

CFA INSTITUTE X ACCA HONG KONG ETHICS WEBINAR: THE BATTLE FOR BUSINESS ETHICS

Presenters:

Ernest Wong, CFA, FCCA, Chairman, ACCA Hong Kong

Eunice Chu, FCCA, Head of Policy, ACCA Hong Kong

Alan Lok, CFA, Director, Ethics Education and Professional Standards, Asia-Pacific, CFA Institute

Stratos Pourzitakis, PhD, Director, Society Advocacy Engagement, APAC, CFA Institute

Adrian Chan, Winning Author, Ethics Essay Competition 2020

3 December 2020



DOWNLOAD THE WINNING REPORT

Maintaining Confidence in Financial Markets

Adrian (Ching-Hsiang) Chan



<https://cfainst.is/3g93BbJ>





Maintaining Confidence in Financial Markets –

Importance of an Ethical Framework for MNPI
Disclosures, Stock-Based Compensation and
Insider Trading

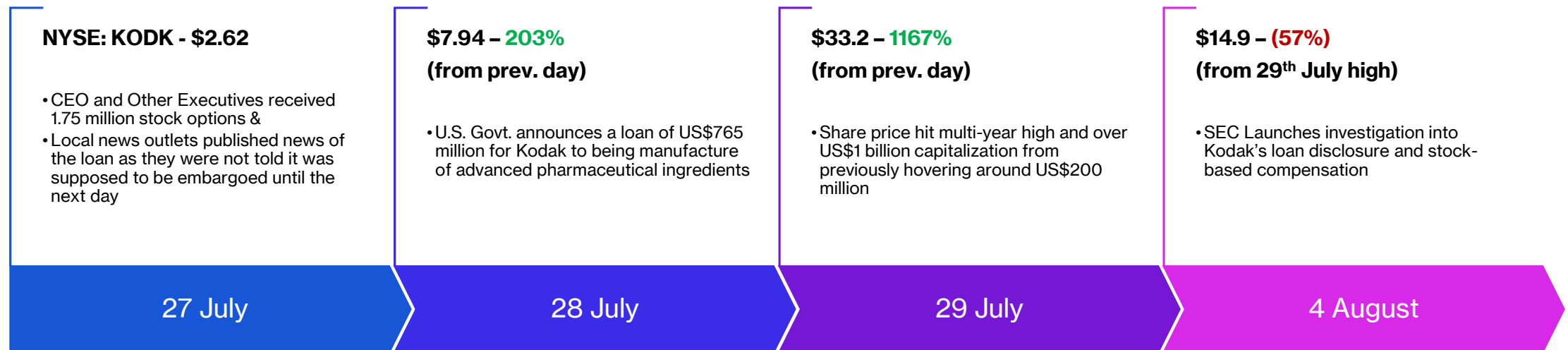
Snapshot into Kodak

Adrian (Ching-Hsiang) Chan

Introduction

- MNPI refers to:
 - Non-public corporate news or information Which can impact share prices
- Insider trading is illegal when it involves MNPI
- Financial markets rely heavily on trust and confidence among participants
- Recent boom in retail investors; heightens the need to ensure investor protections
- Consider the recent Kodak Case

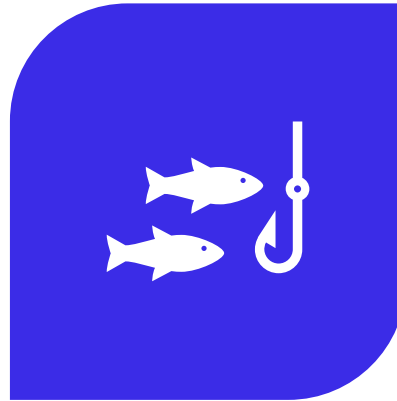
Kodak: Alleged Insider Trading in 2020



The Ethical Dilemma



LEGALITY VS ETHICALITY



WHETHER AN HONEST
MISTAKE SHOULD THEY BE
LET OFF THE HOOK?



DISPROPORTIONATE TO
IMPACT RETAIL INVESTORS

Implications & Relevance to Society

- Consider Regulation for:
 - Corporate Governance
 - MNPI
 - Insider Trading
 - Stock-Based Compensation
- Resulting Impacts to:
 - Retail Investors
 - Investor Confidence in Financial Markets

Recommendations



Focus on how to reduce unethical behaviors in Financial Markets



Clearer rules and regulations surrounding MNPI

How MNPI should be defined

Tighten regulations on how disclosures to be made

Controls on holders of MNPI



CG rules around executive compensation

Stock-based compensation

Timing of compensation

Conclusion

Better regulations and thoughtful consideration on their impacts will create a healthy environment for investors

Stimulating fairer and more transparent markets; which is an improved situation for all participants

Ultimately improve market efficiency and transparency

PANEL DISCUSSION



Alan Lok, CFA,
Director,
Ethics Education and
Professional Standards,
Asia-Pacific,
CFA Institute



Ernest Wong,
Chairman,
ACCA Hong Kong



Stratos Pourzitakis, PhD,
Director,
Society Advocacy
Engagement,
APAC,
CFA Institute

POLLING 1

In your point of view, what is the most prevalent cause of unethical behavior in the global corporate universe?

- A. Lack of public and/or media scrutiny of questionable corporate practices.
- B. Lapses within internal control which exposes corporate vulnerabilities.
- C. Malicious intent of top management.
- D. Regulatory failure



POLLING 2

For prominent cases of unethical misbehavior, which of the following category has attracted your attention the most?

- A. Accounting Fraud – for example Enron & Wire card.
- B. Market manipulation – for example equity market pump and dump schemes.
- C. Insider trading – including front running.
- D. Others?



THANK YOU

