UNIVERSITY ETHICS CHALLENGE

A NEW APPROACH TO ETHICS PEDAGOGY

14 September 2019, Saturday
SBF Centre, Seminar Room
CFA Society Singapore University Ethics Challenge

- A new approach to ethics pedagogy through experiential learning.
- Promotes the highest standards of ethics, education, and professional excellence for the ultimate benefit of the society.
- It helps prepare those entering the investment profession for the ethical challenges that they will face in the workplace.
The Ethics Challenge offers many benefits to the university and your students, including:

1. Increases awareness of real-world ethical dilemmas and prepares students for how to handle them.
3. Improves student presentation and teamwork skills.
4. Positive public relations and brand exposure for your school.
5. Demonstrates the importance of strong ethics to tomorrow’s professionals.
6. Provides professional networking opportunities for students.
3. Look for Ethics Training on Resumes

Look for candidates who have ethical leadership certifications or otherwise show clear commitments to workplace ethics. For example, Beta Gamma Sigma partners with NASBA Center for the Public Trust to provide its members with education and training in ethical leadership.

It is also a good sign when a candidate has a history at one or more of the world’s most ethical companies, as ranked by Ethisphere. Ask candidates about their experiences at these companies and how those experiences have influenced their careers. People who have worked in ethical environments tend to be more committed to integrity, and they will bring ethical best practices to their new organizations.
4. Incorporate Ethics and Integrity into Your Hiring Process

Determine the specific attitudes, values, and attributes you're looking for in employees, and keep looking until you find them. When you have promising candidates, involve some of your best employees as interviewers. They will want colleagues who share their beliefs and will be able to help you determine whether or not a certain prospect holds the same values.

During the interview process, ask candidates questions that help reveal their character. Ask candidates to respond to hypothetical scenarios to gain insight into how they would behave when faced with ethical challenges. Inquire about previous experiences as well — e.g., “Did you ever have a boss who asked you to do something that made you uncomfortable? How did you handle it?”

Above all, don’t waver from your commitment to hiring ethical employees. Be specific about what ethical behavior looks like, and keep looking until you find candidates who fit the bill. Integrity is neither a top-down nor a bottom-up proposition: every single employee contributes to a company’s ethical profile. Your responsibility in human resources is to recruit and retain the people who will act with integrity, even when no one else is watching.
How It Works

1. Each team shall consist of between three and five members.

2. Competing teams are given a case and are tasked to identifying and analysing the ethical issues involve, and then formulating solutions and approaches to resolve these issues.

3. Teams are judged based on their recommended course of action and their ability to identify dilemmas and violations to the CFA Institute Code of Ethics & Standards of Professional Conduct.
Sample Executive Summary

1.1 Introduction

In the investment industry, having high ethical standards is paramount to clients and investment professionals alike, as it ensures benefits when trust is upheld. On the flip side, unethical behavior destroys trust in financial markets, undermining all stakeholders. Hence, it is imperative to regulate ethical behavior like CFA Institute’s Code of Ethics and Standards of Professional Conduct exist.

1.2 Problem

In the following case study of Obby Sim, we can identify numerous areas where almost every one of the 7 Standards are violated. In addition, Sim himself is confronted by an interesting dilemma – to which she has not actually violated any of the Standards but her actions (or lack thereof) seem to be wrong and could land her in trouble. Our group will analyze her case in detail and provide recommendations.

We can split the case into 2 — one will concern the transactions of Sim, Joel Ho, Wei, and other Global Harvest Bank (GHB) employees. We will call this subcase “Joel Ho, Wei.” I mean Standards are violated here — Standard I: Professional Standards, Standard IV: Duties to Employers, and Standard V: Conflicts of Interest. The other concerns Sim and Min Tan. We will call this subcase “Min Tan.” I mean Standards are violated here — Standard III: Duties to Clients, and Standard F: Investment analysis, Recommendations, & Actions.

2.2.1 Understanding the Dynamics

Sim suspects that her classmate, Wei, is money laundering or conducting illegal activities. As an employee of GHB, she must not knowingly participate or assist in violation of laws, rules, or regulations. By keeping those rules in mind while performing his transactions, even in the light of potential illegalities, she is in direct violation of this. In the event where Wei is indeed involved in money laundering, Sim would be implicated for assisting to breach the law. In such a scenario, Sim and GHB’s integrity would be compromised. Wei would also serve legal penalties.

However, since her suspicion and even 2 members of the board of directors of GHB have dismissed her suspicions and informed her to carry on processing Wei’s transaction. Thus, the CEO of GHB even said “any dirty money is the speed in which the transactions are processed,” which means that he was only concerned about whether the transaction was done with “fast” and efficiency.

If Sim were to report Wei to the relevant authorities and dissociate herself from him, she will be going against the orders of her supervisor. By breaking the disclosure of confidentiality, she would no doubt lose a chance at prize and revenue for GHB. She could even lose her job.

Moreover, Sim is only acting on a suspicion that Wei is involved in illegal activities. In the event that her suspicions are false, she would be marred for her actions. Hence her dilemma: should she do the ethical thing and report what seems to be illegal actions, or should she keep quiet and avoid the risk of losing her job? In addition, Wei has promised her a bonus at the end of the year for her continued good work.

CASE REPORT: GABBY SIM

Gabby Sim is a new hire at a private bank adopting CFA Institute Code of Ethics and Standards of Professional Conduct (Standards). Gaby, working with her supervisor, Ahmad Yousoff, CFA. Yousoff reminded her that Gaby followed the Standards and expected Sim to read and study all rules in the employee handbook on her own time. Yousoff was in violation of the Standard (V.C) — Responsibilities of Supervisors, which states members and candidates with supervisory roles to implement education and training programs on a recurring or regular basis under their supervision.

Yousoff should have assisted Sim in understanding the rules better for going through employee handbook with Sim.

The board member of Gaby, Audhey Chang, CFA, did not disclose a potential conflict of interest to Yousoff due to his thinking that his executive assistant might be an act of favor. As such, Chang violated the Standard (V.A) — Disclosure of Conflicts, which ordered members and candidates to disclose any potential or existing conflicts of interests that might put objectivity in jeopardy.

As a result of a sovereign fund, MWG2, he mentioned if Sim could expedite the fund transfer, he would award Sim with a bonus that Sim failed to refer to her employer, Gaby. It was in violation of the Standard (F.B) — Additional Compensation Arrangements, which required members and candidates to obtain permission from their employers before accepting benefits from third parties for the services rendered. Yousoff should have reported this arrangement to her supervisor and received approval from them before engaging in such arrangement, which in this case would be highly unlikely for the nature of service rendered, authorization of fund transfer at Gaby, should not be increased.

Later that day, Sim used the fact sheet provided by her to prepare for his investment policy statement (IPS) and destroyed the notes she had taken during the meeting. Sim’s action was in violation of the Standard (C.D) — Record Maintenance, which dictates members and candidates to retain notes from clients meeting for IPS review. Sim should have notified her mentor’s request for destroying all notes made during unacceptable for Sim’s policy and/or legal regulations.

After engaging with clients for a couple of months, clients’ money laundering-like obvious activities aroused Sim’s suspicion so she mentioned such suspicious activities to her supervisor Yousoff, who
Sample Presentation

Solution - Educate

Engagement SOPs:
- New employees to be taught the SOPs when dealing with clients.
- Different SOPs to be set up for different categories of clients - the vulnerable, the ultra-risky.
- Ensures employees know how to react in different circumstances to keep out of trouble.

Reviewing of Employee Code of Conduct:
- Compulsory for employees to review the code of conduct with new employees.
- Ensures employees and clients are on the same page regarding what should and should not be done.
- Employees cannot "smoke" the employees to unknowingly undergo activities that breach the code.

Analysis

Violation of Code of Ethics:
- Sim’s lack of knowledge about “vulnerable clients” shows her lack of due diligence in studying the employee handbook.

Violation of Standards of Professional Conduct:
- Standard 6A Knowledge of the law. Sim had acknowledged without reading thoroughly. As a result, she was not aware of the “vulnerable client” condition.

Furthermore, given that she had until the end of the week to read through the handbook before signing, and that members must adhere to the applicable law, Sim had no excuse for not knowing this condition (assuming that the few days was a reasonable amount of time to read the book).
## Judging Criteria

**Singapore University Ethics Challenge 2019**  
**Final Round**  
**Judging Criteria**

<table>
<thead>
<tr>
<th>CRITERIA</th>
<th>POINT ALLOTTED</th>
<th>POINT AWARDED</th>
<th>COMMENTS</th>
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<tbody>
<tr>
<td>1. Understanding the Dilemma</td>
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<td>a. Are the key issues and concerns identified?</td>
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<td>2. Violations to the Code of Ethics &amp; Standards of Professional Conduct</td>
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<td>a. Is there a clear outline of the main violations to the code?</td>
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<td>b. Has the team demonstrate appropriate depth and breadth of analysis of the violations?</td>
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<td>3. Compliance</td>
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<td>a. Has compliance failed in the organization? How?</td>
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<td>4. Course of Action and Solution</td>
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<td>a. Is a detailed plan to resolve the issues in the ethics case presented?</td>
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<td>b. Are other alternatives rejected?</td>
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<td>c. Is the action practical and implementable?</td>
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<td>d. Does the plan lead to a possible resolution of the situation that is satisfactory?</td>
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<td>5. Team involvement / dynamics</td>
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<td>a. Team involvement in presentations / Question and Answer session</td>
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<td>b. Are the presenters confident and convincing?</td>
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<td>6. Materials</td>
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<td>a. Quality of slides</td>
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<td>7. Questions &amp; Answers</td>
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<td>a. Ability to answer questions effectively</td>
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**TOTAL**  
100
Recap of University Ethics Challenge 2018

Sonia Gandhi, CFA
Director, CFA Society India, Ethics Workshop Trainer
Step Up to the Challenge

Who is eligible to compete?

• Teams consist of 3 – 5 students. Graduate and undergraduate students are eligible.
• Students must be enrolled full or part-time at the participating university at the time of challenge.
• Participants must abide by the CFA Institute Code of Ethics and Standards of Professional Conduct.
• CFA® Charterholders are ineligible to be team members.

How to Register for the Challenge?

1. Team can approach CFA Society Singapore Staff to confirm your participation after this kickoff Session.
2. Register your team online via [http://tiny.cc/xazncz](http://tiny.cc/xazncz)
Ethics Challenge Prizes

1. Champions and runner-up teams will receive trophy and cash prize reward.
2. All participants will receive a certificate of participation from CFAS.
Are You Up For The Challenge?

For more information on the Research Challenge please visit:
https://www.cfasociety.org/singapore/Pages/Ethics%20challenge.aspx

or email
ethicschallenge@cfasingapore.org
Venue: GV Suntec City

Screening of DO YOU TRUST THIS COMPUTER?
October 16 @ 7:00 pm - 9:30 pm

*Note: Registration link will be shared with confirmed participating team members later
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