

THE INSTITUTE OF COMMERCIAL MANAGEMENT

SUBJECT SYLLABUS



INVESTMENT - PROCESS & ANALYSIS

The Financial Services Act (1986)

- Aims of the Act
- Authorisation & Regulation of Financial Institutions & Advisors
- Regulatory Organisations & Penalties Under the Act
- Current Proposals for Improving the Regulatory System

The Analysis of Share Returns & Yields:

- Profit & Risk Assessment
- Return on Shareholders' Capital
- Understanding the Balance Sheet & Cash Flow Statement
- Basic Ratios Used to Analyse a Company's Solvency
- The Concept of 'Gearing'
- Gearing Ratios
- Profitability Ratios
- Technical Analysis of a Share's Performance
- The Use of Charts

Indexes & Their Use:

- The FTSE Index
- Other Indexes
- The Concept of Efficient Market Hypothesis

The Concept of Options:

- Types Including Traded Options
- Options as a Process of Hedging
- Financial Futures (LIFFE)
- Warrants

New Issues:

- Procedures Including 'Offer for Sale' by Fixed Price, or by Tender
- Private Placings
- Costs & Timing of New Issues
- Underwriting
- Allotment Procedures
- Stagging of New Issues
- Rights Issues
- Scrip Issues

The Stock Exchange Dealing System:

- The System Before October 1986 (Big Bang)
- The Need for Change
- The 'New' System - Broker Dealers, Market Makers & Their Respective Roles in the Equity Market
- Computerised Dealing - SEAQ & TOPIC
- The Operation of the Gilts Market - Bank of England
- Inter-Dealer Brokers
- Broker Dealers etc

The Settlement Procedure:

- The New 'Account' System
- Contract Note
- Stamp Duty
- Transfer of Securities (Talisman)
- Certificates & Their Future 'Abolition'

Reading List

Main Text:

How to Read the Financial Pages by Michael Brett (Random House Business Books)

Alternative Texts and Further Reading:

Financial Services & Regulations (BPP)

Lump Sum Solutions - A Practical Guide to Lump Sum Investments - R Anderson (Investor's Portfolio)

Financial Services - J Eve & I Leeman (OUP)