



## COURSE (MODULE) DESCRIPTION

Course title	Code
Financial Ethics	

Staff	Department
<b>Coordinator:</b> Assoc. Prof. Dr. Deimante Teresiene <b>Other(s):</b>	Finance Department, Faculty of Economics and Business Administration

Study cycle	Course type
Second	Compulsory

Form of implementation	Period of implementation	Language of instruction
Classroom	Autumn semester	English

Requirements for student	
<b>Prerequisites:</b> International finance	<b>Additional requirements (if any):</b> none

Number of ECTS credits	Student's workload	Contact hours	Individual work
5	133	32	101

Purpose of the course and competencies developed
<p>The purpose of the course is to provide students with theoretical and practical knowledge in financial ethics, to introduce students to ethics, related challenges to ethical behavior, the role played by ethics in the investment profession, and the framework of the ethical decision-making process. The course has the aim to familiarize students with the CFA Institute Code of Ethics and Standards of Professional Conduct, the Global Investment Performance Standards, CFA Institute Research Objectivity Standards, and the Asset Manager Code. The course has the purpose of helping students to identify and resolve ethical conflicts.</p> <p>Upon completion of the course, the following competencies shall be developed:</p> <ul style="list-style-type: none"> <li>- the ability to explain ethics concepts and describe the role of a code of ethics in defining a profession;</li> <li>- the ability to identify challenges to ethical behavior and describe the need for high ethical standards in the investment industry;</li> <li>- the ability to distinguish between ethical and legal standards and to describe and apply a framework for ethical decision-making;</li> <li>- the ability to explain the ethical responsibilities required by the Code and Standards;</li> <li>- the ability to demonstrate the application of the Code of Ethics and Standards of Professional Conduct to situations involving issues of professional integrity;</li> <li>- the ability to distinguish between conduct that conforms to the Code and Standards and conduct that violates the Code and Standards;</li> <li>- the ability to explain the role of the GIPS standards, the construction, and purpose of composites in performance reporting and explain the requirements for verification;</li> <li>- the ability to demonstrate a thorough knowledge of the Code of Ethics and Standards of Professional Conduct by applying the Code and Standards to specific situations;</li> <li>- the ability to evaluate trade allocation practices and determine whether they comply with the CFA Institute Standards of Professional Conduct;</li> <li>- the ability to describe appropriate actions to take in response to trade allocation practices that do not adequately respect client interests;</li> <li>- the ability to explain the ethical responsibilities required by the Code of Ethics and the Standards of</li> </ul>

Professional Conduct, including the sub-sections of each standard. <ul style="list-style-type: none"> <li>- the ability to evaluate professional conduct and formulate an appropriate response to actions that violate the Code of Ethics and Standards of Professional Conduct; formulate appropriate policy and procedural changes needed to assure compliance with the Code of Ethics and Standards of Professional Conduct;</li> <li>- the ability to evaluate company policies and practices related to research objectivity, and distinguish between changes required and changes recommended for compliance with the Research Objectivity Standards;</li> <li>- the ability to explain the purpose of the Asset Manager Code and the benefits that may accrue to a firm that adopts the Code; explain the ethical and professional responsibilities required by the six General Principles of Conduct of the Asset Manager Code; determine whether an asset manager's practices and procedures are consistent with the Asset Manager Code; recommend practices and procedures designed to prevent violations of the Asset Manager Code.</li> </ul>		
Learning outcomes	Teaching methods	Assessment methods
Students will know the concept of financial ethics and will be able to apply the knowledge in practice by using the framework of the ethical decision-making process.	Lectures, seminars, independent (individual and group) work, case studies, the development of a group project, and discussions. <b>Lectures in 2022 are given remotely and in person according to a timetable.</b>	Student activity in lectures and participation in discussions. Development of a group project and a presentation of it. Midterm and final exams (a closed answers test).
Students will be able to disclose ethical problems and their origins and propose ethical solutions to such problems.		
Students will know the main role of the CFA Institute in financial ethics and will be familiar with the CFA Institute Code of Ethics and Standards of Professional Conduct, the Global Investment Performance Standards, CFA Institute Research Objectivity Standards, and the Asset Manager Code.		

Course themes	Contact / Individual work: time and assignments								Assignments
	Lectures	Tutorials	Seminars	Practical classes	Laboratory work	Practice	Contact hours	Individual work	
Ethics and trust in the investment profession.	2		2				4	5	Reading of scientific literature, development and giving of presentations by themes, group and individual assignments, case studies, and discussions.
Code of ethics and standards of professional conduct. Understanding the code of ethics. Standards of professional conduct: professionalism, the integrity of capital markets, duties to clients, duties to employers, investment analysis, recommendations and actions, conflicts of interest, responsibilities as a CFA Institute member or CFA candidate	4		4				8	60	
Introduction to the Global Investment Performance Standards (GIPS®). Provisions of the global investment performance	2		2				4	12	

standards: fundamentals of compliance, input data, calculation methodology, composite construction, disclosure, presentation and reporting, real estate, private equity, wrap fee/separately managed account (SMA) portfolios.								
CFA Institute Research Objectivity Standards.	4		4				8	12
Asset Manager Code of Professional Conduct.	4		4				8	12
<b>Total</b>	<b>16</b>		<b>16</b>				<b>32</b>	<b>101</b>

Assessment strategy	Share in %	Time of assessment	Assessment criteria
Group project	30%	September 27, 2022	10-point scale is applied according to university requirements. The project must be presented and discussed during the lectures. Without presentation, the project is not valued and is not accepted.
Participation in discussions	10%	September	Active participation in discussions, the number of answered questions, the level of the specialty knowledge mastering.
Midterm exams (2 tests)	30%	September 20, 2022 September 26, 2022	10 point scale is applied according to university requirements
Final exam (test)	30%	October 3, 2022	10 point scale is applied according to university requirements
The final grade is the sum of the classroom work (group project, participation in discussions, midterm exams) and the grade for the final exam. In the assessment, a 10-point scale is applied.			

Author	Published in	Title	Issue No. or Volume	Publishing house or Internet site
<b>Required reading</b>				
CFA Institute	2022	Code of Ethics and Standards of Professional Conduct.		<a href="https://www.cfainstitute.org/-/media/documents/code/code-ethics-standards/code-of-ethics-standards-professional-conduct.ashx">https://www.cfainstitute.org/-/media/documents/code/code-ethics-standards/code-of-ethics-standards-professional-conduct.ashx</a>
CFA Institute	2017	Ethics and the Investment Industry		<a href="https://www.cfainstitute.org/en/ethics-standards/codes/standards-of-practice-guidance/ethics-and-investment-industry">https://www.cfainstitute.org/en/ethics-standards/codes/standards-of-practice-guidance/ethics-and-investment-industry</a>
CFA Institute	2014	Standards of Practice Handbook		<a href="https://www.cfainstitute.org/-/media/documents/code/code-ethics-standards/standards-practice-handbook-11th-ed-eff-July-2014-corr-sept-2014.ashx">https://www.cfainstitute.org/-/media/documents/code/code-ethics-standards/standards-practice-handbook-11th-ed-eff-July-2014-corr-sept-2014.ashx</a>
CFA Institute	2020	Introduction to the Global Investment Performance Standards (GIPS)		<a href="https://www.cfainstitute.org/en/ethics-standards/codes/gips-standards">https://www.cfainstitute.org/en/ethics-standards/codes/gips-standards</a>

CFA Institute	2019	ETHICS IN PRACTICE Ethics in Investment Management Casebook		<a href="https://www.cfainstitute.org/-/media/documents/ethics-in-practice/ethics-in-practice-casebook-2nd-edition-web.ashx">https://www.cfainstitute.org/-/media/documents/ethics-in-practice/ethics-in-practice-casebook-2nd-edition-web.ashx</a>
CFA Institute	2020	CFA Institute Research Objectivity Standards		<a href="https://www.cfainstitute.org/-/media/documents/code/other-codes-standards/read-research-objectivity-standards.ashx">https://www.cfainstitute.org/-/media/documents/code/other-codes-standards/read-research-objectivity-standards.ashx</a>
CFA Institute	2020	Asset Manager Code of Professional Conduct		<a href="https://www.cfainstitute.org/-/media/documents/code/amc/asset-manager-code.ashx">https://www.cfainstitute.org/-/media/documents/code/amc/asset-manager-code.ashx</a>
<b>Supplementary reading</b>				
Judy Zhu	2014	The Value of Financial Ethics, Part I		<a href="https://sevenpillarsinstitute.org/val-ue-of-financial-ethics/">https://sevenpillarsinstitute.org/val-ue-of-financial-ethics/</a>
Julia Black, Karen Anderson	2013	Creating an ethical framework for the financial services industry		<a href="https://www.lse.ac.uk/law/people/academic-staff/julia-black/Documents/black10.pdf">https://www.lse.ac.uk/law/people/academic-staff/julia-black/Documents/black10.pdf</a>