

Subject Code	AF5511
Subject Title	Regulatory Framework
Credit Value	3
Level	5
Normal Duration	One Semester
Pre-requisite / Co-requisite/ Exclusion	None
Role and Purposes	This subject builds on students' understanding of fundamental legal concepts and apply them in the context of the regulatory framework of Hong Kong's financial services industry. It contributes to the achievement of the MOF Programme Outcomes by enabling students to understand conceptual frameworks drawn from accounting and law to the analysis of regulatory issues (Outcome 1) and to formulate financial strategies and envision their outcomes (Outcome 3).
Subject Learning Outcomes	Upon completion of the subject, students will be able to: <ul style="list-style-type: none"> a. explain the legal / regulatory framework governing the financial and securities markets in Hong Kong including listing of securities, takeover and merges of companies; b. interpret and apply rules in the process of complying with the regulatory requirements for financial intermediaries; c. explain the extent to which the current regimes provide protection to the investing public; and d. critically evaluate the effectiveness and efficiency of the legal / regulatory framework in promoting and maintaining a financially sound, honest and fair capital market in Hong Kong.
Subject Synopsis/ Indicative Syllabus	<p>Business Ethics Corporate responsibility; ethical dilemmas; individual and corporate standards of behaviour; corporate codes of conduct; professional ethics; ethics and environment; social responsibility; stakeholders' interests; Conflict of interests. Insider trading. Disclosure of interests in securities and corporate information. Ethics and international business.</p> <p>Regulatory Framework of the Financial and Securities Market Design of the regulatory system; public policy issues; roles; powers and functions of relevant laws, regulations and the regulators who enforce them.</p> <p>The Securities and Futures Ordinance and Commission The core provisions of the Securities and Futures Ordinance and the organization of the Securities and Futures Commission.</p> <p>Hong Kong Monetary Authority ("HKMA") The role and function of the HKMA in maintaining banking system</p>

	<p>Duties of Officers of Companies Overview of the law of agency. The position, power and responsibilities of directors and officers under the general law and statute and extra-statutory regulation.</p> <p>The Distribution of Securities and the Flotation of Companies The methods of offer of securities to the public; the function and purpose of prospectus; investors remedies for misrepresentation in prospectus; the organization of the Hong Kong Stock Exchange and its function and powers in the listing of companies; the purpose and objective of the listing rules and regulatory rules of the Stock Exchange.</p> <p>The Legal Process of Company Expansion and Restructuring The nature of takeover, amalgamation and merger; regulation on company takeovers and repurchase of own company shares; consequences of non-compliance with the rules.</p> <p>Regulation of Market Intermediaries The function of dealers, investment advisors and representatives in the capital market; statutory control on dealers, investment advisors and representatives; common law and statutory liabilities for malpractice. How the SFO regulates intermediaries: licensing and discipline, prevention of market misconduct: market manipulation and insider dealing.</p>																																														
<p>Teaching/Learning Methodology</p>	<p>This course will be delivered through lectures and seminar discussions. Emphasis is placed on discussion of issues relating to complying with securities regulations in Hong Kong, and proposed changes to the relevant laws and regulations.</p> <p>To maximize learning, students are required to read the assigned readings, prepare solutions to exercises and problems before seminar. It normally requires 3-4 hours preparation for a 3-hour seminar.</p>																																														
<p>Assessment Methods in Alignment with Intended Learning Outcomes</p>	<p>Assessment components include class discussion and interactions, assignment of case studies, group exercise & written report and final examination.</p> <table border="1" data-bbox="472 1461 1453 1925"> <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>Group Work</td> <td>25%</td> <td>✓</td> <td></td> <td>✓</td> <td>✓</td> <td></td> <td></td> </tr> <tr> <td>Individual Assignment</td> <td>20%</td> <td>✓</td> <td></td> <td>✓</td> <td>✓</td> <td></td> <td></td> </tr> <tr> <td>Seminar Participation</td> <td>5%</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> <td></td> </tr> <tr> <td>Final Examination</td> <td>50%</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			Group Work	25%	✓		✓	✓			Individual Assignment	20%	✓		✓	✓			Seminar Participation	5%	✓	✓	✓	✓			Final Examination	50%	✓	✓	✓	✓		
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	Total	100 %	
	<p>Explanation of the appropriateness of the assessment methods in assessing the intended learning outcomes:</p> <p>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.</p>		
Student Study Effort Expected	Class contact:		
	▪ Lectures / Seminars		39 Hrs.
	Other student study effort:		
	▪ Reading materials/ textbook, preparing discussion questions.		39 Hrs.
	▪ On average around 2 hours will be spend on the individual case study and around 34 hours for the group project discussion, presentation and written report.		36 Hrs.
	Total student study effort		
Reading List and References	<p>HC Lo and Z Qu, <i>Law of Companies in Hong Kong</i> (2015), 2nd edn. B Fong, DW Arner, MKS Tse & S Johnstone, <i>Financial Markets In Hong Kong – Law & Practice</i> (2006) H Davies & D Green, <i>Global Financial Regulation: The Essential Guide</i> (2008) P Kwan, <i>Hong Kong Corporate Law</i> (loose-leaf) (2010) L Kwok & P Armour, <i>Securities Law: Hong Kong SAR & People’s Republic of China</i> (loose-leaf) (2003) B Mak & Da Roza AM (eds), <i>Butterworths Hong Kong Securities Handbook</i>, 2nd edn (2009)</p> <p>Training Manual for Licensing Examination for Securities and Futures Intermediaries issued by Hong Kong Securities and Investment Institute</p>		