

# FLORIDA ATLANTIC UNIVERSITY™

## Graduate Programs—NEW COURSE PROPOSAL<sup>1</sup>

UGPC APPROVAL \_\_\_\_\_  
 UFS APPROVAL \_\_\_\_\_  
 SCNS SUBMITTAL \_\_\_\_\_  
 CONFIRMED \_\_\_\_\_  
 BANNER POSTED \_\_\_\_\_  
 CATALOG \_\_\_\_\_

DEPARTMENT: FINANCE

COLLEGE: BUSINESS

**RECOMMENDED COURSE IDENTIFICATION:**

PREFIX FIN COURSE NUMBER 6558 LAB CODE (L or C) \_\_\_\_\_

(TO OBTAIN A COURSE NUMBER, CONTACT [MJENNINGS@FAU.EDU](mailto:mjennings@fau.edu))

COMPLETE COURSE TITLE: FINANCIAL ETHICS

**EFFECTIVE DATE**

(first term course will be offered)

SPRING 2015

CREDITS<sup>2</sup>: 2

TEXTBOOK INFORMATION: CFA Institute Standards; CFA Institute Governance Manual

GRADING (SELECT ONLY ONE GRADING OPTION): REGULAR X SATISFACTORY/UNSATISFACTORY \_\_\_\_\_

**COURSE DESCRIPTION, NO MORE THAN THREE LINES:**

Overview of ethical issues and regulatory challenges faced by investment professionals and participants in financial markets.

PREREQUISITES\*: SUCCESSFUL COMPLETION OF MARKET RATE MS FINANCE "BOOTCAMP."

COREQUISITES\*:

REGISTRATION CONTROLS (MAJOR, COLLEGE, LEVEL)\*:

STUDENTS MUST ADMITTED TO THE MS FINANCE MARKET RATE PROGRAM

\* PREREQUISITES, COREQUISITES AND REGISTRATION CONTROLS WILL BE ENFORCED FOR ALL COURSE SECTIONS.

MINIMUM QUALIFICATIONS NEEDED TO TEACH THIS COURSE: MUST BE A MEMBER OF THE FAU GRADUATE FACULTY

Faculty contact, email and complete phone number:

Luis Garcia-Feijoo, [lgarciaf@fau.edu](mailto:lgarciaf@fau.edu)  
 561-297-1239

Please consult and list departments that might be affected by the new course and attach comments.<sup>3</sup>

None

**Approved by:**

Department Chair: [Signature]  
 College Curriculum Chair: [Signature]  
 College Dean: [Signature]  
 UGPC Chair: [Signature]  
 Graduate College Dean: [Signature]  
 UFS President: \_\_\_\_\_  
 Provost: \_\_\_\_\_

**Date:**

9-22-14  
9-24-2014  
9-24-2014  
10/8/14  
10-15-14

1. Syllabus must be attached; see guidelines for requirements: [www.fau.edu/provost/files/course\\_syllabus.2011.pdf](http://www.fau.edu/provost/files/course_syllabus.2011.pdf)
2. Review Provost Memorandum: **Definition of a Credit Hour** [www.fau.edu/provost/files/Definition\\_Credit\\_Hour\\_Memo\\_2012.pdf](http://www.fau.edu/provost/files/Definition_Credit_Hour_Memo_2012.pdf)
3. Consent from affected departments (attach if necessary)

Email this form and syllabus to [UGPC@fau.edu](mailto:UGPC@fau.edu) one week before the University Graduate Programs Committee meeting so that materials may be viewed on the UGPC website prior to the meeting.



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**FIN6558 – 1 - CRN Number**  
**Financial Ethics**  
**Term**  
**Class Location**  
**Class Meeting Time(s)**

**Professor Information**

Name: Finance Department Graduate Staff  
Office Address: TBA  
E-mail address: TBA  
Phone Number: TBA

**Office Hours**

TBA

**Required Text and Materials**

- **Standards of Practice Handbook, Eleventh Edition (2014), available free at:**  
<http://www.cfainstitute.org/ethics/codes/Pages/index.aspx>
- **Ethics in Finance**  
John R. Boatright, Wiley-Blackwell, 2014 (3<sup>rd</sup> edition)
- **The Battle for the Soul of Capitalism**  
John C. Bogle, Yale University Press, 2006

**Course Description**

[Course is to be part of market-rate program Master's of Science in Finance]  
Overview of ethical issues, applicable professional standards, and regulatory challenges that affect investment professionals and participants in financial markets.

**Course Prerequisites, Credit Hours, and Class Time Commitments**

Prerequisite: Admission to Market Rate MS Finance  
Credit hours: 2

**Florida Statute Statement**

According to Florida State Statute 6A-10.033, students must spend a minimum of 37.5 hours of **in class** time during a 3-credit course. Additionally, students enrolled in a 3-credit course are expected to spend a minimum of 75 hours of **out-of-class-time** specifically working on course-related activities (i.e., reading assigned pieces, completing homework, preparing for exams and



other assessments, reviewing class notes, etc.) and fulfilling any other class activities or duties as required.

### **Supplemental Course Description**

Students will apply knowledge of existing codes of conduct and best practices in the investment management industry to recognize and avoid unprofessional practices. Ethical issues will be discussed as they affect analysts, portfolio managers, financial managers, clients, trustees, and financial market participants in general.

### **Course Learning Objectives**

- Demonstrate an ability to recognize unprofessional practices in the finance industry
- Explain the notion and determinants of financial market integrity
- Describe and apply industry best practices as they apply to financial analysts, including conflicts of interests, research objectivity and independence, and duties to employers and clients
- Describe and apply industry best practices as they apply to asset management companies
- Evaluate the quality of corporate governance of publicly listed companies
- Explain the importance of investment performance standards and recognize weaknesses in investment performance disclosures
- Describe ethical issues that affect pension trustees and endowments

### **Grading and Course Evaluation Method**

Grading for the class will be based on a mixture of quizzes, exams, and projects. In addition, participation will be graded.

Quizzes and exams	40%
Participation	30%
Projects	30%

#### Grading Scale:

Course Average	Grade
90 or higher	A
80-89	B
70-79	C
60-69	D
59 or lower	F

### **Additional Course Policies**

#### **Missing Exams**



Students who must miss an exam will only be able to make up the test if they have a credible and verifiable extraordinary excuse. Students who know of a conflict must notify me before the test in order to be excused.

### **Late Assignments**

Late assignments will be accepted only if student has a credible and verifiable extraordinary excuse. Students who know of a conflict must notify me before due date.

### **Attendance Policy**

Class attendance is required. Missed classes would call for a considerable extra effort on your part to catch up. Class participation is a factor in the final grade determination.

Students can maximize their success in this class by reading in advance the material to be covered in class, by taking good notes in class, by participating in class discussions, and by reviewing the notes after class.

This paragraph is formal notice that it is the student's responsibility to be aware of everything that happens in class, regardless of whether he or she attends class or not. Students are responsible for all the subject matter covered in the lectures and in the readings. For example, if we discuss an item from a newspaper in class, then it will be eligible for consideration for a test question. Students are responsible for any additional projects, assignments, or changes in the syllabus that I may require during the course of the semester.

### **Etiquette**

Be on time and turn off your cellphone; in general, be respectful to your classmates and the instructor.

### **Course Outline**

<b>Date</b>	<b>Main Topic</b>	<b>Reading Assignment</b>	<b>Graded Assignment</b>
Week 1	Introduction / Background: Setting the Stage	Boatright: Chapter 1-2 Bogle: Chapters 1, 4 Code of Ethics and Standards of Professional Conduct: Overview	None
Week 2	Ethics for Analysts	Boatright: Chapter 3 Bogle: 5, 6 Guidance for Standards I – III: Professionalism; Integrity of Capital Markets; Duties to Clients	In class cases



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Week 3	Ethics for Analysts	Boatright: Chapter 5 Guidance for Standards IV – VI: Duties to Employers; Investment Analysis, Recommendations, and Actions; Conflicts of Interest	In class quiz In class cases
Week 4	Ethics for Analysts	Research Objectivity Soft Dollars Discussion of Ethics Code of Actual Companies (e.g., Bank of America)	In class quiz In class cases
Week 5	Exam	Catch-up / Mid-Term	
Week 6	Corporate Governance	Boatright: Chapter 6 Corporate Governance of Listed Companies	In class cases Corporate Governance project handed out (governance assessment of a publicly listed company)
Week 7	Ethics for Asset Management	Boatright: Chapter 4 Asset Manager Code	In class quiz In class cases
Week 8	Fund Performance	Introduction to the Global Investment Performance Standards (GIPS®)	In class quiz
Week 9	Endowments / Pensions	Endowment / Pension Trustees Code of Conduct	Corporate Governance project due
Week 10	Recap / Exam	Final Exam	

Note: Course would benefit from participation by outside/industry speakers, in which case number of in-class quizzes/cases would be reduced.



## **Selected University and College Policies**

### **Code of Academic Integrity Policy Statement**

Students at Florida Atlantic University are expected to maintain the highest ethical standards. Academic dishonesty is considered a serious breach of these ethical standards, because it interferes with the university mission to provide a high quality education in which no student enjoys an unfair advantage over any other. Academic dishonesty is also destructive of the university community, which is grounded in a system of mutual trust and places high value on personal integrity and individual responsibility. Harsh penalties are associated with academic dishonesty. For more information, see [University Regulation 4.001](#).

### **Disability Policy Statement**

In compliance with the Americans with Disabilities Act (ADA), students who require special accommodation due to a disability to properly execute coursework must register with the Office for Students with Disabilities (OSD) – in Boca Raton, SU 133, (561) 297-3880; in Davie, MOD 1, (954) 236-1222; in Jupiter, SR 117, (561) 799-8585; or, at the Treasure Coast, CO 128, (772) 873-3305 – and follow all OSD procedures.

### **Religious Accommodation Policy Statement**

In accordance with rules of the Florida Board of Education and Florida law, students have the right to reasonable accommodations from the University in order to observe religious practices **and beliefs with regard to admissions, registration, class attendance and the scheduling of examinations and work assignments**. For further information, please see [Academic Policies and Regulations](#).

### **University Approved Absence Policy Statement**

In accordance with rules of the Florida Atlantic University, students have the right to reasonable accommodations to participate in University approved activities, including athletic or scholastics teams, musical and theatrical performances and debate activities. It is the student's responsibility to notify the course instructor at least one week prior to missing any course assignment.

### **College of Business Minimum Grade Policy Statement**

The minimum grade for College of Business requirements is a "C". This includes all courses that are a part of the pre-business foundation, business core, and major program. In addition, courses that are used to satisfy the university's Writing Across the Curriculum and Gordon Rule math requirements also have a minimum grade requirement of a "C". Course syllabi give individualized information about grading as it pertains to the individual classes.

### **Incomplete Grade Policy Statement**



A student who is passing a course, but has not completed all work due to exceptional circumstances, may, with consent of the instructor, temporarily receive a grade of incomplete ("I"). The assignment of the "I" grade is at the discretion of the instructor, but is allowed only if the student is passing the course.

The specific time required to make up an incomplete grade is at the discretion of the instructor. However, the College of Business policy on the resolution of incomplete grades requires that all work required to satisfy an incomplete ("I") grade must be completed within a period of time not exceeding one calendar year from the assignment of the incomplete grade. After one calendar year, the incomplete grade automatically becomes a failing ("F") grade.

### **Withdrawals**

Any student who decides to drop is responsible for completing the proper paper work required to withdraw from the course.

### **Grade Appeal Process**

A student may request a review of the final course grade when s/he believes that one of the following conditions apply:

- There was a computational or recording error in the grading.
- Non-academic criteria were applied in the grading process.
- There was a gross violation of the instructor's own grading system.

The procedures for a grade appeal may be found in Chapter 4 of the University Regulations.

### **Disruptive Behavior Policy Statement**

Disruptive behavior is defined in the FAU Student Code of Conduct as "... *activities which interfere with the educational mission within classroom.*" Students who behave in the classroom such that the educational experiences of other students and/or the instructor's course objectives are disrupted are subject to disciplinary action. Such behavior impedes students' ability to learn or an instructor's ability to teach. Disruptive behavior may include, but is not limited to: non-approved use of electronic devices (including cellular telephones); cursing or shouting at others in such a way as to be disruptive; or, other violations of an instructor's expectations for classroom conduct.

### **Faculty Rights and Responsibilities**

Florida Atlantic University respects the right of instructors to teach and students to learn. Maintenance of these rights requires classroom conditions which do not impede their exercise. To ensure these rights, faculty members have the prerogative:

- To establish and implement academic standards
- To establish and enforce reasonable behavior standards in each class
- To refer disciplinary action to those students whose behavior may be judged to be disruptive under the Student Code of Conduct.

#### Bibliography:

1. Finance Ethics: Critical Issues in Theory and Practice, John R. Boatright, Wiley 2010
2. 2010 Current Standards of Global Investment Performance Standards (GIPS®) at <http://www.gipsstandards.org/standards/current/Pages/index.aspx>
3. 2104 Guidance Statements for Applicability for GIPS Standards for Asset Owners at [http://www.gipsstandards.org/standards/guidance/Documents/Comments/gs\\_asset\\_owners.pdf](http://www.gipsstandards.org/standards/guidance/Documents/Comments/gs_asset_owners.pdf)
4. 2012 Guidance Statements for GIPS Standards for Alternative Investment Strategies and Structures at [http://www.gipsstandards.org/standards/guidance/Documents/Comments/gs\\_alternative\\_investment\\_strategies\\_and\\_structures.pdf](http://www.gipsstandards.org/standards/guidance/Documents/Comments/gs_alternative_investment_strategies_and_structures.pdf)
5. 2012 Guidance Statements for GIPS Standards on Performance Examinations at [http://www.gipsstandards.org/standards/guidance/Documents/Comments/gs\\_performance\\_examinations\\_clean.pdf](http://www.gipsstandards.org/standards/guidance/Documents/Comments/gs_performance_examinations_clean.pdf)
6. Asset Manager Code of Professional Conduct at <http://www.cfapubs.org/doi/pdf/10.2469/ccb.v2009.n8.1>
7. September 2013, Asset Manager Magazine, Leading by Example, September at [http://www.cfainstitute.org/ethics/Documents/leading\\_by\\_example\\_the\\_amc\\_of\\_professional\\_conduct.pdf](http://www.cfainstitute.org/ethics/Documents/leading_by_example_the_amc_of_professional_conduct.pdf)
8. January 2013, Investment Executive, CFA Code Helps Asset Managers Raise Ethical Standards, at <http://www.investmentexecutive.com/-/cfa-code-helps-asset-managers-raise-ethical-standards>
9. Best Practices Guidelines Governing Analyst/Corporate Issuer Guidelines at <http://www.cfapubs.org/doi/pdf/10.2469/ccb.v2005.n7.4004>
10. Research Objectivity Standards at <http://www.cfapubs.org/doi/pdf/10.2469/ccb.v2004.n2.4006>
11. CFA Institute Soft Dollar Standards: Guidance for Ethical Practices Involving Client Brokerage at <http://www.cfapubs.org/doi/pdf/10.2469/ccb.v2004.n1.4005>



12. 2009, The Corporate Governance of Listed Companies: A Manual. Second Edition at <http://www.cfapubs.org/doi/pdf/10.2469/ccb.v2009.n12.1>
13. Select Ethical Decision-Making Webinars from the CFA Institute (TBD) at <http://www.cfainstitute.org/ethics/integrity/training/Pages/index.aspx>
14. Select Case Studies from the CFA Institute website (TBD) at [http://www.cfainstitute.org/ethics/Documents/Codes%20Documents/ethics\\_cases.pdf](http://www.cfainstitute.org/ethics/Documents/Codes%20Documents/ethics_cases.pdf)