FINANCE 483 DL1, Fall 2020
Ethical and Professional Standards in Finance

Course Information

Instructor: Prof. Phillip Mink, J.D.
E-mail: pmink@gmu.edu
Course Website: Blackboard
Office Hours: by appointment on zoom, or if necessary in office at 9900 Main Street

Class Meeting

Online Asynchronous

Course Objectives

This course is a complete study of the CFA Institute Code of Ethics and Standards of Professional Conduct, and it follows the Standards of Practice Handbook (2014). The material focuses on ethical issues that may arise in the financial industry, including duties to clients, integrity of capital markets, professionalism with clients, duties to employers, and conflicts of interest.

Learning Goals

Upon completing this course, students will be able to (1) identify ethical concerns in the finance industry, (2) understand how to resolve those concerns, and (3) articulate ethical duties to clients, employers, and regulators in clear, concise, professional prose.

Prerequisites

Students are expected to be familiar with basic economics and statistics, so you should have successfully completed FNAN 301/303, ECON 103, ACCT 201/203, and OM 210/BUS 210. Taking any of these classes concurrently with this course is not possible. If you do not know whether you meet the requirement, you should notify the instructor and also consult Student Services.

Course Textbook
You do not need to purchase a text for this class. Instead you will find all of the information you need at the CFA Institute’s Code of Ethics and Standards of Professional Conduct. Your professor will provide worksheets, tests, and other materials.

Tentative Course Outline

Each class period will include readings from the Code. We will discuss the issues with Discussion Board, take practice tests, and work on assignments that will highlight ethical and professional concerns. In addition, we will undertake several case studies to refine our understanding of ethical issues and learn how to address them.

Readings

- Code of Ethics and Standards of Professional Conduct (summary version)
- Ethics and the Investment Industry (updated version)

Standard I: Professionalism

- Standard I(A) Knowledge of the Law
- Standard I(B) Independence and Objectivity
- Standard I(C) Misrepresentation
- Standard I(D) Misconduct

Standard II: Integrity of Capital Markets

- Standard II(A) Material Nonpublic Information
- Standard II(B) Market Manipulation

Standard III: Duties to Clients

- Standard III(A) Loyalty, Prudence, and Care
- Standard III(B) Fair Dealing
- Standard III(C) Suitability
- Standard III(D) Performance Presentation
- Standard III(E) Preservation of Confidentiality

Standard IV: Duties to Employers

- Standard IV(A) Loyalty
- Standard IV(B) Additional Compensation Arrangements
- Standard IV(C) Responsibilities of Supervisors

Standard V: Investment Analysis, Recommendations, and Actions
• **Standard V(A) Diligence and Reasonable Basis**
• **Standard V(B) Communication with Clients and Prospective Clients**
• **Standard V(C) Record Retention**

**Standard VI: Conflicts of Interest**

• **Standard VI(A) Disclosure of Conflicts**
• **Standard VI(B) Priority of Transactions**
• **Standard VI(C) Referral Fees**

**Standard VII: Responsibilities as a CFA Institute Member or CFA Candidate**

• **Standard VII(A) Conduct as Participants in CFA Institute Programs**
• **Standard VII(B) Reference to CFA Institute, the CFA Designation, and the CFA Program**

**Grades**

Your final grade will be based on:

- Class Participation 25%
- Problem Sets 50%
- Final Case Study 25%

Class participation will include your comments on the Discussion Board.

**Email**

- Please write clear, concise, and professional emails on your GMU accounts. I am not allowed to use Gmail or other outside accounts.
- All emails should include an embedded signature with your complete name and email address.
- All emails should include “FNAN 483” in the subject line.

**School of Business Undergraduate Program Learning Goals**

Every course in the School of Business includes these goals:

1. Our students will demonstrate an understanding of the social, global, ethical, and legal contexts of business and will be able to reflect on the role of the individual in business.

2. Our students will demonstrate an understanding of and the ability to apply knowledge of professional skills necessary for success in business including effective business writing.
3. Our students will demonstrate technical and analytic skills appropriate for success in business.

4. Our students will demonstrate an understanding of and the ability to apply knowledge of core business disciplines including accounting, finance, information systems, management, marketing, and operations management.

5. Our students will demonstrate knowledge and skills appropriate for specialization in their majors.

6. Our students will demonstrate an understanding of how research in the business disciplines contributes to knowledge and how such research is conducted.

School of Business Standards of Behavior

The mission of the School of Business at George Mason University is to create and deliver high-quality educational programs and research. Students, faculty, staff, and alumni who participate in these educational programs contribute to the well-being of society. High-quality educational programs require an environment of trust and mutual respect, free expression and inquiry, and a commitment to truth, excellence, and lifelong learning. Students, program participants, faculty, staff, and alumni accept these principles when they join the School of Business community. In doing so, they agree to abide by the following standards of behavior:

- Respect for the rights, differences, and dignity of others
- Honesty and integrity in dealing with all members of the community
- Accountability for personal behavior

Integrity is an essential ingredient of a successful learning community. Ethical standards of behavior help promote a safe and productive community environment, and ensure every member the opportunity to pursue excellence. The School of Business can and should be a living model of these behavioral standards. To this end, community members have a personal responsibility to integrate these standards into every aspect of their experience at the School of Business. Through our personal commitment to these Community Standards of Behavior, we can create an environment in which all can achieve their full potential. If these Standards of Behavior are violated, then students may be required to complete additional learning activities assigned by the instructor.

School of Business Anti-Racism Statement

As a member of the George Mason University community, the School of Business plays an integral role in building an educational environment that is committed to anti-racism and inclusive excellence. An anti-racist approach to higher education acknowledges the ways that individual, interpersonal, institutional, and structural manifestations of racism against Black individuals and other people of color contribute to inequality and injustice
in our classrooms, on our campuses, and in our communities, and it strives to provide our community members with resources to interrupt cycles of racism so as to cultivate a more equitable, inclusive, and just environment for all of our students, staff, faculty, alumni, and friends, regardless of racial background.

To be anti-racist means:

- To make constant, conscious decisions to interrupt racism and cultivate equity, inclusion, and justice for people of all racial backgrounds, and in particular those from Black communities and other communities of color, who are most likely to bear the direct and indirect costs of systems of white supremacy;
- To interrogate histories of white supremacy and white-dominant culture, and to examine the ways in which these histories have impacted our individual beliefs, our interpersonal relationships, our institutional and structural policies and processes, and our entire society;
- To make a commitment to being responsible for our own relationships to, and actions within, systems of white supremacy; and
- To cultivate a practice of self-awareness and self-reflection that allows us to critically evaluate our own role in upholding white supremacy and identify the ways we can interrupt cycles of racism at the individual, interpersonal, institutional, and structural levels.

We believe that the work of anti-racism starts with each individual, and that in cultivating an anti-racist approach to research, scholarship, and practice, our students will build a skillset rooted in principles of equity, inclusion, and justice that they will carry with them throughout their lives.

For more information on how to continuously cultivate the practice of anti-racism, see this guide from the National Museum of African American History and Culture on how to be anti-racist: https://nmaahc.si.edu/learn/talking-about-race/topics/being-antiracist

[This antiracism statement was prepared by Dr. Charles Chavis, Assistant Professor in the Jimmy and Rosalyn Carter School of Peace and Conflict Resolution]

**University Office of Disability Services**

If you are a student with a disability and you need academic accommodations, please see me and contact the Disability Resource Center at (703) 993-2474. All academic accommodations must be arranged through the DRC.

**Academic Misconduct**

Academic misconduct causes failing the course and triggers quite unpleasant university-mandated procedures which result in further sanctions. Faculty Rule 2.11.5 (Faculty Responsibility under the Honor Code) requires alleged misconduct to be reported to the department and the Honor Committee. So follow the GMU honor code at all times and don’t even think about cheating!
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<tr>
<th>Type of Violation</th>
<th>First Offense</th>
<th>Second Offense</th>
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<tr>
<td>Plagiarism</td>
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<td>1. Failure to cite/attribute sources</td>
<td>An F in the class; referral to Writing Center; and Academic Integrity Seminar completion</td>
<td>An F in the class; referral to the Writing Center; Academic Integrity Seminar completion; termination from the School of Business; and at least one semester suspension or expulsion</td>
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<td>2. Representing someone else’s work as the student’s own (e.g., copying and pasting)</td>
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<td>Cheating</td>
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<td>1. On a minor assignment (e.g., homework, quizzes)</td>
<td>An F in the class; and Academic Integrity Seminar completion</td>
<td>An F in the class, Academic Integrity Seminar completion; termination from the School of Business; and at least one semester suspension or expulsion</td>
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<td>2. Cheating on a major assignment or exam, submitting course work from another course as original work</td>
<td>An F in the class; and Academic Integrity Seminar completion, and at least one semester suspension</td>
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<td>Lying (e.g., providing fraudulent excuse documents, falsifying data)</td>
<td>An F in the class; and Academic Integrity Seminar completion, and at least one semester suspension</td>
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<td>Egregious Violation (e.g., stealing an exam; submitting coursework from another class as original work across multiple courses; lying to an employer about academic performance, false identification or posing as another, in person or online)</td>
<td>An F in the class, Academic Integrity Seminar completion; termination from the School of Business; and at least one year suspension</td>
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