

**Commerce 4FC3  
Ethics and Professional Practice in Finance  
Fall 2019 Course Outline**

**Finance and Business Economics  
DeGroote School of Business  
McMaster University**

---

***COURSE OBJECTIVE***

---

This course introduces students to the practices and codes of conduct involved in the finance function. The course covers ethical issues and the roles of the corporate financial manager, other stakeholders and other participants in the investment industry. The emphasis of the course will be on readings, rules, and regulations from the CFA Institute. Cases and speakers will be employed to bring a real world perspective to the classroom.

This course introduces students to the conflicts of interest faced by finance professionals. In addition, students are introduced to the codes of conduct, rules, regulations, and practices required of finance professionals by the CFA Institute. In particular, we look at the rationales for these rules. We also look at the role of ethics in personal financial planning.

This course is valuable to anyone who plans to manage their own finances. This course is also valuable to any student who intends to pursue a career as a Finance professional. Potential careers that come under this heading include: Compliance Officer, Financial advisor, corporate financial manager, director or other officer, money or investment manager, banking or investment banking professional, lawyer specializing in the fiduciary relationship, and/or public sector finance manager, to name a few.

---

***INSTRUCTOR AND CONTACT INFORMATION***

---

**Section 1: Tues 2:30 pm – 5:20 pm**

Class Location: CNH/102

**Sumit Bose, MBA CFP FMA CIWM FCSI**

Instructor

sbose@mcmaster.ca

Office: TSH/615

Office Hours: before class and by appointment

Tel: (905) 525-9140, Ext. 26194

(as office is shared by number of instructors, please do not leave messages)

---

### ***COURSE ELEMENTS***

---

Credit Value: 3	Leadership: Yes	IT skills: No	Global view: Yes
A2L: Yes	Ethics: Yes	Numeracy: Yes	Written skills: Yes
Participation: Yes	Innovation: Yes	Group work: Yes	Oral skills: Yes
Evidence-based: Yes	Experiential: No	Final Exam: Yes	Guest speaker(s): Yes

---

### ***COURSE DESCRIPTION***

---

This course introduces students to the practices and codes of conduct involved in the finance function. The course covers ethical issues and the roles of the corporate financial manager, other stakeholders and other participants in the investment industry. Readings and regulations from both academia and practice will be used to illustrate theory. Cases and speakers will be employed to bring a real world perspective to the classroom.

There is a great need in practice for knowledgeable finance professionals in the fields of conduct, practices, and ethics. Practical finance designations (such as the CFA) now reserve up to twenty-five of their materials for financial ethics. Many firms that employ finance professionals have lengthy training programs designed to familiarize and instill in their staff a sense of professional responsibility.

---

### ***LEARNING OUTCOMES***

---

Upon completion of this course, students will be able to complete the following key tasks:

- Recognize the principal conflicts of interests faced by those working in the Financial Services industry
- Recognize the principal conflicts of interest faced by anyone involved in managing their own finances
- Recognize the principal conflicts of interest faced by government and non-regulatory agencies in regulating the Financial Services sector
- Understand why government, non-regulatory agencies, and Financial Service participants do not always attempt or sincerely attempt to minimize these conflicts of interest
- Begin to think about ways to minimize these conflicts of interest that would appeal to the various parties to the process
- Understand some of the rules and regulations that govern behaviour in the Financial Services industry

---

## **REQUIRED COURSE MATERIALS AND READINGS**

---

Avenue registration for course content, readings and case materials

- <http://avenue.mcmaster.ca>

\$ FREE

Custom Courseware

- Purchase a 2019 copy at the bookstore
- 

## **EVALUATION**

---

A combination of lectures, discussion and problem solving. Students will be encouraged to think, analyze, evaluate, and problem-solve, not memorize. Students are expected to come to class on time and be prepared for the class, i.e., to have read the assigned reading and to have done the assigned problems.

Missed tests/exams will receive a grade of zero unless the student has submitted and been approved for a Notification of Absence or MSAF. Late assignments will be penalized 1% for each day they are late. Your final grade will be calculated as follows:

### **Components and Weights**

<b>Participation</b>	In-Class Contribution (individual)	10%
<b>Assignment 1</b>	Assignment on Avenue to Learn (Group)	10%
<b>Assignment 2</b>	Assignment on Avenue to Learn (Group)	10%
<b>Case Study</b>	Business News Article Analysis (Individual)	20%
<b>Final Exam</b>	Multiple-choice and Case Exam (Closed book)	50%
<b>Total</b>		<b>100%</b>

NOTE: The use of a McMaster standard calculator is allowed during examinations in this course. See McMaster calculator policy at the following URL:

[www.mcmaster.ca/policy/Students-AcademicStudies/UndergraduateExaminationsPolicy.pdf](http://www.mcmaster.ca/policy/Students-AcademicStudies/UndergraduateExaminationsPolicy.pdf)

## **Communication and Feedback**

Students who wish to correspond with instructors or TAs directly via email must send messages that originate from their official McMaster University email account. This protects the confidentiality and sensitivity of information as well as confirms the identity of the student. Emails regarding course issues should NOT be sent to the Area Administrative Assistants. Instructors are required to provide evaluation feedback for at least 10% of the final grade to students prior to Week #9 in the term. Instructors may solicit feedback via an informal course review with students by Week #4 to allow time for modifications in curriculum delivery.

## **Course Deliverables**

### **GROUP ASSIGNMENTS**

The two group assignments are worth a total of **20%** of your final grade and group members will share the same grade. The group assignment reports **must** be typed (double space) for a maximum of six pages. They can be completed in groups of no more than **3** students. The groups are to be organized by students themselves. Your mark will be first based on content, and second, on presentation. Presentation includes effective and correct use of the English language.

**The assignments are due at the start of class indicated on the class schedule section of the course outline.** Late assignments will not be accepted unless the student and the professor have made prior arrangements.

Each report must include an executive summary (maximum length of one page) outlining key issues and conclusion. Figures and tables should be put in an appendix at the end of the report. All tables and figures must be numbered and all pages (including pages with tables and figures) must also be numbered.

### **INDIVIDUAL BUSINESS NEWS ARTICLE**

This assignment is worth **20%** of your final grade and will be marked individually. For the individual business news article analysis and presentation, you are to pick a current event business story and analyze it in detail, given the theory we have discussed in class. This analysis should be maximum 15 pages in length, double spaced and must be **type written in proper English**, and grammar and spelling will be checked.

You are free to pick any event that has occurred from January to November 2019. The article should be long enough to allow for some detailed analysis about the topic, i.e., that summarizes what the conflict of interest is, why you think that it is happening, and what can be done about it.

Your report should include a copy of the article that appeared in the business media during the term. You may refer to various sources such as the *Globe and Mail*, the *National Post*, the *Wall Street Journal*, the *Economist*, *Barron's*, *Business Week*, *Canadian Business*, or various websites.

Each report must include an executive summary (maximum length of one page) outlining key issues and conclusion. Figures and tables should be put in an appendix at the end of the report. All tables and figures must be numbered and all pages (including pages with tables and figures) must also be numbered.

Your analysis will be graded in terms of clarity of writing, your synthesis of the material (i.e., how well you draw together the relevant course material and relate it to the issue discussed in the article), your critique of the author's thesis, your analysis of the issue, and the style of writing (including spelling and grammar). The more sophisticated your analysis and synthesis, the higher the grade.

**The analysis must be submitted in hard copy and is due at the start of class indicated on the course schedule section of this course outline**

### ***FINAL EXAM***

This exam will be cumulative. It is Closed book. The final exam covers course material, guest speakers, and individual newspaper article analysis.

**Students must pass the final exam in order to pass the course.**

### ***PARTICIPATION / CLASS CONTRIBUTION***

Name cards and class pictures are used to help give credit for your participation. You must have a name card with your **full first and last name** clearly written and displayed in front of you for every class.

Your contribution is essential component in the overall education process. Contribution takes place in many forms: asking informed questions in class, making intelligent comments, reading the case and being prepared to discuss the issues, actively listening to your peers and working with others. Please remember that quantity is no substitute for quality.

There will be ample opportunity to contribute to the class. The format of the in-class discussions of cases may take a variety of forms including: group analysis of single case issues during class, presentation of issues and leading discussions of the case issues.

**It is your responsibility to ensure that you take an active role in class. If this is a problem for you, I urge you to talk to me to discuss ways that you can make a contribution. The grading for the class contribution in each class is as follows:**

Grade	Contribution
<b>0</b>	Does not show up for class.
<b>1</b>	Attends class but says very little.
<b>2</b>	Makes a <b>significant</b> contribution to the class by making important points with a significant element of originality or demonstrating mastery of difficult theoretical issues or concepts; is always prepared having read and analyzed prior to class, the various aspects of the problems and issues involved, shares in class presentations, contributes to in-class group work.

---

## ***ACADEMIC DISHONESTY***

---

You are expected to exhibit honesty and use ethical behaviour in all aspects of the learning process. Academic credentials you earn are rooted in principles of honesty and academic integrity.

Academic dishonesty is to knowingly act or fail to act in a way that results or could result in unearned academic credit or advantage. This behaviour can result in serious consequences, e.g. the grade of zero on an assignment, loss of credit with a notation on the transcript (notation reads: “Grade of F assigned for academic dishonesty”), and/or suspension or expulsion from the university.

It is your responsibility to understand what constitutes academic dishonesty. For information on the various types of academic dishonesty please refer to the Academic Integrity Policy, located at:

[www.mcmaster.ca/academicintegrity](http://www.mcmaster.ca/academicintegrity)

The following illustrates only three forms of academic dishonesty:

1. Plagiarism, e.g. the submission of work that is not one’s own or for which other credit has been obtained.
2. Improper collaboration in group work.
3. Copying or using unauthorized aids in tests and examinations

---

## ***AUTHENTICITY/PLAGIARISM DETECTION***

---

In this course we will be using a web-based service (Turnitin.com) to reveal authenticity and ownership of student submitted work. Students will be expected to submit their work electronically either directly to Turnitin.com or via Avenue to Learn (A2L) plagiarism detection (a service supported by Turnitin.com) so can be checked for academic dishonesty. Students who do not wish to submit their work through A2L and/or Turnitin.com must still submit an electronic and/or hardcopy to the instructor. No penalty will be assigned to a student who does not submit work to Turnitin.com or A2L. All submitted work is subject to normal verification that standards of academic integrity have been upheld (e.g., on-line search, other software, etc.). To see the Turnitin.com Policy, please go to;

[www.mcmaster.ca/academicintegrity](http://www.mcmaster.ca/academicintegrity).

---

## **ONLINE COURSE COMPONENTS**

---

In this course we will be using X\*. Students should be aware that when they access the electronic components of this course, private information such as first and last names, user names for the McMaster e-mail accounts, and program affiliation may become apparent to all other students in the same course. The available information is dependent on the technology used. Continuation in this course will be deemed consent to this disclosure.

If you have any questions or concerns about such disclosure, please discuss this with the course instructor.

X\* = e-mail, LearnLink, WebCT, web pages, capa, Moodle, ThinkingCap, etc

---

## **REQUESTING RELIEF FOR MISSED ACADEMIC WORK**

---

Students may request relief from a regularly scheduled midterm, test, assignment or other course components. Please refer to the policy and procedure on the DeGroot website at the link below;

<http://ug.degroot.mcmaster.ca/forms-and-resources/misled-course-work-policy/>

---

## **STUDENT ACCESSIBILITY SERVICES**

---

Students who require academic accommodation must contact Student Accessibility Services (SAS) to make arrangements with a Program Coordinator. Academic accommodations must be arranged for each term of study. Student Accessibility Services can be contacted by phone 905-525-9140 ext. 28652 or e-mail [sas@mcmaster.ca](mailto:sas@mcmaster.ca).

For further information, consult McMaster University's Policy for Academic Accommodation of Students with Disabilities:

<http://www.mcmaster.ca/policy/Students-AcademicStudies/AcademicAccommodation-StudentsWithDisabilities.pdf>

---

## ***ACADEMIC ACCOMMODATION FOR RELIGIOUS, INDIGENOUS OR SPIRITUAL OBSERVANCES (RISO)***

---

Students requiring academic accommodation based on religious, indigenous or spiritual observances should follow the procedures set out in the RISO policy. Students requiring a RISO accommodation should submit their request, including the dates/times needing to be accommodated and the courses which will be impacted, to their Faculty Office normally within 10 days of the beginning of term or to the Registrar's Office prior to their examinations. Students should also contact their instructors as soon as possible to make alternative arrangements for classes, assignments, and tests.

<https://multifaith.mcmaster.ca/riso>

---

## ***POTENTIAL MODIFICATION TO THE COURSE***

---

The instructor and university reserve the right to modify elements of the course during the term. The university may change the dates and deadlines for any or all courses in extreme circumstances. If either type of modification becomes necessary, reasonable notice and communication with the students will be given with explanation and the opportunity to comment on changes. It is the responsibility of the student to check their McMaster email and course websites weekly during the term and to note any changes.

---

## ***ACKNOWLEDGEMENT OF COURSE POLICIES***

---

Your enrolment in Commerce 4FC3 will be considered to be an implicit acknowledgement of the course policies outlined above, or of any other that may be announced during lecture and/or on A2L. **It is your responsibility to read this course outline, to familiarize yourself with the course policies and to act accordingly.**

Lack of awareness of the course policies **cannot be invoked** at any point during this course for failure to meet them. It is your responsibility to ask for clarification on any policies that you do not understand.

---

## ***COURSE EVALUATIONS***

---

A course evaluation will be conducted near the end of the term. Students are asked to participate in this evaluation.

---

**COURSE SCHEDULE**

---

**Commerce 4FC3  
Ethics and Professional Practice in Finance  
Fall 2019 Course Schedule**

Date	Reading	Lecture	Case
<i>Standards of Practice Handbook, Tenth Edition</i>			
Sept 3	1 & 2	Code of Ethics and Standards of Professional Conduct	<ul style="list-style-type: none"> <li>Susan Pickard</li> <li>Analyst's Dilemma</li> </ul>
<i>Guidance for Standards I - VII</i>			
Sept 10		Corporate Governance	<ul style="list-style-type: none"> <li>WorldCom</li> </ul>
Sept 17	3	Standard I. Professionalism	<ul style="list-style-type: none"> <li>(Video Case)</li> </ul>
Sept 24	3	Standard II. Integrity of Capital Markets	<ul style="list-style-type: none"> <li>Acertado/Boswin</li> <li>(Video Case)</li> </ul>
Oct 1		<b>Group Assignment #1 Due</b> Case Study	<ul style="list-style-type: none"> <li>(Video Case)</li> </ul>
Oct 8		Case Study	<ul style="list-style-type: none"> <li>Apfelbaum Kapital</li> <li>Samuel Telline</li> <li>(Video Case)</li> </ul>
Oct 14-18		<i>Mid-term Recess</i>	
Oct 22	3	Standard III. Duties to Clients	<ul style="list-style-type: none"> <li>(Video Case)</li> </ul>
Oct 29	3	Standard IV. Duties to Employers	<ul style="list-style-type: none"> <li>Voser</li> <li>(Video Case)</li> </ul>
Nov 5	3	<b>Group Assignment #2 Due</b> Standard V. Investment Analysis, Recommendations, and Actions	<ul style="list-style-type: none"> <li>Harvest Financial</li> <li>Khadri and Vinken</li> </ul>
Nov 12	3	Standard VI. Conflicts of Interest	<ul style="list-style-type: none"> <li>Omega Financial</li> <li>(Video Case)</li> </ul>
Nov 19	3	<b>**Course Evals**</b> Standard VII. Responsibilities as CFA Institute Member or CFA Candidate	<ul style="list-style-type: none"> <li>Sebastian Riser</li> <li>LEV Capital Management</li> </ul>
Nov 26		<b>Final Exam</b>	
Dec 3		<b>**Course Evals**</b> <b>Individual Newspaper Article Analysis Due</b> Career Planning Class	

**\*\* Course Evaluations: 10 minutes at the beginning of class. Bring your electronic devices.**