York University

**Faculty of Liberal Arts and Professional Studies**

**School of Administrative Studies**

**COURSE:** ADMS 4502 Section A – Ethics for Investment Managers (Summer 2020)

**COURSE DIRECTOR:** Walter Viguiliouk walterv@yorku.ca

**ESSENTIAL NOTICE: READ THIS FIRST**

This course will be run online due to COVID-19. It will have regular interactive meetings on Zoom on Tuesday evenings. The interactive sessions will be recorded and posted on the website, but you will receive a better learning experience and class participation grade if you attend the interactive sessions. You are expected to watch a set of recorded lecture videos each week that deliver the basic content of the week’s subjects.

I may change some aspects of this course as we work through it in these extraordinary circumstances. I will post updated information on Moodle. In order to make an online course work, you have to keep working every week rather than leaving it all to the end of the course, and I have organised the course so that you will have class participation grading elements almost every week.

Students will be responsible for owning and maintaining a computer that will allow them to participate in all aspects of this course. For Zoom sessions you will require a webcam.

Now read the rest of this outline. The pandemic has led to many changes from the way this course has operated in the past.

**TEXTBOOKS**

CFA Standards of Practice Handbook (SPHB)

Investment Ethics, Sarah Peck, John Wiley and Sons, Inc. ISBN 978-0-470-43453-6 (SP) (Both hardcopies and digital versions are available online, including a Kindle edition)

*SUPPLEMENTAL READING:*

Students will be expected to read *The Globe and Mail* *Report on Business* and *The National/Financial Post* on a regular basis in order to discuss current events as they pertain to personal finances and investing.These publications are available free through the York Library. This content will feed into our interactive class discussions.

**COURSE DESCRIPTION**

This course is for students who are interested in pursuing careers in the investment profession. The course is based on the Standards of Practice as outlined by the CFA Institute. It goes further to discuss the fundamental principles of investment ethics in the financial services and the investment professions. The course requires students to think critically about their responsibility as it is displayed in their actions and behaviour, to clients, to their employers, to their profession, to society, and most importantly to themselves. It also covers the growing and evolving importance of ESG (Environmental Social Governance) practices. Students will work on complex integrated case studies.

**COURSE OBJECTIVES**

1. To understand the principles of ethics and be able to apply them
2. To understand, interpret and apply the CFA's Institute's Ethical Standards of Practice
3. To understand the Ontario Securities Act, and the law in general as it relates to ethical behavior
4. To assess and analyze situations so as to judge the ethics of the situation
5. To understand financial services providers’ responsibilities to clients, to their profession, to the employer, and to society
6. To know the fundamental principles of investment ethics
7. To develop communication and presentation skills needed to express your position when facing an ethical dilemma
8. To understand the concept and practice of ESG (Environmental Social Governance) and its importance to current investing practices.

**GRADING SCHEME**

Class participation **10%**

Midterm exam **25%**

Assignment **25%**

Final Exam **40%**

**REGISTER FOR ZOOM**

Don’t wait for the start of the course; register now. You can get the basic version free online. York University has a license for Zoom that allows faculty members to run classes with up to 300 people. We will give you codes to enter the class in advance. All you will need to do is start Zoom, click the button for enter a class and then enter the code for that particular session. Students shall note the following:

* Zoom is hosted on servers in the U.S. This includes recordings done through Zoom.
* If you have privacy concerns about your data, provide only your first name or a nickname when you join a session.
* The system is configured in a way that all participants are automatically notified when a session is being recorded. In other words, a session cannot be recorded without you knowing about it.

**ASSIGNMENT / CASE STUDY**

Students will work in groups consisting of not fewer than 3 students and not more than 4 students. Each group will be assigned a specific ethics case. The cases are real life situations that occurred in the business/investment industry. Specific instructions will be provided when the cases are distributed. Each group will be given plenty of time to research their case and develop a report and a presentation. All cases will be posted on the course website at the same time. Students are expected to read, understand and discuss all the case studies before coming to class. Several cases will be selected for discussion in each class. The group that wrote the case will oversee the discussion. All cases will be subject for the final examination.

When completing assignments please observe the following guidelines:

* Text must be typed and double-spaced
* Microsoft word format only
* Cover page must have all your names and student numbers, course identification, assignment number and the due date clearly marked
* Grammar and spelling will be taken into consideration

**EXAMINATIONS**

The date of the final exam will be scheduled by the registrar's office. There will **not** be a make-up final exam and students who cannot write the final exam for legitimate reasons must go through a formal petition process.

**Finance Area policy on DSA (Deferred Standing Agreement)**

It is the policy of the Admin Studies finance area that instructors will NOT
sign a DSA form if you miss both the midterm and final exams. Students in this
situation will need to petition for deferred exam, late withdrawal, or a remedy appropriate to their circumstances.If the midterm is missed due to illness, appropriate documentation must be provided to the course director within two weeks of the missed work.  Do NOT hand it into the office.

**MIDTERM EXAM**

The midterm exam will cover all the material presented and discussed in class and the reading assignments to the date of the midterm

**CLASS PARTICIPATION**

This is an interactive class. **Class discussion and participation are key**. Each class will begin with news- items from the week that deal with ethical issues in business with special emphasis on the investment industry. Participation marks will be given for attendance of weekly live sessions and contribution to the discussion.

I realise this may be difficult for some students living in different time zones after returning home because of the pandemic. I will post a survey asking what time it is where you are living when the class starts at 19:00 hours in Toronto (Eastern Daylight Time). I will design some form of written discussion forum that you can join for some of the classes, but I will require that you attend some of them in person. Students in time zones that do not cause any problem are expected to attend the live session.

**ADMS 4502 COURSE OUTLINE**

Please note the order of the topics and the assignment dates may be changed during the term, depending on the progress made in class. All changes will be announced either in class or posted to the course website. Students need to follow the directions given at the end of each class and posted on the course website. There may also be a guest lecture. The date of the guest lecture will be announced later in the semester.

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| **ADMS 4502 COURSE OUTLINE**  | **Main Topic**  | **Content** | **Readings and assignments**Note: *Other case studies, readings and assignments may be given in addition to the ones indicated below.* |
| **LECTURE #1** May 12 **(7:00pm to 10:00pm Full Zoom Lecture)** | **Introduction, The Role of Ethics in the** **Investment Business****The need for ethical decision making** **Ethics and Regulations**  | Outline of course objectives and the structure for each class.Marks distributionCases and assignmentsImportance of news items  | * CFA Standards of Practice Handbook
* Why Ethics Matters
* CFA Institute Code of Ethics and Standards if Professional Conduct
* Read Chapter 1 The Case for Investment Ethics SP. Be prepared to discuss Critical Thinking Questions on pg. 22 of SP
 |
| **LECTURE #2** May 19**(7:00pm – 8:30pm Class Discussion on Zoom)** | **CFA Code of Ethics. Framework for Ethical decision making. How to present an ethics case. Use of Terminology****Ethical Treatment of Clients****Fiduciary Duty**  | Assignment #1 Selection of groups for case studies discussion of presentations  | * Pre-recorded lecture
* Read Chapter 2 of Investment Ethics SP: Answer questions 1, and 3 on pgs. 47 and 48
 |
| **LECTURE #3**May 26**(7:00pm – 8:30pm Class Discussion on Zoom)** | **Professionalism****Ethical Reporting of Investment Performance**  | Discussion of topics,Format of presentations | * Pre-recorded lecture
* Standard I. Professionalism
* Assignments: Research assignment case study
* Read Chapter 3 SP: Answer questions 3 and 5 pgs. 77 and 78
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| **LECTURE #4**Jun. 2**(7:00pm – 8:30pm Class Discussion on Zoom)** | **Integrity of Capital Markets****Ethical Use of Information**  | Discussion of cases dealing with client’s information | * Pre-recorded lecture
* Standard II Integrity of Capital Markets.
* Case study
* Read Chapter 4 of SP: Answer question 3 on page 108
 |
| **LECTURE #5**Jun. 9 **(7:00pm – 8:30pm Class Discussion on Zoom)** | **Duty to Clients** **Integrity**  | Assignment #1 due at the beginning of class. All assignments/cases are to be posted PRESENTATIONS | * Pre-recorded lecture
* Standard III Duties to Client
* Read Chapter 5 of SP Answer questions 1 and 3 pg. 131
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| **LECTURE #6** Jun. 16**(7:00pm – 10:00pm Class Discussion on Zoom)** | **Discussion and presentation of assignment case studies**  | Discussion of case studies will continue for the remainder of the term.  | * Students will present case studies via live zoom session
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| **READING WEEK**Jun. 23 to 26**No classes**  |  |  |  |
| **LECTURE #7** Jun. 30 | **Midterm Exam** **Details TBA**  |  |  |
| **LECTURE #8**Jul. 7 **(7:00pm – 8:30pm Class Discussion on Zoom)** | **Duties to Employer** **Continuation of presentations**  | Identifying ethical problem and stating your case | * Pre-recorded lecture
* Standard IV Duties to Employer
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| **LECTURE #9** Jul. 14 **(7:00pm – 8:30pm Class Discussion on Zoom)** | **Investment Analysis: Recommendations and Actions****Investing in Companies with Ethical Accounting Practices**  |   | * Pre-recorded lecture
* Standard V: Investment Analysis Recommendations and Actions
* Read Chapter 6 SP
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| **LECTURE #10** Jul. 21**(7:00pm – 8:30pm Class Discussion on Zoom)** | **Handling Conflicts of Interest** **Good Corporate Governance** **Socially Responsible Investing**  | Identifying and dealing with conflicts of interest Investing in companies with good corporate governance  | * Pre-recorded lecture
* Standard VI Conflicts of Interest
* Read Chapter 7 and 8 of SP Answer questions 2 and 3 on pg. 187
 |
| **LECTURE # 11** Jul. 28**(7:00pm – 8:30pm Class Discussion on Zoom)** | **Applications of Ethical Behaviour** **Responsibility of a CFA Member or CFA Candidate**  | Suitable Portfolios for clients Behavioural and professional responsibilities | * Pre-recorded lecture
* Standard VII Responsibilities of CFA Institute Member or CFA Candidate
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| **LECTURE #12** Aug. 4 **(7:00pm to 10:00pm Full Zoom Lecture)** | **Course review and exam prep**  |  |  |

**RELEVANT UNIVERSITY/LA&PS/SCHOOL REGULATIONS**

The regulations on many aspects of coursework that apply to you are on:

<http://sas.laps.yorku.ca/students/>

You are responsible for understanding and following these regulations.