

**THE UNIVERSITY OF HONG KONG**  
**FACULTY OF BUSINESS AND ECONOMICS**  
**School of Economics and Finance**

**FINA3353/FINA0602 Regulatory and Operational Issues in Finance**

<b>GENERAL INFORMATION</b>	
Lecture hours:	9:30 am to 12:20 pm, Monday, semester 1
Venue:	Room 121, Main Building
Instructor:	Dr. LAM Yat-fai (林日輝), Adjunct Assistant Professor
Email:	faiylam@hku.hk
Office:	Room 903, KK Leung Building
Consultation hours:	Monday afternoon by appointment
Tutor:	Mr. TSE Che-hin, Jason (謝子騫)
Email:	jasontch@hku.hk
Office:	Room 1026, KK Leung Building
Consultation hours:	To be advised
Pre-requisites:	FINA2320/FINA2802 Investment and Portfolio Analysis FINA2322/FINA0301 Derivatives
Course Website:	<a href="https://sites.google.com/site/quanrisk/2-hku-space/1-hku-fina3353">https://sites.google.com/site/quanrisk/2-hku-space/1-hku-fina3353</a>
<b>COURSE DESCRIPTION</b>	
<p>This course addresses a number of practical issues in quantitative finance. They include compliance, taxation, operational risk, best practices, and professional codes of ethics as practiced in the quantitative finance industry. These issues are taught in the context of case studies so that students can appreciate the peculiar company-specific and market-specific factors in decision making. Famous cases such as Enron, Long-term Capital Management, and Lehman Brothers are examined.</p>	
<b>COURSE OBJECTIVES</b>	
<p>After completing this course, the students will be able to:</p> <ul style="list-style-type: none"> <li>• implement the compliance functions in a financial institution in accordance with contemporary global regulatory standards;</li> <li>• manage the operational risk in a financial institution;</li> <li>• conduct analysis on regulatory and operational issues in finance industry;</li> <li>• deal with financial regulators; and</li> <li>• analyze and present cases professionally.</li> </ul>	

<b>COURSE LEARNING OUTCOMES</b>			
<b>Course Learning Outcomes</b>		<b>Aligned Faculty Goals</b>	
CLO1	Discover the philosophy behind contemporary financial regulations	1, 2	
CLO2	Investigate the major regulatory issues in the financial tsunami 2008	1, 2, 4	
CLO3	Implement the critical global financial regulations	1, 2, 4	
CLO4	Manage the operational risk and money laundering risk in a financial institution	1, 2	
CLO5	Analyze the causes of, impacts from and lessons learnt from the representative financial scandals	1, 2, 4	
CLO6	Acquire case studies and presentation techniques	1, 4, 5	
* Learning outcomes of the BEF and BSc(QF) programmes:			
Goal 1 - Acquisition and internalization of knowledge of the programme discipline			
Goal 2 - Application and integration of knowledge			
Goal 3 - Inculcating professionalism and leadership			
Goal 4 - Developing global outlook			
Goal 5 - Mastering communication skills			
<b>COURSE TEACHING AND LEARNING ACTIVITIES</b>			
<b>Course Teaching and Learning Activities</b>		<b>Expected contact hour</b>	<b>Study Load (% of study)</b>
T&L1. Lecture		27	22.50%
T&L2. Documentary		2	1.67%
T&L3. Revision class		1	0.83%
T&L4. Assignment		30	25.00%
T&L5. Case study, project presentation and report		30	25.00%
T&L6. Self-study		30	25.00%
Total		120	100%
<b>Assessment Methods</b>	<b>Brief Description (Optional)</b>	<b>Weight</b>	<b>Aligned Course Learning Outcomes</b>
A1. Mid-term test	A short test to assess the basic industry knowledge on financial regulations	20%	CLOs 1,2
A2. Individual assignment	A report to summarize the existing practices of major banks in Hong Kong on operational risk management.	15%	CLOs 3,4
A3. Group project	A comprehensive study on one representative financial scandal and a presentation plus detailed analysis report on the selected case.	15%	CLOs 5,6
A4. Examination	A comprehensive examination to cover all the topics in the course.	50%	CLOs 1,2,3,4,5,6
Total		100%	

**STANDARDS FOR ASSESSMENT****Course Grade Descriptors**

A+, A, A-	Strong evidence of superb ability to fulfill the intended learning outcomes of the course at all levels of learning: describe, apply, evaluate and synthesis.
B+, B, B-	Strong evidence of the ability to fulfill the intended learning outcomes of the course at all levels of learning: describe, apply, evaluate and synthesis.
C+, C, C-	Evidence of adequate ability to fulfill the intended learning outcomes of the course at low levels of learning such as describe and apply but not at high levels of learning such as evaluate and synthesis
D+, D	Evidence of basic familiarity with the subject.
F	Little evidence of basic familiarity with the subject.

**Assessment Rubrics for Each Assessment**

Assessment rubrics for mid-term test, assignments, group project and final examination are the same as in course grade descriptors.

**COURSE CONTENT AND TENTATIVE TEACHING SCHEDULE**

Week 1 Insurance regulations  
Week 2 Banking regulations  
Week 3 Securities and futures regulations  
Week 4 Listed companies and the HKEx  
Week 5 Operational risk management  
Week 6 Financial tsunami 2008 and mid-term test  
Week 7 Anti-money laundering and counter-terrorist financing  
Week 8 Private banking  
Week 9 Financial compliance programme  
Week 10 Career and professional developments  
Week 11 Case study presentations and examination preparation

**REQUIRED/RECOMMENDED READINGS & ONLINE MATERIALS (e.g. journals, textbooks, website addresses etc.)**

IEC, 2013. A quick guide to financial system and services in Hong Kong.  
OCI, 2013. Study Notes for the Principles and Practice of Insurance Examination.  
HKMA, 2013. Guide to Authorization.  
HKSI, 2014. Study Manual for Paper 1 – Fundamentals of Securities and Futures Regulation.  
HKEx, 2013. Listing in Hong Kong - A quality market.  
HKMA, 2005. OR-1 Operational Risk Management.  
PRMIA, 2013. PRM Self Study Guide – Exam IV (case studies).  
HKMA, 2015. ML-1 Guideline on Anti-Money Laundering and Counter-Terrorist Financing.  
HKSI, 2016. CPWP M2 – Ethics and Compliance Study Guide.  
ACAMS, 2015. Candidate Handbook for the CAMS Certification Examination.

**MEANS/PROCESSES FOR STUDENT FEEDBACK ON COURSE**

Informal course evaluation at the middle of the course

Official course evaluation at the end of the course

**COURSE POLICY (e.g. plagiarism, academic honesty, attendance, etc.)****Class conduct**

Students are expected to attend all classes on time. There will be no make-up class due to the absence of any student.

Use of mobile phone, tablet PC, notebook computer and other electronic devices is NOT allowed in the class. Students must turn off and/or mute the mobile phones during the class.

The lecturer has the discretion to give penalty in case of any class mis-conducts.

**Academic dishonesty**

The University regulations on academic dishonesty will be strictly enforced. Please check the University statement on plagiarism on the web: <http://www.hku.hk/plagiarism/>

Academic dishonesty is any act that misrepresents a person's own academic work or that compromises the academic work of another. It includes (but not limited to) cheating on assignments or examinations; plagiarizing, i.e. representing someone else's ideas as if they are one's own or sabotaging another's work.

**ADDITIONAL COURSE INFORMATION (e.g. e-learning platforms & materials, penalty for late assignments, etc.)**

Assignments, presentation slides and project reports submitted after corresponding due dates will NOT be graded. There will be no make-up mid-term test.