

**Commerce 4FC3
Ethics and Professional Practice in Finance
Fall 2022**

**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. Cases and videos 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 standards. We also look at the role of ethics in personal financial planning and management decision-making.

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 and Insurance 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: Friday (11:30 am - 2:20 pm)
Class Location: JHE 326H

Sumit Bose, MBA CFP FMA CIWM FCSI
Instructor
sbose@mcmaster.ca
Office: TSH 615
Virtual Office Hours: by appointment

Course website: <http://avenue.mcmaster.ca>

COURSE ELEMENTS

Credit Value: 3	Leadership: Yes	IT skills: No	Global view: Yes
Avenue: 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: No	Guest speaker(s): No

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 percent 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 standards and regulations that govern behaviour in the Financial Services industry
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REQUIRED COURSE MATERIALS AND READINGS

Avenue registration for course content, readings and case materials

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

\$ FREE

COURSE DELIVERY AND TOOLS

LEARNING ACTIVITIES	DELIVERY	DESCRIPTION	TOOL(S)
In-person Class	Synch	Live sessions led by your instructor	In class
Self-Study	Asynch	Recorded Video Lectures	Avenue to Learn
Class Case Discussions	Synch	Participation Cases discussed during in-person Class	In Class

COURSE OVERVIEW AND ASSESSMENT

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.

All work will be evaluated on an individual basis except in certain cases where group work is expected. In these cases, group members will share the same grade.

Your final grade will be calculated as follows:

Components and Weights

EVALUATIONS	WEIGHT	DESCRIPTION
Participation	10%	Attendance In-Class Contribution (individual)
Assignment 1	15%	Assignment on Avenue to Learn (Group)
Assignment 2	15%	Assignment on Avenue to Learn (Group)
Case Study	25%	Business News Article Analysis (Individual)
Exam	35%	Multiple-choice, short-answer and Case Exam (Closed book)

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

COURSE DELIVERABLES

GROUP ASSIGNMENTS

The two group assignments are worth a total of **30%** of your final grade and group members will share the same grade. The group assignment report **must** be typed (double space) maximum **six pages**.

They can be completed in groups of **3 to 5** students. All group members will be assigned identical grades for group work. A representative of your group should submit the assignment (only one submission for each group) of your group's answer to the **Assignments Dropbox** on Avenue. Make sure all contributing group members' names are on the assignment. Each group member is expected to contribute to the assignment.

Your mark will be first based on content, and second, on presentation. Presentation includes effective and correct use of the English language. More details of the format, structure, and content coverage will be provided during the course of the term.

The written assignments are due by 9:00 am ET on the due date 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.

INDIVIDUAL BUSINESS NEWS ARTICLE

This assignment is worth **25%** 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 2022. 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 online to the Assignments Dropbox on Avenue and is due by 9:00 am ET on the due date 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.

EXAM

The Exam will be cumulative. It accounts for **35%** of your final grade. It will be closed book & multiple choice, short answer and case. The Exam covers course material and video lectures. The exam will cover material from the text book on Avenue, readings, handouts, web site material assigned, lectures, class discussions and Lecture Videos

PARTICIPATION –CLASS CONTRIBUTION

Class Participation is worth **10%** of your final grade. It is imperative that students prepare for every class. No class attendance results in zero mark.

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 an 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	Student Contribution
0	Does not show up for class.
1	Attends class but says very little.
2	Makes a significant 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.

Note that there is no partial (non-integer) participation grade awarded for a class. Students may be asked to share their detailed analysis with, or otherwise present their solutions to, the class in order for their contribution to be qualified as significant.

USE OF CALCULATORS AND COMPUTERS

Students may use any calculator or computer during the term as aids.

Calculators are allowed during the exam; however, ***no calculator, computer, or device may be used to access the Internet during the time of a test or an exam.***

COMMUNICATING WITH YOUR INSTRUCTOR:

Communicating with Your Instructor:

During the course, your instructor will interact with you on various course matters on the course website using the following ways of communication:

- **Announcements:** The instructor will use **Announcements** on the **Avenue Course Home page** to provide you with course reminders and updates. Please check this section frequently for course updates from your instructor.
- **Email:** If you have a conflict that prevents you from completing course requirements, or have a question concerning a personal matter, you can send your instructor a private message by email. The instructor will respond to your email within 24 to 48 hours. Make sure to add '4FC3 – C01' in the subject line of email.
- **Zoom Meetings:** (In Case of classes moving to an online format, Online Virtual classes will be held via Zoom meeting. The link to register for the online class will be posted on Avenue. Students are required to join the online lectures with their full names for participation and attendance.) Students can also request a Zoom meeting by requesting the instructor by e-mail.

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. All students must receive feedback regarding their progress prior to the final date by which a student may cancel the course without failure by default.

- *For Level 1 and Level 2 courses, this feedback must equal a minimum of 20% of the final grade.*
- *For Level 3 courses and above, this feedback must equal a minimum of 10% of the final grade.*

Instructors may solicit feedback via an informal course review with students by Week #4 to allow time for modifications in curriculum delivery.

REQUESTING RELIEF FOR MISSED ACADEMIC WORK

In the event of an absence for medical or other reasons, students should review and follow the Academic Regulation in the Undergraduate Calendar "Requests for Relief for Missed Academic Term Work" and the link below;

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

ACADEMIC INTEGRITY

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. **It is your responsibility to understand what constitutes academic dishonesty.**

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.

For information on the various types of academic dishonesty please refer to the [Academic Integrity Policy](https://secretariat.mcmaster.ca/university-policies-procedures-guidelines/), located at <https://secretariat.mcmaster.ca/university-policies-procedures-guidelines/>

The following illustrates only three forms of academic dishonesty:

- plagiarism, e.g. the submission of work that is not one’s own or for which other credit has been obtained.
- improper collaboration in group work.
- copying or using unauthorized aids in tests and examinations.

AUTHENTICITY/PLAGIARISM DETECTION

Some courses may use a web-based service (Turnitin.com) to reveal authenticity and ownership of student submitted work. For courses using such software, students will be expected to submit their work electronically either directly to Turnitin.com or via an online learning platform (e.g. A2L, etc.) using plagiarism detection (a service supported by Turnitin.com) so it can be checked for academic dishonesty.

Students who do not wish their work to be submitted through the plagiarism detection software must inform the Instructor before the assignment is due. No penalty will be assigned to a student who does not submit work to the plagiarism detection software.

All submitted work is subject to normal verification that standards of academic integrity have been upheld (e.g., on-line search, other software, etc.). For more details about McMaster’s use of Turnitin.com please go to www.mcmaster.ca/academicintegrity.

COURSES WITH AN ON-LINE ELEMENT

Some courses may use on-line elements (e.g. e-mail, Avenue to Learn (A2L), LearnLink, web pages, capa, Moodle, ThinkingCap, etc.). Students should be aware that, when they access the electronic components of a course using these elements, 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 a course that uses on-line elements will be deemed consent to this disclosure. If you have any questions or concerns about such disclosure please discuss this with the course instructor.

ONLINE PROCTORING

Some courses may use online proctoring software for tests and exams. This software may require students to turn on their video camera, present identification, monitor and record their computer activities, and/or lock/restrict their browser or other applications/software during tests or exams. This software may be required to be installed before the test/exam begins.

CONDUCT EXPECTATIONS

As a McMaster student, you have the right to experience, and the responsibility to demonstrate, respectful and dignified interactions within all of our living, learning and working communities. These expectations are described in the [Code of Student Rights & Responsibilities](#) (the “Code”). All students share the responsibility of maintaining a positive environment for the academic and personal growth of all McMaster community members, **whether in person or online**.

It is essential that students be mindful of their interactions online, as the Code remains in effect in virtual learning environments. The Code applies to any interactions that adversely affect, disrupt, or interfere with reasonable participation in University activities. Student disruptions or behaviours that interfere with university functions on online platforms (e.g. use of Avenue 2 Learn, WebEx or Zoom for delivery), will be taken very seriously and will be investigated. Outcomes may include restriction or removal of the involved students’ access to these platforms.

ACADEMIC ACCOMMODATION OF STUDENTS WITH DISABILITIES

Students with disabilities who require academic accommodation must contact [Student Accessibility Services](#) (SAS) at 905-525-9140 ext. 28652 or sas@mcmaster.ca to make arrangements with a Program Coordinator. For further information, consult McMaster University's [Academic Accommodation of Students with Disabilities](#) policy.

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 should submit their request to their Faculty Office **normally within 10 working days** of the beginning of term in which they anticipate a need for accommodation 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.

COPYRIGHT AND RECORDING

Students are advised that lectures, demonstrations, performances, and any other course material provided by an instructor include copyright protected works. The Copyright Act and copyright law protect every original literary, dramatic, musical and artistic work, **including lectures** by University instructors.

The recording of lectures, tutorials, or other methods of instruction may occur during a course. Recording may be done by either the instructor for the purpose of authorized distribution, or by a student for the purpose of personal study. Students should be aware that their voice and/or image may be recorded by others during the class. Please speak with the instructor if this is a concern for you.

EXTREME CIRCUMSTANCES

The University reserves the right to change the dates and deadlines for any or all courses in extreme circumstances (e.g., severe weather, labour disruptions, etc.). Changes will be communicated through regular McMaster communication channels, such as McMaster Daily News, A2L and/or McMaster email.

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 2022 Course Schedule**

Dates	Schedule
Week 1 : Code of Ethics and Standards of Professional Conduct	
Friday, Sept 9 (11:30 am – 2:20 pm)	<ul style="list-style-type: none"> • Readings 1 &2: Code of Ethics and Standards of Professional Conduct • Review Video Lecture: Code of Ethics and Standards of Professional Conduct • Participation: Review Cases: <ul style="list-style-type: none"> ○ Susan Pickard ○ Analyst's Dilemma • Group Assignment: Make groups of 3-5 students for group assignments
Week 2 : Corporate Governance and Stakeholder Analysis	
Friday, Sept 16 (11:30 am – 2:20 pm)	<ul style="list-style-type: none"> • Corporate Governance • Review Video Lecture: Corporate Governance and Stakeholder Analysis • Participation: Review Cases: <ul style="list-style-type: none"> ○ WorldCom • Group Assignment: Group leader to email list of group members instructor
Week 3 : Standard I. Professionalism	
Friday, Sept 23 (11:30 am – 2:20 pm)	<ul style="list-style-type: none"> • Reading 3: Standard I. Professionalism • Review Video Lecture: Standard I. Professionalism • Participation: <ul style="list-style-type: none"> ○ (Video Case in class)
Week 4 : Holiday (No Class)	
Week 5 : Standard II. Integrity of Capital Markets + Group Assignment #1 Due	
Friday, Oct 7 (11:30 am – 2:20 pm)	<ul style="list-style-type: none"> • Reading 3: Standard II. Integrity of Capital Markets • Review Video Lecture: Standard II. Integrity of Capital Markets • Participation: <ul style="list-style-type: none"> ○ Acertado/Boswin & (Video Case in class) <p>Group Assignment #1 (Due 9:00 am)</p>

Dates	Schedule
Week 6 (Oct 10 – Oct 16) Midterm Recess	
Week 7 : Standard III. Duties to Clients	
Friday, Oct 21 (11:30 am – 2:20 pm)	<ul style="list-style-type: none"> • Readings 3: Standard III. Duties to Clients • Review Video Lecture: Standard III. Duties to Clients • Participation: <ul style="list-style-type: none"> ○ Samuel Telline ○ (Video Case in class)
Week 8 : Standard IV. Duties to Employers	
Friday, Oct 28 (11:30 am – 2:20 pm)	<ul style="list-style-type: none"> • Readings 3: Standard IV. Duties to Employers • Review Video Lecture: Standard IV. Duties to Employers • Participation: Review Cases: <ul style="list-style-type: none"> ○ Voser ○ (Video Case)
Week 9 : Standard V. Investment Analysis, Recommendations, and Actions	
Friday, Nov 4 (11:30 am – 2:20 pm)	<ul style="list-style-type: none"> • Readings 3: Standard V. Investment Analysis, Recommendations, and Actions • Review Video Lecture: Standard V. Investment Analysis, Recommendations, and Actions • Participation: Review Cases: <ul style="list-style-type: none"> ○ Harvest Financial ○ Apfelbaum Kapital
Week 10 : Standard VI. Conflicts of Interest + Group Assignment #2 Due	
Friday, Nov 11 (11:30 am – 2:20 pm)	<ul style="list-style-type: none"> • Readings 3: Standard VI. Conflicts of Interest • Review Video Lecture: Standard VI. Conflicts of Interest • Participation: Review Cases: <ul style="list-style-type: none"> ○ Omega Financial ○ (Video Case) <p>Group Assignment 2 (due 9:00 am)</p>
Week 11 : Standard VII. Responsibilities as CFA Institute Member or CFA Candidate	
Friday, Nov 18 (11:30 am – 2:20 pm)	<ul style="list-style-type: none"> • Readings 3: Standard VII. Responsibilities as CFA Institute Member or CFA Candidate • Review Video Lecture: Standard VII. Responsibilities as CFA Institute Member or CFA Candidate • Participation: Review Cases: <ul style="list-style-type: none"> ○ Sebastian Riser ○ Khadri and Vinken

Dates	Schedule
Week 12 : Exam	
Friday, Nov 25 (11:30 am – 2:20 pm)	Exam – Cumulative – in-class
Week 13 : Career Planning & Assignment Due	
Friday, Dec 2 (11:30 am – 2:20 pm)	<ul style="list-style-type: none"> • Individual Newspaper Article Analysis Assignment (Due 9:00 am) • Course Evaluations • (Career Planning)