

EF3331: ASIA-PACIFIC CAPITAL MARKETS AND STANDARDS OF PRACTICE

Effective Term

Semester A 2022/23

Part I Course Overview

Course Title

Asia-Pacific Capital Markets and Standards of Practice

Subject Code

EF - Economics and Finance

Course Number

3331

Academic Unit

Economics and Finance (EF)

College/School

College of Business (CB)

Course Duration

One Semester

Credit Units

3

Level

B1, B2, B3, B4 - Bachelor's Degree

Medium of Instruction

English

Medium of Assessment

English

Prerequisites

CB3410 Financial Management or FB3410 Financial Management

Precursors

Nil

Equivalent Courses

Nil

Exclusive Courses

Nil

Part II Course Details

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.

Course Intended Learning Outcomes (CILOs)

| CILOs | | Weighting (if app.) | DEC-A1 | DEC-A2 | DEC-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 | x | x | x |
| 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 | x | x | x |
| 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 | x | x | x |
| 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 | x | x | x |

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 real-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.

Teaching and Learning Activities (TLAs)

| TLAs | Brief Description | CILO No. | Hours/week (if applicable) |
|------|--------------------------------------|---|----------------------------|
| 1 | "Lectures, seminars and video shows" | To provide the basic concepts and learning structure. 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. | 2, 3 |
| 2 | Group Project | To motivate active-thinking and develop students' discovery abilities. 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. | 2, 3 |

| | | | | |
|---|--------------------------------|---|------|--|
| 3 | Case Study on Financial Ethics | To enhance students' understanding of code of financial ethics and standards of professional conduct for finance professionals. 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. | 4 | |
| 4 | Class participation | To encourage critical thinking and familiarize students with the most up-to-date issues in the capital market. 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. | 2, 3 | |

Assessment Tasks / Activities (ATs)

| | ATs | CILO No. | Weighting (%) | Remarks (e.g. Parameter for GenAI use) |
|---|--------------------------------|------------|---------------|--|
| 1 | Case study on Financial Ethics | 4 | 15 | |
| 2 | Group project | 1, 2, 3, 4 | 15 | |
| 3 | Class participation | 1, 2, 3, 4 | 10 | |

Continuous Assessment (%)

40

Examination (%)

60

Examination Duration (Hours)

3

Additional Information for ATs

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

Assessment Rubrics (AR)

Assessment Task

Final examination

Criterion

Demonstrate ability to address the issues of the subject matter, make comments and defend arguments in writing.

Excellent (A+, A, A-)

Strong evidence om showing the required ability.

Good (B+, B, B-)

Good evidence om showing the required ability.

Fair (C+, C, C-)

Some evidence om showing the required ability.

Marginal (D)

Marginal evidence om showing the required ability.

Failure (F)

Little evidence om showing the required ability.

Assessment Task

Case Study of Financial Ethics

Criterion

Demonstrate ability to individually conduct research on a given case.

Excellent (A+, A, A-)

Strong evidence om showing the required ability.

Good (B+, B, B-)

Good evidence om showing the required ability.

Fair (C+, C, C-)

Some evidence om showing the required ability.

Marginal (D)

Marginal evidence om showing the required ability.

Failure (F)

Little evidence om showing the required ability.

Assessment Task

Group project

Criterion

Demonstrate ability to conduct research on teamwork basis to address issues given in essays

Excellent (A+, A, A-)

Strong evidence om showing the required ability.

Good (B+, B, B-)

Good evidence om showing the required ability.

Fair (C+, C, C-)

Some evidence om showing the required ability.

Marginal (D)

Marginal evidence om showing the required ability.

Failure (F)

Little evidence om showing the required ability.

Assessment Task

Class participation

Criterion

Demonstrate ability and confidence to ask questions and answer questions in the class

Excellent (A+, A, A-)

Strong evidence om showing the required ability.

Good (B+, B, B-)

Good evidence om showing the required ability.

Fair (C+, C, C-)

Some evidence om showing the required ability.

Marginal (D)

Marginal evidence om showing the required ability.

Failure (F)

Little evidence om showing the required ability.

Part III Other Information

Keyword Syllabus

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

Reading List

Compulsory Readings

| | Title |
|---|---|
| 1 | 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 |
| 2 | 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 |
| 3 | 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 |
| 4 | 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 |
| 5 | 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 |
| 6 | 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 |
| 7 | 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 |
| 8 | 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/ |

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| 9 | 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 5. Bhatia (2002) Sovereign Credit Ratings Methodology. IMF Research Paper. https://www.imf.org/external/pubs/ft/wp/2002/wp02170.pdf |
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Additional Readings

| | Title |
|---|-------|
| 1 | Nil |