

<b>Subject Code</b>	<b>AF5338</b>
<b>Subject Title</b>	<b>Securities Regulations and Practice</b>
<b>Credit Value</b>	3
<b>Level</b>	5
<b>Pre-requisite / Co-requisite/ Exclusion</b>	Recommended background knowledge: Company Law
<b>Role and Purposes</b>	This subject aims to provide students with a core knowledge base in securities law and regulation in Hong Kong as well as in the enforcement of these rules by Hong Kong authorities and courts. It contributes to the achievement of the MCG Programme Outcomes in different ways: by enabling students to analyse systematically and theoretically the underlying factors and reasons that lead to regulatory issues; by interpreting effectively the core provisions of the Securities and Futures Ordinance, other relevant regulations and case law; by analysing practical regulatory issues and the effectiveness of securities rules. It also requires students to identify ethical issues involved in securities regulation.
<b>Subject Learning Outcomes</b>	<p>Upon completion of the subject, students will be able to:</p> <ul style="list-style-type: none"> <li>(a) explain the legal/regulatory framework governing the financial and securities markets in the Hong Kong.</li> <li>(b) communicate in written form and orally the meaning and interpretation of rules in securities law and regulation as well as the reasoning of courts, and use this ability to participate actively in class.</li> <li>(c) interpret the Securities and Futures Ordinance (SFO) and other relevant regulations, and analyse legal cases on securities and their practical implications; and</li> <li>(d) critically evaluate the merits and effectiveness of the securities laws and its enforcement in promoting and maintaining a financially sound, honest and fair capital market in Hong Kong</li> </ul>
<b>Subject Synopsis/ Indicative Syllabus</b>	<p><b>Introduction to the legal framework governing the securities industry in Hong Kong</b></p> <p>The roles of the Companies Ordinance, Securities and Futures Ordinance (SFO), Listing Rules and Takeovers Code, as well as the Competition Ordinance in the context of securities regulation in Hong Kong.</p> <p>The roles, powers and functions of the regulators and enforcement agencies: the Securities and Futures Commission, Hong Kong Monetary Authority and the Hong Kong Exchange Clearing Ltd.</p> <p>Key sections of the SFO and its scope of application.</p>

	<p><b>Regulation of Market Intermediaries under the SFO</b></p> <p>The function of dealers, investment advisers and representatives in the capital market. Statutory control on dealers, investment advisers and representatives. Common law and statutory liabilities for malpractice.</p> <p>How the SFO regulates intermediaries: licensing and discipline, prevention of market misconduct: market manipulation and insider dealing.</p> <p><b>Regulations for Market Entry and Exit</b></p> <p>The legal process of Initial Public Offering, reverse takeovers, and the legal process of privatisation.</p> <p><b>Core Prohibitions under the SFO and their enforcement</b></p> <p>Prohibitions under the SFO including market manipulation, financial fraud and breach of terms of licence by authorized financial intermediaries. - The enforcement of these prohibitions as conducted by the Securities and Futures Commission, the Market Misconduct Tribunal and the Courts and remedies/sanctions available. More specifically, the focus rests on the powers granted to these institutions to investigate the infringements and impose sanctions on violators.</p> <p><b>Aspects of Investors' Protection in the Capital Markets</b></p> <p>The functions and purposes of a prospectus. Investors' remedies for misrepresentation in prospectus. Suitability standard and fiduciary duties of asset managers and investment advisers. Asset management industry and competition..</p>																																						
<p><b>Teaching/Learning Methodology</b></p>	<p>Seminars provide a forum for discussion and for the application of concepts to current issues and cases. Students are expected to play an active role in seminars and are required to present problems/cases. They are expected to apply their knowledge and experience in discussing current legal and regulatory issues.</p>																																						
<p><b>Assessment Methods in Alignment with Subject Learning Outcomes</b></p>	<p>The following assessment components require students to demonstrate their ability to explain the current legal and regulatory framework of the securities and futures industry in Hong Kong (ILOs a-b), interpret effectively up-to-date statutes and regulations relating to this industry and comply with relevant regulatory requirements (ILO c), and think critically about current problems, including ethical issues in relation to securities regulation (ILO d).</p> <table border="1" data-bbox="488 1541 1445 2033"> <thead> <tr> <th rowspan="2">Specific assessment methods/tasks</th> <th rowspan="2">% weighting</th> <th colspan="6">Intended subject learning outcomes to be assessed (Please tick as appropriate)</th> </tr> <tr> <th>a</th> <th>b</th> <th>c</th> <th>d</th> <th></th> <th></th> </tr> </thead> <tbody> <tr> <td>In-class Group Exercise</td> <td>15%</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td></td> <td></td> </tr> <tr> <td>Individual Class Participation</td> <td>5%</td> <td></td> <td>√</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>In-Class Individual Written Assignment</td> <td>30%</td> <td>√</td> <td></td> <td>√</td> <td>√</td> <td></td> <td></td> </tr> </tbody> </table>	Specific assessment methods/tasks	% weighting	Intended subject learning outcomes to be assessed (Please tick as appropriate)						a	b	c	d			In-class Group Exercise	15%	√	√	√	√			Individual Class Participation	5%		√					In-Class Individual Written Assignment	30%	√		√	√		
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	Final Examination	50%	√		√	√		
	Total	100%						
<p><b>Note: To pass this subject, students are required to obtain Grade D or above in BOTH the Continuous Assessment and Examination components. In addition, the specific requirements on individual assessment components discussed above could be adjusted based on the pedagogical needs of subject lecturers.</b></p>								
<b>Student Study Effort Required</b>	Class contact:							
	<ul style="list-style-type: none"> <li>▪ 13 weeks of 3 hours seminar each</li> </ul>		39 Hrs.					
	Other student study effort:							
	<ul style="list-style-type: none"> <li>▪ Depends on their backgrounds, on average students are expected to spend around 2 more hours for each contact hour for reading subject materials/textbook, preparing tutorial participation and doing discussion questions and assignments.</li> </ul>		78 Hrs.					
Total student study effort		117 Hrs.						
<b>Reading List and References</b>	<p>A course textbook is not required. Course material will be provided for each topic. Reading material for further study and consultation will be recommended.</p> <p>Recommended Readings:</p> <p>D.W. Arner, B.F.C. Hsu, S.H. Goo, S. Johnstone and P. Lejot, <i>Financial Markets in Hong Kong: Law and Practice</i> (Oxford University Press, 2<sup>nd</sup> ed, 2016)</p> <p>M Hsiao, <i>International Banking and Finance Law, Principles and Regulations</i> (2011)</p> <p>B Mak and Da Roza AM (eds), <i>Butterworths Hong Kong Securities Handbook</i>, 2<sup>nd</sup> edn (2009)</p> <p>HC Lo and Z Qu, <i>Law of Companies in Hong Kong</i> (2013)</p> <p>Cheang Loh Siew and Wong William MF, <i>Company Law: Powers and Accountability</i>, Lexis Nexis Butterworths (2003)</p> <p>Pinto Amanda and Evans Martin, <i>Corporate Criminal Liability</i>, 3<sup>rd</sup> ed Sweet and Maxwell (2013)</p>							

This Definitive Programme Document is subject to review and changes which the programme offering Faculty/Department /School/College can decide to make from time to time. Students will be informed of the changes as and when appropriate.