

**City University of Hong Kong
Course Syllabus**

**offered by Department of Economics and Finance
with effect from Semester A 2017/18**

Part I Course Overview

Course Title: Asia-Pacific Capital Markets and Standards of Practice

Course Code: EF3331

Course Duration: 1 Semester

Credit Units: 3

Level: B3

Arts and Humanities

Proposed Area: Study of Societies, Social and Business Organisations

(for GE courses only)

Science and Technology

Medium of Instruction: English

Medium of Assessment: English

Prerequisites: CB3410 Financial Management or FB3410 Financial Management
(Course Code and Title)

Precursors: Nil
(Course Code and Title)

Equivalent Courses: Nil
(Course Code and Title)

Exclusive Courses: Nil
(Course Code and Title)

Part II Course Details

1. Abstract

This course is designed to help students examine the historical development, structures, challenges and ongoing reforms of Asia-Pacific Capital Markets. As students analyse these markets, students also gain an understanding of ethical financial practices and how ethics is intertwined with the duties and responsibilities of finance professionals.

Today's financial markets are no longer bound by physical or geographical barriers as shown in the ongoing global financial crisis and the 1997 Asian financial crisis. This course therefore covers a broader area than the Asia-Pacific region but with an emphasis on Asian markets.

The course also covers ethical conduct of finance professionals by focusing on the code of ethics and standards of professional conduct. The course also looks at the investment performance presentation standards. The study of financial ethics and how market practitioners should conduct themselves in the financial industry will help students strengthen their ethical responsibilities.

To summarize, this course covers the relationships between international and local institutions, regulations, investors, financial products, product issues, exchanges, financial ethics and code of conduct for finance professionals.

2. Course Intended Learning Outcomes (CILOs)

(CILOs state what the student is expected to be able to do at the end of the course according to a given standard of performance.)

No.	CILOs [#]	Weighting* (if applicable)	Discovery-enriched curriculum related learning outcomes (please tick where appropriate)		
			A1	A2	A3
1.	Discuss the historical development of financial markets and financial institutions. To motivate discovery-based learning, students are expected to discover factors attributing to financial crisis and be able to form their opinion on the current development of the financial market.	20	√	√	√
2.	Evaluate regulatory challenges of financial markets and institutions, with special emphasis on Asia-Pacific Capital Markets; compare/contrast the degree of regularity in different areas of the world.	20	√	√	√
3.	Review the on-going reforms in Asia-Pacific Capital Markets. Students are encouraged to integrate analytical tools they learned from previous courses, such as macroeconomics, financial management and portfolio management, to come up with their own opinions on the development of capital markets.	20	√	√	√

No.	CILOs [#]	Weighting* (if applicable)	Discovery-enriched curriculum related learning outcomes (please tick where appropriate)		
			A1	A2	A3
4.	Analyse the code of financial ethics and standards for professional conduct. Students are encouraged to understand the rationale behind each of these principles, apply the relevant standards in practice, and design appropriate procedures for compliance within a financial institution.	40	√	√	√

* If weighting is assigned to CILOs, they should add up to 100%.

100%

[#] Please specify the alignment of CILOs to the Gateway Education Programme Intended Learning outcomes (PILOs) in Section A of Annex.

A1: Attitude

Develop an attitude of discovery/innovation/creativity, as demonstrated by students possessing a strong sense of curiosity, asking questions actively, challenging assumptions or engaging in inquiry together with teachers.

A2: Ability

Develop the ability/skill needed to discover/innovate/create, as demonstrated by students possessing critical thinking skills to assess ideas, acquiring research skills, synthesizing knowledge across disciplines or applying academic knowledge to self-life problems.

A3: Accomplishments

Demonstrate accomplishment of discovery/innovation/creativity through producing /constructing creative works/new artefacts, effective solutions to real-life problems or new processes.

3. Teaching and Learning Activities (TLAs)

(TLAs designed to facilitate students' achievement of the CILOs.)

TLA	Brief Description	CILO No.				Hours/week (if applicable)
		1	2	3	4	
Lectures, seminars and video shows	<p>To provide the basic concepts and learning structure.</p> <p>The course will provide students with opportunities to discover the knowledge and communicate their observations or viewpoints to classmates. The instructors will play the role of facilitators and encourage students to solve the problems by themselves.</p>	√	√	√	√	
Group Project	<p>To motivate active-thinking and develop students' discovery abilities.</p> <p>Students are required to form groups for case study and conduct analyses on given topics. The topics will be related to important current issues and trend of global capital markets. Students are expected to conduct intensive discovery-based research on selected topics and demonstrate insightful analysis in the written reports.</p>	√	√	√	√	
Case Study on Financial Ethics	<p>To enhance students' understanding of code of financial ethics and standards of professional conduct for finance professionals.</p> <p>Students are required to present their points of view on practical cases and situations that might take place in the financial industry. Students are strongly recommended to use the basic principles taught in class to analyse the cases, lead the classroom discussions, and propose the solutions or provide suggestions to address the problems in the cases.</p>				√	

TLA	Brief Description	CILO No.				Hours/week (if applicable)
		1	2	3	4	
Class participation	<p>To encourage critical thinking and familiarize students with the most up-to-date issues in the capital market.</p> <p>Class participation is essential for this course. Students are highly encouraged to raise questions and state their opinions. It will enhance students' communication skills and critical thinking abilities.</p>	√	√	√	√	

4. Assessment Tasks/Activities (ATs)

(ATs are designed to assess how well the students achieve the CILOs.)

Assessment Tasks/Activities	CILO No.				Weighting*	Remarks
	1	2	3	4		
Continuous Assessment: 40%						
Case study on Financial Ethics				√	15%	
Group project	√	√	√	√	15%	
Class participation	√	√	√	√	10%	
Examination: 60% (duration: 3 hours, if applicable)						
Final examination	√	√	√	√	60%	The examination lasts for 3 hours and students are required to answer five out of seven questions. The examination will be research-oriented and will reflect the students' accomplishment in discovery and innovation. The instructors will provide hints on possible exam questions and students are required to do intensive web-based research to prepare for the examination.
<i>* The weightings should add up to 100%.</i>					100%	

Students are required to pass both coursework and examination components in order to pass the course.

5. Assessment Rubrics

(Grading of student achievements is based on student performance in assessment tasks/activities with the following rubrics.)

Assessment Task	Criterion	Excellent (A+, A, A-)	Good (B+, B, B-)	Fair (C+, C, C-)	Marginal (D)	Failure (F)
Final examination	Demonstrate ability to address the issues of the subject matter, make comments and defend arguments in writing.	Strong evidence om showing the required ability.	Good evidence om showing the required ability.	Some evidence om showing the required ability.	Marginal evidence om showing the required ability.	Little evidence om showing the required ability.
Case Study of Financial Ethics	Demonstrate ability to individually conduct research on a given case.	Strong evidence om showing the required ability.	Good evidence om showing the required ability.	Some evidence om showing the required ability.	Marginal evidence om showing the required ability.	Little evidence om showing the required ability.
Group project	Demonstrate ability to conduct research on teamwork basis to address issues given in essays	Strong evidence om showing the required ability.	Good evidence om showing the required ability.	Some evidence om showing the required ability.	Marginal evidence om showing the required ability.	Little evidence om showing the required ability.
Class participation	Demonstrate ability and confidence to ask questions and answer questions in the class	Strong evidence om showing the required ability.	Good evidence om showing the required ability.	Some evidence om showing the required ability.	Marginal evidence om showing the required ability.	Little evidence om showing the required ability.

Part III Other Information (more details can be provided separately in the teaching plan)

1. Keyword Syllabus

Financial markets including alternative investments, e.g. real estate, private equity, commodities, tangible assets with low liquidity
International banking, offshore currency markets and regulations
The collapse of Barings Brothers
Derivatives and hedge fund management
Collapse of Enron and regulation of capital markets
Global financial crisis in 2008
Country and Sovereign Risk Analysis
Fintech and Capital Market
Code of Ethics
Standards of Professional Practice

2. Reading List

2.1 Compulsory Readings

(Compulsory readings can include books, book chapters, or journal/magazine articles. There are also collections of e-books, e-journals available from the CityU Library.)

Global financial crises

- Dullien, Kotte, Márquez and Prieue (2010) The Financial and economic crisis of 2008-2009 and developing countries. United Nations. http://unctad.org/en/Docs/gdsmdp20101_en.pdf
- Stijn Claessens and M. Ayhan Kose (2013) Financial Crises: Explanations, Types, and Implications. IMF Working Papers
<https://www.imf.org/external/pubs/ft/wp/2013/wp1328.pdf>
- René M. Stulz (2010) Credit Default Swaps and the Credit Crisis. Journal of Economic Perspectives.
<https://fisher.osu.edu/supplements/10/10402/credit-default-swaps-and-the-credit-crisis.pdf>

Financial markets and institutions

- BIS (2000) International banking and Financial market developments. BIS Quarterly Review. http://www.bis.org/publ/r_qt0002.pdf
- IMF (2015) “International banking after the crisis: Increasingly local and safer?”, global financial stability report: Navigating monetary policy challenges and managing risks. <https://www.imf.org/External/Pubs/FT/GFSR/2015/01/pdf/c2.pdf>
- Anjan Thakor (2015) International Financial Markets: A Diverse System Is the Key to Commerce. Center for Capital Markets Competitiveness. http://www.centerforcapitalmarkets.com/wp-content/uploads/2013/08/021881_SourcesofCapital_fin.pdf

Offshore bond and currency markets

- Dong He and Robert N McCauley (2010) Offshore markets for the domestic currency: Monetary and financial stability issues. BIS Working Paper.
<http://www.bis.org/publ/work320.pdf>
- Bank of England (1991) The International Bond Market. Bank of England Quarterly Bulletin.
<http://www.bankofengland.co.uk/archive/Documents/historicpubs/qb/1991/qb91q4521528.pdf>
- APEC Initiative on Regional Bond Market Development
[http://www.aric.adb.org/initiativetable.php?iid=61&ssid=2&title=Asia-Pacific%20Economic%20Cooperation%20\(APEC\)%20initiative%20on%20regional%20bond%20market%20development](http://www.aric.adb.org/initiativetable.php?iid=61&ssid=2&title=Asia-Pacific%20Economic%20Cooperation%20(APEC)%20initiative%20on%20regional%20bond%20market%20development)

Renminbi internationalization

- Cheung (2014) The Role of Offshore Financial Centers in the Process of Renminbi Internationalization. ADBI Working Paper Series.
<https://www.adb.org/sites/default/files/publication/156327/adbi-wp472.pdf>
- WEF (2012) The Financial Development Report 2012.
<https://www.weforum.org/reports/financial-development-report-2012>
- Etzioni (2016) The Asian Infrastructure Investment Bank: A Case Study of Multifaceted Containment. Asian Perspectives
https://icps.gwu.edu/sites/icps.gwu.edu/files/downloads/Etzioni_AIIB.pdf
- Zhang and Tao (2014) The Benefits and Costs of Renminbi Internationalization, ADBI Working Paper Series.
<https://www.adb.org/sites/default/files/publication/156336/adbi-wp481.pdf>
- Leslé, Ohnsorge, Kim and Seshadri (2014) Why Complementarity Matters for Stability - Hong Kong SAR and Singapore as Asian Financial Centers. IMF Working Papers
<https://www.imf.org/external/pubs/ft/wp/2014/wp14119.pdf>

Global banking regulation

- Basel Committee (2011) Basel III: A global regulatory framework for more resilient banks and banking systems. <http://www.bis.org/publ/bcbs189.pdf>
- Basel Committee (2013) Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tools. <http://www.bis.org/publ/bcbs238.pdf>
- Basel Committee (2014) Basel III: the net stable funding ratio.
<http://www.bis.org/bcbs/publ/d295.pdf>
- Basel Committee (2006) Basel II: International Convergence of Capital Measurement and Capital Standards: A Revised Framework - Comprehensive Version.
<http://www.bis.org/publ/bcbs128.pdf>

Derivatives markets

- UK Gov (1995) Report of the Board of Banking Supervision inquiry into the circumstances of the collapse of Barings.
<https://www.gov.uk/government/publications/report-into-the-collapse-of-barings-bank>
- Getmansky, Lee and Lo (2015) Hedge Funds: A Dynamic Industry in Transition. MIT Laboratory for Financial Engineering
http://alo.mit.edu/wp-content/uploads/2015/08/HFReview_11b.pdf

Latest trends in international capital market development

- KPMG (2015) The perfect storm of technology and capital markets.
<https://assets.kpmg.com/content/dam/kpmg/pdf/2015/06/technology-capital-markets-fintech-history-article-june-2015.pdf>
- CNBC (2015) Why bitcoin's tech could 'change everything' for banks
<http://www.cnbc.com/2015/12/31/blockchain-what-the-big-banks-say-about-the-tech.html>

Ethics and Financial Services

- CFA Institute (2014) Standards of Practice Handbook, 11th edition.
<http://www.cfapubs.org/doi/pdf/10.2469/ccb.v2014.n4.1>
- ICAC's (latest version) A Tool Kit on Managing Staff Integrity for Financial Services Sector
<http://www.icac.org.hk/en/acr/p/bs/fss/tkmsi/index.html>
- SFC (2011) Code of Conduct for Persons Providing Credit Rating Services
<http://www.sfc.hk/web/EN/rule-book/codes-and-guidelines/codes/>
- SFC (2014) Fund Manager Code of Conduct
<http://www.sfc.hk/web/EN/rule-book/codes-and-guidelines/codes/>

Country risk and sovereign risk assessment

- OECD Country Risk Classification <http://www.oecd.org/tad/xcred/crc.htm>
- BIS (2015) Sovereign ratings of advanced and emerging economies after the crisis
http://www.bis.org/publ/qtrpdf/r_qt1512h.pdf
- HKMA (2001) Country Risk Management, Supervisory Policy Manual.
<http://www.hkma.gov.hk/media/eng/doc/key-functions/banking-stability/supervisory-policy-manual/CR-G-5.pdf>
- OCC (2016) Country Risk Management: Revised Comptroller's Handbook
<https://www.occ.gov/publications/publications-by-type/comptrollers-handbook/pub-ch-crm.pdf>
- Bhatia (2002) Sovereign Credit Ratings Methodology. IMF Research Paper.
<https://www.imf.org/external/pubs/ft/wp/2002/wp02170.pdf>

2.2 Additional Readings

(Additional references for students to learn to expand their knowledge about the subject.)

Nil
