COURSE UNIT (MODULE) DESCRIPTION

Course unit title	Code
Financial Ethics	

Academic staff	Core academic unit(s)
Coordinator: Giedrė Gečiauskienė **Other(s):**	Finance Department, Faculty of Economics and Business Administration, Vilnius University

Study cycle	Type of the course unit
Second	Compulsory

Mode of delivery	Semester or period when it is delivered	Language of instruction
Mixed (lectures and seminars live and/or remotely)	Autumn semester	English

Requisites	
Prerequisites: knowledge in finance, financial markets, international finance	**Co-requisites (if relevant):**

Number of ECTS credits allocated	Student's workload (total)	Contact hours	Individual work
5	130	32	98

Purpose of the course unit
The purpose of the course is to provide students with theoretical and practical knowledge in integrity and ethics in finance, to introduce students to ethics, related challenges to ethical behaviour, 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 key CFA Institute documents. The course has the purpose of helping students to identify and interpret and resolve conflicts of interest and ethical dilemmas.

Learning outcomes of the course unit	Teaching and learning methods	Assessment methods
Students will be able to explain 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.	Student activity in lectures and participation in discussions. Development of a group project and a presentation of it. Midterm and final exams.
Students will be able to disclose ethical dilemmas, identify challenges to ethical behaviour 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 its key documents; will be able to apply them to situations involving issues of professional integrity and other specific situations.		
Students will be able to evaluate trade allocation practices and determine whether they comply with the CFA Institute Standards of Professional Conduct.		
Students will be able to identify the appropriate actions to take in response to trade allocation practices that do not adequately respect client interests.		

Students will be able to understand notions of orders execution principals, diligent recommendations, referral fees, treatment of publicly undisclosed information and Chinese walls.		

Content	**Contact hours**							**Individual work: time and assignments**	
	Lectures	Tutorials	Seminars	Workshops	Laboratory work	Internship	**Contact hours, total**	**Individual work**	**Tasks for individual work**
Introductory lecture	1						1		
1. Ethics and trust in the investment profession.	1		1				2	3	CFA Institute, 2017, Ethics and the Investment Industry https://www.cfainstitute.org/en/ethics-standards/codes/standards-of-practice-guidance/ethics-and-investement-industry
2. 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	7		3				10	28	CFA Institute, Code of Ethics and Standards of Professional Conduct, 2022, https://www.cfainstitute.org/en/ethics-standards/ethics/code-of-ethics-standards-of-conduct-guidance Standards of Practice Handbook CFA Institute, Standards of Practice Handbook, 2014, https://www.cfainstitute.org/-/media/documents/code/code-ethics-standards/standards-practice-handbook-11th-ed-eff-July-2014-corr-sept-2014.pdf CFA Institute, Ethics in practice, Ethics in Investment Management Casebook, 2019, https://www.cfainstitute.org/-/media/documents/ethics-in-practice/ethics-in-practice-casebook-2nd-edition-web.pdf
Midterm exam (test)	1						1		
3. Continued – Code of ethics and standards of professional conduct. Duties to employers, investment analysis, recommendations and actions, conflicts of interest, responsibilities as a CFA Institute member or CFA candidate	8		4				12	35	
3. Introduction to the Global Investment Performance Standards (GIPS ®). Provisions of the global investment performance standards: fundamentals of compliance, input data, calculation methodology,	2						2	4	CFA Institute, Introduction to the Global Investment Performance Standards (GIPS), 2020, https://www.cfainstitute.org/en/ethics-standards/codes/gips-standards

composite construction, disclosure, presentation and reporting, real estate, private equity, wrap fee/separately managed account (SMA) portfolios.									
4. CFA Institute Research Objectivity Standards and Asset Manager Code of Professional Conduct.	2						2	4	CFA Institute Research Objectivity Standards, 2020, https://www.cfainstitute.org/-/media/documents/code/other-codes-standards/read-research-objectivity-standards.ashx CFA Institute, Asset Manager Code of Professional Conduct, 2020, https://www.cfainstitute.org/-/media/documents/code/amc/asset-manager-code.ashx
Preparation of group project								14	
Presentation of group project and evaluation of group work			2				2		
Exam								10	
Total	**22**		**10**				**32**	**98**	

Assessment strategy	Weight %	Deadline	Assessment criteria
Group project	30%	During the semester	Analysis and presentation of case studies/scenarios related to a chosen standard of professional conduct. The assessment will be based on: • Content (40 %): information provided is accurate and deep-rooted, shows signs of research (including sources) and is in line with chosen standard of professional conduct. • Structure (20 %): presentation has logical flow and clear (and accurate) conclusions. • Delivery of presentation (40 %): speaking in a clear and articulate, easy to understand manner; presentation is aided by the visuals (graphs, pictures etc.); presentation shows signs of teamwork. 10-point scale is applied.
Midterm exam (test)	30%	During the semester	Each test consists of varied difficulty 10 multiple-choice questions, each worth a single point. 10-point scale is applied.
Final exam (test and situation analysis / case study)	40%	During the examination session	The test consists of varied difficulty 5 multiple-choice and 5 open-ended questions (situation analysis / case study). Each multiple-choice question of worth 0.5 point while open-ended questions are worth 1.5 points. 10-point scale is applied.

Participation in discussions	10%	During the semester	Additional point for active participation in discussions, the number of answered questions, the level of the specialty knowledge mastering.
The final grade is the sum of the classroom work (group project, midterm exam) and the grade for the final exam. In the assessment, a 10-point scale is applied. Additional point may be received for active participation in discussions.			

Author(-s)	Publishing year	Title	Issue of a periodical or volume of a publication	Publishing house or web link
Required reading				
CFA Institute	2022	Code of Ethics and Standards of Professional Conduct.		https://www.cfainstitute.org/-/media/documents/code/code-ethics-standards/code-of-ethics-standards-professional-conduct.pdf
CFA Institute	2017	Ethics and the Investment Industry		https://www.cfainstitute.org/en/ethics-standards/codes/standards-of-practice-guidance/ethics-and-investement-industry
CFA Institute	2024	Standards of Practice Handbook		https://www.cfainstitute.org/-/media/documents/code/code-ethics-standards/standards-practice-handbook-12th-edition.pdf
CFA Institute	2020	Introduction to the Global Investment Performance Standards (GIPS)		https://www.cfainstitute.org/en/ethics-standards/codes/gips-standards
CFA Institute	2019	Ethics in practice. Ethics in Investment Management Casebook		https://www.cfainstitute.org/-/media/documents/ethics-in-practice/ethics-in-practice-casebook-2nd-edition-web.pdf
CFA Institute	2020	CFA Institute Research Objectivity Standards		https://www.cfainstitute.org/-/media/documents/code/other-codes-standards/read-research-objectivity-standards.ashx
CFA Institute	2020	Asset Manager Code of Professional Conduct		https://www.cfainstitute.org/-/media/documents/code/amc/asset-manager-code.ashx
CFA Institute	2024	CFA Program Curriculum: level 1, 2024. Volume 6. Portfolio management, ethical and professional standards		
CFA Institute	2024	CFA Program Curriculum: level 3, 2024. Volume 6. Ethical and professional standards/		
Recommended reading				
Judy Zhu	2014	The Value of Financial Ethics, Part I		https://sevenpillarsinstitute.org/value-of-financial-ethics/
Julia Black, Karen Anderson	2013	Creating an ethical framework for the financial services industry		https://www.lse.ac.uk/law/people/academic-staff/julia-black/Documents/black10.pdf