of newer global institutions. This program will also answer hundreds of conceptual and design questions that you always had in mind but didn't have answers to.**

**If you are a youngster (which most likely you are), this program will act as the right foundation board to leapfrog you into a meaningful career in Financial Markets. Remember, Global Financial Institutions like Exchanges, Clearing Corporations, Brokerages, Banks, Depositories etc. work in pretty much the same way in every country. We are unable to master all of them because we are unable to master one**




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## Certification in Advanced Capital Markets

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Leadership Careers in Financial Markets

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