

Chairman's Message



Mr Kiyoto Hagiwara

It is indeed a great honor and privilege for me to have been elected Chairman of the **Asian Securities Analysts Federation (ASAF)** at the Annual General Meeting held in Hong Kong on December 2, 2001. Taking this opportunity, I would like to thank Dr. Panas Simasathien, the former Chairman, for his excellent chairmanship over the past two years.

A full six years have passed since the establishment of ASAF in November 1995 (formerly ASAC established in 1979). During this period ASAF has expanded to thirteen member societies (including the **SAAC** which joined in January 2001) and has implemented various important projects such as the international **CIIA®** designation. Though we are at a difficult point in time due to the economic situation in most Asian countries, Asia has immense potential, and I thus believe it most important for ASAF to have international standards for investment professionals. In this context and taking into account that financial liberalization and globalization are sweeping through Asia, bringing many benefits but also many challenges, and our capital markets are no longer sheltered from one another, international education programs are a key factor.

Another challenge that still has to be overcome focuses on the vast distances, and diversity of languages and cultures in Asia, which tempts us to say that communication is "too hard". Here, I believe that by maintaining our basic stance to respect equal partnership and solidarity among member societies, we can not only shorten the distances and break down the obstacles but also make Asia-Oceania even more credible to investors, especially by harmonizing and raising the standards of financial analysts. Thus, the training we offer must be nothing less than of world quality, a quality which must become ever higher.

You may be assured that during my tenure as Chairman I will make every effort to promote the interests of ASAF by encouraging and assisting the development of the profession of securities analysts through the interchange of ideas and coordination of policy among ASAF members under the basic principles of harmonization and autonomy in the ASAF region. I know that all of you will join me in working together for the good of our profession.

Kiyoto Hagiwara
ASAF Chairman

A Successful 2001 Annual Conference

From 3 to 4 December 2001, about 250 investment professionals from 12 countries congregated at the Hong Kong Convention & Exhibition Centre for two days of enlightenment at which prominent speakers, from Australia, PR China, HKSAR, Korea, USA and Chinese Taipei, covered topics from "The Challenge of Global Markets", "Development of the Investment Fund Industry in the PRC" to "Technology and Markets" and "Challenges for Asia's Financial Markets".

The entry of **PRC** into the **WTO** and the immense opportunities it unleashes for the industry, the region and hence ASAF members, remained the hot topic of discussion throughout and post Conference.

The site visit to **Shenzhen High-Tech Industrial Park in Southern PR China** was an eye-opener for delegates. The evening social events offered networking opportunities for delegates as well as relaxation and recreation for them and their partners; **Hong Kong**, as always, never disappoints.



Key speaker The Honourable Antony Leung, Financial Secretary, HKSAR addressing the conference on 3 Dec 2001

ASAF Annual General Meeting 2001

AGM 2001 was held on 2 December, in conjunction with the Annual conference.

It was one of the most actively participated AGMs, at which, in addition to the normal business of adopting annual accounts, business plan, budgets and reports, members deliberated on 14 other agenda items; explored ideas and sought resolutions to various issues on ASAF's regional and international roles, membership, education and training, advocacy, ethics and standards, finance and administration and publications.

The AGM elected a new **Executive Committee** for 2002/2003, comprising 6 representatives from **PR China (Dr Ma Qingquan), Hong Kong (Mr Robert Bunker), Japan (Mr Kiyoto Hagiwara), Malaysia (Mr Azlan Hashim), Singapore (Mr Tolmas Wong) and Thailand (Mr Burin Kantabutra)**; the AGM also entrusted the new ExComm to review alternative election methods with a view to enhancing more democratic participation by member societies.

Court & Co. an Australian firm of Chartered Accountants with experience in the audit of not-for-profit organizations, was appointed auditor.

Resolutions passed include: the imposition of sanctions on defaulting members; the adoption of Administrative Guidelines to enhance the effective and efficient performance of the secretariat; the formation of the **Advocacy Committee**; and election of delegates to the **ICIA**.

The AGM was also advised that the Indian society, the **ICFAI**, will host **AGM/Conference 2002**, with hosting for 2003 by the **SAAC** of PR China and 2004, by the **SAAJ** of Japan.

Old/New Executive Committee Meetings

The old **ExComm** exited with a unanimous call for the new **ExComm** to undertake, as its continuing mission, various ways and initiatives to meet members' calls for improvement and change to steer ASAF in line with changing times and needs.

The new **ExComm** members elected **Mr Kiyoto Hagiwara (SAAJ)** as **Chairman** and **Mr Azlan Hashim (RIIAM)** as **Deputy Chairman** from among themselves.

ICIA Council Meeting

Delegates of the **ICIA** from **ASAF, AIMR** and **EFFAS** (with apologies from **ABAMEC**) met to report on its respective regional activities, after the **ASAF AGM**. Matters discussed include: **AIMR's** Investment Performance Standards and Analysts Independence; **ASAF's** admission of the **SAAC**, and its activities in education, communications and conferences; **EFFAS's** initiatives in ethical standards and codes of conduct in Europe.

Sub-Committee Meetings 2001

Education

At its annual meeting on 1 December, the Committee elected **Mr Kiyoto Hagiwara (SAAJ)** as its new **Chairman** and admitted the **ICFAI** as a new member, to the existing membership of: **SIA, SAAC, SAA CT, IAIM, SAAJ, KSAA, RIIAM and SAA Thailand**. The aim and objectives of the Committee were updated as follows:

The aim of the **ASAF Education Committee** is to work towards raising the standards of education among investment and financial market professionals in Asia and Oceania and among our member societies.

The objectives of the Committee are:

- i) to develop educational and examination programs in the region into a high-quality and universal examination/qualification scheme and to this end to support and promote the **Certified International Investment Analysts (CIIA®)** scheme, with which **ASAF** and its member societies are closely involved, in cooperation with other national/regional professional organizations;
- ii) to continuously improve the quality of the **CIIA®** scheme to enhance the status of investment professionals holding the **CIIA®** designation worldwide; and
- iii) to provide a forum for the creation and interchange of ideas to develop and promote education and examination programs for investment professionals in countries and regions in relation to the **CIIA®** scheme.

More **ASAF** member societies, **SAAC, HKSI** and **ICFAI**, have officially joined the **ACIIA®** as members. The **CIIA®** exam has been hailed as a success with student numbers exceeding expectation for the March and Sept exams.

The Committee considered various proposals to enhance the quality and pertinence of the **CIIA®** to suit members' changing needs.

Communications (previously Publications)

At its annual meeting on 1 December, the Committee voted to change its name to **Communications** in a forward move to encourage and enhance communications among members to mutual benefits. The Committee approved the publications business plan and budget for 2001/2002 and admitted **SAAJ** as a new member, to the existing membership of: **SIA, ICFAI, HKSI, NZSIA and SSFA**.

Among its various initiatives, the Committee approved changing the name of the **Annual Directory** to **Yearbook** in order to better reflect the reservoir of information about **ASAF** and its members contained in the annual publication.

Advocacy

The Committee was formed with the objective to advocate effective, efficient and ethical financial markets throughout Asia-Oceania on matters relating to the operation and regulation of financial markets. Chaired by **Mr Michael Willis of the SIA**, members of the Committee include: **SAAC, HKSI, ICFAI, SAAJ and SAA, Thailand**.

Objectives of the Committee are: to review the regulation of financial markets in Asia-Oceania; explore opportunities for **ASAF** to raise standards in financial markets; pursue advocacy that will improve policies and regulation; liaise with governmental and regulatory authorities; and develop and review advocacy policies and proposals for consideration by the **ExComm**.

Members' Regional News

Australia — SIA

Best Practice Guidelines for Research Integrity

The **Securities Institute** recently officially launched **Best Practice Guidelines for Research Integrity** to assist analysts and their firms manage potential conflicts of interest that may influence research and investment recommendations.

The Guidelines were developed jointly with the **Securities & Derivatives Industry Association** after extensive consultation with investor groups, other key industry organisations and regulators, following a decision by the industry earlier this year to develop industry-based guidelines as a benchmark for best practice, rather than have a rule of conduct imposed through legislation, as has occurred in the United States to promote research independence and objectivity.

Aimed at raising standards in the securities and financial services industry by fostering ethical and effective markets and advocating the highest levels of professional conduct, the Guidelines are based on the premise that all market participants have a duty to establish and maintain a corporate culture that protects and promotes the integrity of the market.

The Guidelines, which are consistent with those being developed in many overseas jurisdictions, recognise that where an analyst's firm offers both research and other corporate and trading services, the symbiotic relationship that exists between these activities has the potential to give rise to conflicts of interest which, if not properly managed, could damage investor confidence in the integrity of the market.

The Guidelines were endorsed by:

- the **Australian Shareholders Association**
- the **Institute of Chartered Accountants in Australia**
- the **Australian Institute of Company Directors, Chartered Secretaries Australia Ltd**
- the **Australian Stock Exchange**.

The **Australian Securities and Investment Commission** expressed support for this industry initiative.

A full text of the Guidelines will be published in the 3rd issue of the ASAF E-Journal in early 2002.

Hong Kong — HKSI

Post-Conference Message to Sponsors/ Speakers/Delegates/Members

As host society of **ASAF 2001 Annual Conference**, **HKSI** extends its appreciation to the sponsors for their generous support in such trying times; to the speakers for their quality time and presentation; to the delegates for their supportive and hopefully, continuing attendance to all future conferences; to **ASAF** members: a challenging question of how future conferences can be bigger and better?

HKSI can now rest on its laurels as it passes on the baton to the **Indian society, ICFAI, to host Conference 2002 in Mumbai, India, from 28 to 30 October.**



Delegates thanking host HKSI after a successful annual meetings/Conference get-together

HKSI Journal and Membership Credit Card

Following the first anniversary and rapid development of the **HKSI Journal**, **HKSI** is expanding the quarterly Journal into an industry publication. The new Journal, expected to be launched early next year, will be a bi-monthly publication focusing on local industry issues and incorporating news on regional and global markets. "**Hong Kong Securities**" can bring new insights to securities practitioners in **Hong Kong**, keeping them abreast of the latest regulatory and technological developments in the industry.

The Institute, in cooperation with a local commercial bank, will also introduce a **membership credit card program** in early 2002. In addition to serving as a convenient way to settle the **HKSI** annual subscription fee and enrollment fees for training courses and seminars, the card also offers a multitude of tailor-made banking facilities including mortgage loan, fixed deposit, foreign exchange, unit trust, insurance and securities trading. The card will also offer special incentives and discounts for **HKSI** members, not offered by the bank to the general public.

Members' Regional News

Japan — SAAJ



Mr. Masashi Kaneko
Chairman



Mr. Kiyoto Hagiwara
Executive Managing Director

New Chairman

At the SAAJ SGM/Board Meeting in August 2001, **Mr. Masashi Kaneko** was elected Chairman. Mr. Kaneko is the Chairman, President, and CEO of **Nikko Cordial Corporation**, and concurrently Chairman of Nikko Cordial Securities Inc. Since graduating from the University of Tokyo in Economics in 1962 and the Columbia University, USA (1968-69), Mr. Kaneko has played an important role in internationally mediating between Japanese, US, and European investors in the field of securities brokerage, investment banking, and asset management and has been based in Tokyo, New York and London. As a CMA (Chartered Member of SAAJ) and CFA (Chartered Financial Analysts), Mr. Kaneko, as a leader of one of the Big Three securities companies in Japan, has been overseeing and shepherding not only the Nikko group but also Japan's securities industry.

New Executive Managing Director

At the same SGM/Board Meeting, Mr. Kiyoto Hagiwara was elected Executive Managing Director. As a law graduate from the University of Tokyo, in 1965 he joined the Bank of Japan where over the years he earned a reputation as a professional advisor with profound expertise in both banking/securities industries and financial/capital markets. His career highlights include: guiding local banks through rough times (helping prevent a major crisis in provincial cities), devising innovative M&A plans for the shipbuilding and marine transportation industries, playing a leading role in developing and presenting compliance management to banks and securities companies, and drafting various laws relating to securities and finance. A highly regarded and influential corporate advisor renowned for his dedication, focus, and sharp and broad intellect, Mr. Hagiwara's professional career also includes university teaching and corporate management. His last position at the Bank of Japan was Executive Auditor.

Malaysia — RIIAM

Mandatory Accreditation Program for Directors of Public Listed Companies

Pursuant to the requirements of the Practice Note No. 5/2001 of the **Kuala Lumpur Stock Exchange's** new Listing Requirements introduced in February 2001, all directors of companies listed on the Exchange must attend the **Mandatory Accreditation Program (MAP)**. **Research Institute of Investment Analysts Malaysia (RIIAM)**, as the training arm of the KLSE, has been given the exclusive rights to undertake the training program.

RIIAM has, since April 2001, been conducting MAP not only in Kuala Lumpur but also in some major towns in Malaysia: Johor Bahru, Penang, Kota Kinabalu and Kuching. MAP aims to ensure that directors of listed companies are aware of their rights and obligations to enable them to carry out their roles and duties more efficiently and effectively.

The program is conducted over the course of one and a half days covering 9 modules. Apart from the weekly MAP sessions for the public, RIIAM has also conducted in-house MAP sessions for several large corporate groups as requested. With over 3,500 directors trained this year to date, based on the feedback received, the directors have generally indicated that the MAP sessions are beneficial and informative. This is no doubt due to the modules and course content being formulated by the Exchange and RIIAM, in consultation with industry participants.

The MAP will subsequently be supplemented with the Continuing Education Program (CEP) where directors will be required to attend a prescribed minimum number of hours of training on an annual basis.

Calendar

23/24 March 2002

ASAF AdComm/ExComm meeting
Shanghai, PR China

13 – 15 May 2002

AIMR Conference/ICIA meeting
Toronto, Canada

27 June 2002

ACIIA® AGM
Rome, Italy

26 – 30 October 2002

ASAF AGM & meetings/Conference
Mumbai, India



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