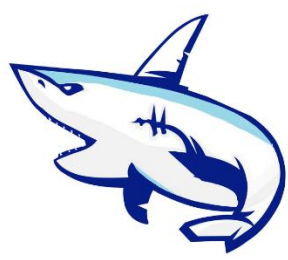


And then at the end of the day, the most important thing is how good are you at risk control. Ninety-percent of any great trader is going to be the risk control.

-Paul tudor Jones

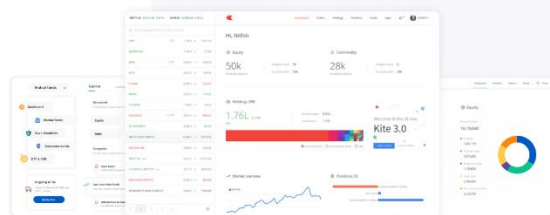
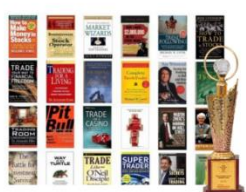


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STOCK MARKET INSTITUTE

STOCK TRADING & INVESTING COURSES

— Rolling ten-year annualized return variability of total U.S. stock market
— Rolling ten-year annualized percentage change in U.S. retirees



Institute Prospectus

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Module 1

Topics Covered

Investment Basics:

- What Is **Investment**?
- Inflation Protection Assets
- Primary Market: **IPO**, ASBA, Pricing Of IPO, Book Building Process
- History of Indian Stock Market
- What is the **Share Market**? Difference between Stock Market & Share Market?
- Market Segments
- Market Products
- Key Indicators of Security Market
- Market Participants: NSE, BSE, SEBI & BROKERS
- Market Capitalization: According to Size & According To Share Holding Pattern

Secondary Market

- Brokers and Sub Brokers
- Eligibility criteria
- **Broker**- Client Relations
- Trading System Users Hierarchy
- Depositories
- Clearing Members
- Corporate Actions: Dividends, Bonus, Split, OFS, Buy Backs

Trading in the Stock Market

- Zerodha Kite Tour
- Calculating Brokerage: Traditional Brokers Vs Discount Brokers
- Quantity Freeze & Circuit Breakers
- Order Conditions: GTC, GTD, GTT, IOC, Regular Order
- Order Types: Stop Loss order, Bracket Order, Cover Order, Trailing Stop Loss
- Price Time Priority, Order Matching, Bid-Ask Spread
- Transaction Cycle: Rolling Settlement

LIVE Trading Sessions

General Discussion on

- How the Stock Market works
- History and Evolution of the Stock Market
- Insights into what our traders use and how they think while trading
- Different Stock Exchanges: [NSE](#) & [BSE](#)
- **Psychology**: Control your **Fear**, **anger** and **greed**
- Risk management: How to reduce losses
- Portfolio Management: Manage all Portfolio risk
- Money Management
- How the companies become Publicly Traded Company
- Different Order Types
- How to short sell in down going Market

Practice & Doubt Clearing Session

Course Details

Derivative Analysis

Duration: 1.5 Months

Fees: 16,000

Module 2

Basics of Derivatives

- A. Basics of derivatives
- B. Evolution of derivatives m
- C. Indian derivatives Market
- D. Market participants
- E. Types of derivatives market
- F. Significance of derivatives
- G. Various risk faced by the participants in derivatives

Understanding Index

- A. Introduction to Index
- B. Significance and economic purpose
- C. Types of Indices
- D. Attributes of an Index and concept of impact cost
- E. Index management
- F. Major Indices in India
- G. Applications of Index

Introduction to Forward

- A. Introduction to Forwards
- B. Payoff Charts for Futures contract
- C. Futures pricing
 - Cash and carry / Non-arbitrage model for futures pricing
 - Expectancy model of futures pricing
 - Concept of convergence of cash and futures prices
- D. Basic differences in Commodity, Equity
- E. Uses of futures
 - Role of different players in futures market
 - Use of futures contract as an effective instrument for managing
 - Strategies for hedging, speculation and arbitrage in futures market

Introduction to Options

- A. Basics of options
- B. Payoff Charts for Options
- C. Basics of options pricing and option Greeks
- Fundamentals of options pricing
- Overview of Binomial and
- Basics of Option Greeks
- Uses of Options

Option Trading Strategies

- A. Option spreads and their payoff charts
- B. Straddle: market view and payoff charts
- C. Strangle: market view and payoff charts
- D. Covered Call: market view and
- E. Protective Put: market view and payoff charts
- F. Collar: market view and payoff charts
- G. Butterfly spread: market view and payoff charts

Introduction to Trading Systems

- A. Trading Systems, corporate hierarchy, order types and conditions
- B. Selection criteria of Stock for trading
- C. Selection criteria of Index for trading
- D. Adjustments for Corporate Actions
- E. Position Limits
- F. Using daily newspapers to track futures and options

Introduction to Clearing

- A. Clearing Members, their role and
- B. Clearing Mechanism and computation of open positions
- C. Settlement Mechanism for stock and index futures and options
- D. Understanding margining and mark to market under SPAN
- E. Risk Management features and position limits

Legal and Regulatory Environment

- A. Securities Contract (Regulation) Act, 1956
- B. Securities and Exchange Board of India Act, 1992
- C. Important rules and regulation
- D. Regulation in clearing
- E. Major recommendations

Accounting and Taxation

- A. Accounting of Futures and Options contracts
- B. Taxation of Derivative transaction in securities

Sales Practices and Investors Protection Services

- A. Risk profile of the investors
 - Importance of profiling clients in sales process
 - Importance of KYC
 - Documents required by the investors to trade in Derivatives contract
 - Best practices in derivatives sales
- B. Investors Grievance Mechanism

Course Details

Technical analysis

Duration: 3.5 Weeks

Fees: 19,000

Module 3

INTRODUCTION TO TECHNICAL ANALYSIS

1. What is technical analysis: We discuss the scope and nature of TA and how it can be used by a trader.
2. Principles of Technical Analysis. We discuss the ground principles of TA keeping Dow Theory in mind.
3. Types of Charts: Line, Bar, candlesticks and other charts that are used for TA.
4. Importance of Technical Analysis
5. Strengths and Weaknesses
6. Difference between fundamental analysis and technical analysis.

DOW THEORY

1. Market Trends: We define a trend and how to identify it. Also discuss Primary, secondary and minor trends.
2. Market Phases: We talk about Accumulation, Participation and Distribution.
3. Dow Theory Rules: discuss the rules and explain why they need to be followed.

SUPPORT AND RESISTANCE

1. Market Structure: Identification of the markets whether they are trending or rangebound.
2. Chart Patterns: Identification with significant patterns within the market structure and how they can be interpreted by locating support and resistance zones.
 - Double Tops and bottoms
 - Head and Shoulders, straight and inverted
 - Cup and Handle, straight and inverted
 - Triangle, ascending and descending
 - Wedge, rising and falling
 - Flag
3. Support Equals Resistance: Explain the psychology behind S&R and why it happens.
4. Trendlines: How to draw them on the charts and what it can do for a trader.

CANDLESTICKS

1. Bullish Vs. Bearish: We explain how a candlestick is made.
2. Conventional Candlestick Patterns
 - Doji bullish and bearish
 - Hammer
 - Hanging Man
 - Shooting Star
 - Spinning tops
 - Marubozu bullish and bearish
 - Engulfing bullish and bearish
 - Harami bullish and bearish
 - Piercing bullish and bearish
 - Dark Cloud Cover
 - Tweezer tops and bottoms
 - Morning and Evening Star
 - Three white soldiers
 - Three black crows
 - Falling and Rising Three
3. Boring Vs. Explosive Vs. Rejection Candlesticks: Simplifying the candlestick patterns.
4. The Psychology behind: Preparing to use simplified candlestick patterns to understand price action.

TECHNICAL INDICATORS AND OSCILLATORS

1. What are Indicators and Oscillators: Definition and how they can be used.
2. Scope of Indicators and Oscillators: strengths and weaknesses and correct interpretation.
3. Types of Indicators and Oscillators that will be discussed:
 0. Moving Averages
 1. Bollinger Bands
 2. Parabolic SAR
 3. VWAP
 4. Fibonacci Retracements and Extensions
 5. MACD
 6. RSI
 7. ADX
 8. ATR

PRICE ACTION

1. What is Price Action: We define price action and explain how it can be used for maximum profit and minimum loss.
2. Candlesticks Reengineered: Using simplified candlestick patterns to find trade entries and exits.
3. S&R Reengineered: Observing Support and resistance as demand and supply zones.

4. Timeframes: To understand the location in terms of where the trend is by toggling through multiple timeframes. Like zooming in and out of a map.

RISK MANAGEMENT

1. RISK TO REWARD: How much should a trader risk for how much profit
2. Trade management: How can a trader scale their positions during a trade

TRADING PLAN

1. Read the charts to find possible opportunities.
2. Find signal on lower time frame
3. Apply entry and exit strategies
4. Finding confluence with indicators

Module 4

Course Details

Fundamental Analysis

Duration: 1.5 Months

Fees: 16,000

Introduction to fundamental analysis

- 1.1 What is the fundamental analysis?
- 1.2 Why is **fundamental analysis** relevant for investing?
- 1.3 Efficient Market Hypothesis (**EMH**)
- 1.4 Arguments against EMH
- 1.5 So, does fundamental analysis work?
- 1.6 Steps in Fundamental Analysis
- 1.7 Difference between *technical & fundamental analysis*
- 1.8 Features & benefits of Fundamental analysis

Economy and Industry

Analysis of the Economy and the Industry

- Company Analysis • Interpretation of a company's financial statements (Balance Sheet, P&L, Cash Flow, etc.)
- Ratio Analysis (Multiple Ratios) • Fund Flow Analysis
- Time Value of Money & Valuation of Equity • Economic Value Add (EVA)
- How to evaluate events/news and data and co-relate the data for trading in stocks, currency, and commodities

Brushing Up the Basics

- Concept of "**Time value of Money**"
- Interest Rates and Discount Factors
- Opportunity Cost
- Risk-free Rate
- Equity Risk
- Premium
- The Beta
- Risk-Adjusted Return (Sharpe Ratio).

Top Down Approach

- Economic Analysis
- Industry Analysis
- Company analysis

Understanding Financial Markets

- Where can one find financial statements?
 - The Director's Report
 - The Auditor's Report
 - **Financial Statements**
 - **Balance Sheet**
 - **Income Statement**
- 3.7 Schedules and Notes to the Accounts

Economic Analysis

PMI, Unemployment Claims and Non Farm Employment
New Homes Sales, Building Permits and Industrial Production
PPI – Producer Price Index and CPI – Consumer Price Index
Inventory and Retail Sales
Consumer Confidence
Core durable Goods Order
ADP Non Farm employment
Crude Oil Inventory
Trade Balance

GLOBAL & DOMESTIC RESEARCH including events

Government Budget
Political events (including Election Results)
Central Bank Meet (including Central Bank events)
Wars or Terrorist Attacks
OPEC Meeting
Weather effects
India VIX effect
Rating agencies
Controversies and Rumours
Country Rating and Debt
Insider Trading and Deals

Industry Analysis

- Oil & Gas Sector
- Telecom Sector
- Power Sector
- Banking Sector
- IT Sector
- Metal Sector
- Paint Sector
- Cement Sector
- Real Estate Sector
- Automobile Sector
- Aviation Industry
- Pharma & FMCG Sector
- Gems & Jewellery Sector

Company Analysis

- Open Interest
- Promoters Holding
- Moving Average
- Beta
- Market Cap
- P/E
- Book Value
- Price to Book Value
- Volume
- Management
- DEBT
- Profit Ratios
- Dividend
- Cash Flow
- EPS
- EBITDA

Cash Flow Statement

- Financial Statement Analysis and Forensic Accounting
- Comparative and Common-size Financial Statements
- Financial Ratios
- Du-Pont Analysis
- Cash Conversion Cycle
- The Satyam Case and Need for Forensic Accounting

Case studies

Course Details

Psychology

Duration:

Module 5

The prevailing behaviours and aggregate sentiment of market actors at any one time are referred to as market psychology. The word is frequently used by financial journalists and analysts to explain market action that isn't explained by other indicators, such as fundamentals.

- Market Psychology Research
- [How the Power of the Masses Drives the Market](#)
- [The Madness of Crowds](#)
- [Understanding Herd Behaviour](#)
- [The Consequences of Following the Herd](#)
- [Going Against the Crowd and Getting Out](#)
- [What Does Herding Behaviour and Mass Psychology Mean for Markets?](#)
- [How can one avoid becoming a victim of crowd madness?](#)
- Understanding the Psychology of the Market

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