

## ASAF Annual General Meeting 2002

The 2002 AGM went off successfully on 27 October on the Gold Coast, Australia with full support from the host society, SIA. The meeting covered 17 agenda items including the normal business of adopting annual accounts, business plan, budgets, reports, and the minutes of the previous meeting.

The highlight was that **the Iranian society, the Investment Industry Development Association of Iran (IIDAI)**, was unanimously approved as the fourteenth full member. Dr. Farshad Heybati, Secretary General of IIDAI who attended the AGM as observer made a brief presentation to introduce IIDAI activities. IIDAI is the first society from the Middle East to join ASAF.

Resolutions passed included: new scheme regarding the ASAF Secretariat, special resolution on amendments to the ASAF Constitution and the ASAF Financial Guidelines, and the adoption of the action plan of each committee.

A proposal regarding the election method for ExComm members was not approved. However, it was decided to set up a task force comprised of eight societies (SIA, SAAC, HKSI, ICFAI, SAAJ, RIIAM, INFNZ, and SAA, Thailand) to further study and recommend the most suitable election method by the next interim ExComm meeting in May 2003. HKSI voluntarily undertook to chair the task force.

The AGM was also advised that the Chinese society, **SAAC**, will host **the AGM/Conference in 2003**, and the Japanese society, **SAAJ**, in 2004.

## Executive Committee Meeting 2002

The ExComm appointed **Mr. Mike Willis** (SIA delegate, AdComm Chair) as the new **ASAF Treasurer**, **Mr. Kazumichi Karita** (SAAJ) the new **ASAF Manager**, and **Mr. Gerald Mattinson** the new **Public Officer and Accountant**.

Until the end of Mr. Hagiwara's term as ASAF Chairman, the ASAF Manager will be physically located in the same office as the ASAF Chairman and will operate under direct instruction/supervision of the Chair. All ExComm members agreed that the new scheme is currently the most efficient and best way of managing the ASAF Secretariat. It was decided that the next ExComm meeting (interim) will be held in Bangkok, Thailand, on 31 May 2003.

## Sub-Committee Meetings 2002

### Education

At its annual meeting on 26 October, the Committee approved its **Action Plan** in the original form comprising the following main themes in order of priority:

- (i) Qualitative improvement in domestic education/examination programs
- (ii) Promoting the CIIA® program
- (iii) Improving continuing education programs

To implement the first priority, a one-day seminar, "Lessons to be learnt from the experience of comparatively well-established members", will be held in Bangkok, Thailand, on 1 June 2003 following the interim ExComm meeting in Bangkok on 31 May 2003. The EdComm Chair will send details to all ASAF members as soon as finalized. **HKSI** was admitted as a new member.

It was reported that in addition to four societies (**SAAC**, **HKSI**, **ICFAI**, and **SAAJ**) in the ASAF region, **KCIAA** (former KSAA) officially joined the **ACIIA®** as an Associate Member in August 2002. Many expressions of interest are being received from Europe and South America. Several interested societies have attended **ACIIA®** General Meetings and are considering ways in which they could participate in the **ACIIA®** in the future.

## Communications

At its annual meeting on 26 October, the Committee approved the Publications Business Plan for 2003, and Action Plan, the latter calling for:

- bringing important information to the attention of members,
- strengthening ties among ASAF members, and
- helping promote ASAF as a credible and prestigious organization.

The main ongoing priority for achieving the above objectives is to continue to seek a balance between quality publications that are useful, relevant, well-presented and cost-effective; the second priority is the Inter-Committee for Co-operation and Promotion of the CIIA®; and the third is for Members to use ComComm as an information platform/bridge for the exchange of ideas and to help promote the image of ASAF. **RIIAM** was admitted as a new member.

## Advocacy

At its annual meeting on 26 October, the Committee approved the Business Plan for 2003 and draft policy paper on "Corporate Disclosure of Material Price-Sensitive Information", which has been amended in the following aspects:

Use of the term "Recommendations" instead of "Guidelines" in the text, as approved at the AGM;

references to the HKEx document have been corrected in light of the feedback from the HKSI, as approved at the AGM; and some introductory amendments to reflect the document's final form and adoption at the ASAF AGM.

The Committee has decided that "Analysts Independence" and "Code of Ethics" should be given priority in 2003 and the Committee will produce papers on the subjects. **RIIAM** was admitted as a new member

## From the Desk of an ExComm Member: Singapore

### Raising Standards of Financial Professionals & Addressing Client's Needs:

**Mr Tolmas Wong, MappFin CFA, AFP**

Oct 1, 2002 marked the full implementation of the Securities & Futures Act (SFA) & the Financial Advisors Act (FAA) by the Monetary Authority of S'pore (MAS) & heralded a new regulatory regime for investment bankers, stockbrokers, futures traders, financial advisors & insurance agents. Henceforth, the new legislation has repealed the Securities Industry Act, Futures Trading Act & Insurance Intermediaries Act.

The SFA & FAA essentially seek to integrate & streamline the different regulatory regimes governing capital markets & advisory activities for investment products including the sale of life insurance & unit trusts. The SFA provides a single licensing framework for securities & futures intermediaries to carry out one or more regulated activities: dealing in securities, trading in futures contracts, leveraged foreign exchange trading, advising on corporate finance, fund management, securities financing & providing custodial services for securities. The FAA provides a single licensing framework & flexibility for banks, securities brokers, insurance companies, independent financial & insurance advisors to advise on a wide array of products in the individual financial planning process. The new legal framework will also reduce administrative & compliance costs for industry participants.

With immediate effect, customers walking into a bank to process a routine banking transaction will no longer be touted by the tellers to buy the latest investment products over the counter. The reason: advisers are now required to explain & disclose a host of information on the investment products to the client before making an investment recommendation. Under the new regime, advisers are given a 6-month window till 31 March 2003 to comply with new requirements to ensure a uniform standard & competency level for all market participants across various financial sectors. These requirements include:

1. Conducting proper needs analysis for clients & systematic data collection that include client's objectives, risk profiling & financial situation.
2. Allowing buyers of unit trusts to cancel the purchase within 7 days should they change their minds,
3. Disclosing to all clients all remuneration received, including fees, commissions & benefits.

A new 'modular licensing framework' will take effect on Dec1, 2002 to allow firms & individuals to select the financial activities they wish to engage in under a single SFA or FAA license & pass specific examinations to sell specific products. The modular examination system consists of

5 modules on rules & regulations:

1. Dealing in Securities
2. Trading in futures contracts
3. Advising on corporate finance
4. Advising on corporate finance(debt securities only)
5. Financial advisory services

It also has 4 modules on product knowledge & analysis:

1. Securities
2. Futures
3. Collective investment schemes
4. Life insurance & investment-linked policies

These requirements will apply equally to representatives of banks, merchant banks & other exempt financial institutions who conduct regulated activities under the SFA &/or FAA. Existing representatives will be given 12 months to take a short non-examinable course to get updated on the relevant regulations.

The new legislation aims to provide flexibility to industry participants to tailor their business models to meet market demands & facilitate innovation, competition & efficiency in their services. At the same time, it also seeks to restore investor confidence to some extent by raising standards & promoting transparency, especially after many people were burnt when they succumbed to the hard sell & bought products that are now losing money. Consumers are expected to benefit from higher standards of service & better advice on investment products from professional, competent advisors who are able to address their needs & provide solutions rather than mere product pushing.

(For more detailed information, please visit the MAS website: [www.mas.gov.sg](http://www.mas.gov.sg) )

Source:

1. MAS Notices
2. Pulses, Oct 2002, a monthly publication of Singapore Exchange

**Tolmas Wong**  
ASAF Director/SSFA Director

## ACIIA® News

### ABAMEC-ACIIA® Conference and ACIIA® Council meeting (physical):

**11 and 12 November 2002, São Paulo**

The ACIIA® co-hosted a conference entitled "Global Markets: A View of the Financial Analysts" with ABAMEC (ACIIA® Federation member) on 11 November 2002 at the Sheraton Mofarrej Hotel in São Paulo in conjunction with the ACIIA® Council meeting on 12 November.

The conference was intended to highlight the importance of the harmonization of investment analysis and portfolio management knowledge and practices, and to provide an overview on the causes and consequences of the credibility crisis recently affecting world markets. Among items discussed were practical measures aimed at restoring investor confidence, how issues involving ethics might influence financial markets, and how ethical behavior might represent an important instrument to foster market development.

Attendees heard experts provide valuable guidance and insights on:

Panel I - The Financial Analyst in Global Markets

Panel II - Market Credibility

Panel III - Ethics in Financial Markets

Not only ACIIA® members but also a lot of potential ACIIA® members in Latin America participated in this important event which was a significant milestone in Latin America for ACIIA® activities.

At the ACIIA® Council meeting which was held on the following day, members engaged in vigorous discussion and lively exchange regarding productive and future issues in addition to regular agenda items such as approval of the previous minutes and examination results and schedule. Of note is that how to take concrete steps/measures concerning ACIIA® publications (bi-annual, quarterly, and Yearbook) and facilitate ACIIA® members wishing to take CIIA® exams in third countries/regions, were discussed. Though several items require follow-up and further discussion, the meeting went smoothly and progressed satisfactorily.

## Results of the August 2002 CIIA® Final Examination session

The result of the August 2002 CIIA® Final Examinations are as follows:

Pass Rate = (Number of Successful Papers per exam paper)/(Candidates Present per exam paper)

### Exam 1: Pass rate: 66.67%

Exam 1: (Economics, Financial Accounting and Financial Statement Analysis, Equity Valuation and Analysis, Corporate Finance)

### Exam 2: Pass rate: 67.29%

Exam 2: (Fixed Income Valuation and Analysis, Derivative Valuation and Analysis, Portfolio Management)

The cumulative number of successful candidates was 1,443 and the cumulative number of registered candidates 2,712 as of the August 2002 CIIA® Final Examination session.

The next CIIA® Final Examinations will take place on **7 (Europe and the Americas) and 8 (Asia) March 2003.**

## Secretariat News

Ms. Shereen Khor-Nga resigned as ASAF Public Officer/Manager after almost three years on 31 October 2002. We would like to express special thanks for her dedicated and tireless work.

At the AGM held on 27 October 2002 on the Gold Coast, "New Scheme Regarding the ASAF Secretariat" was approved together with related amendments to the ASAF Constitution. Accordingly, Mr. Michael Willis was appointed the new Treasurer succeeding Mr. Leigh Hall who retired after more than twenty years contribution to ASAC/ASAF. Mr. Gerald Mattinson was appointed the new Public Officer and Mr. Kazumichi Karita the new Manager, succeeding Ms. Shereen Khor-Nga. We hope to provide even better services to our members under the new scheme.

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**Kazumichi Karita**  
ASAF Manager



# Members' Regional News

## India — ICAI

### The ICAI University:

The ICAI University has been notified by the Government in October 2002. The ICAI University will conduct programs and confer degrees on eligible candidates at Bachelor, Master and Doctoral levels.

### ICAI Launches new program in Banking:

ICAI has recently established **The Institute of Bank Management and Research (IBMR)** with the objective of developing a new cadre of certified banking professionals. IBMR offers a professional certification program in bank management, titled as **the Certified Bank Manager (CBM) Program**. The focus areas of the CBM Program include Domain Knowledge and Skills in Banking, Managerial Excellence in Banking, and IT & Banking. The CBM Program is divided into 3 levels Viz., Foundation Level, Intermediate Level and Final Level and covers a total of 20 subjects. The CBM Program can be completed in 3 years. However an accelerated option is also available for working executives and professionals who may complete the program in 2 years. The CBM program uses the case study method as a tool in its education methodology and provides cases on various topics such as Asset Liability Management, NPA Management, e-Banking and Risk Management. The career openings for CBMs are in the area of Bank Management, Universal Banking, Investment Banking, Retail & Corporate Banking, International Banking, Bancassurance etc. For further details, you may visit [www.ibmrglobal.org](http://www.ibmrglobal.org).

### New Research Journals from ICAI:

ICAI has recently launched **three research journals** in Applied Economics, Accounting Research and Bank Management.

These Research journals contain contemporary, thought-provoking and insightful research articles and papers that are authored by eminent persons from academia and the industry. The journals are a fine blend of rigorous research and industry perspectives that make it a vibrant forum for industry - academic symbiosis. These journals are published every quarter. For further details, please visit [www.icfaipress.org](http://www.icfaipress.org).

## Iran — IIDA

### Introduction of IIDA (Investment Industry Development Association of Iran)

### Investment Companies and the Stock Market

After the ceasefire in the Iran-Iraq war, privatization was one of the most important goals of government. In the first step, new Investment Companies under the auspices of the governmental banks were further developed to facilitate the privatization process in governmental banks' portfolios.

During 1994 and 1995 it was perceived that it was necessary to establish new Investment Companies aimed at coordinating funds, improve shareholding and investment culture was immensely perceived. This resulted in several regional Investment Companies in the country being established to attract public capital. Also the Privatization Organization of Iran was established in 2001 to accelerate the goals of the privatization issue.

Investment Companies play a significant role in TSE and are directed by large individual and/or institutional investors. The total market capitalization of the Investment Companies is about **\$2.6 billion**, 19% of total market capitalization.

Investment companies have invested their resources in various industries. Most investment companies are interested in chemical, petrochemical, financial services, cement, tile, and vehicle industries and more than 70 percent of their resources are allocated those.

### The necessity of a professional association in the investment industry

Having effective knowledge of fund management, being aware of the latest improvements and innovations in the global stock market, the necessity of spreading out the stock holding culture and having access to the latest information, raised the need to have a strong professional formation, which involves the above affairs.

Not having varying types of investment companies in the market, low variation of securities, and not having professional institutions, are some of the factors that have created liquidity. Also contributing to the problem is the absence of a professional association to solve these issues. The need to have such an association established is almost self-evident

## Investment Industry Development Association of Iran (IIDAI)

IIDAI, was the first professional association in the capital market of Iran, when it was established in late 1999. The main objectives of the association are:

- To provide discipline and assure the stability in investments as well as presenting a clearer image of the capital markets.
- To render the necessary services as to enhancing savings and the investment culture as well as upgrading qualitative and the quantitative level of investments.
- To support and to make legal and moral defense of the members.
- To disseminate the necessary information for improving the efficiency of the capital markets.

### IIDAI's major activities

IIDAI's major activities have divided into three fields; Training, Research and Communications as below:

- Establishing training courses for financial and investment analysts.
- Designing a 410-hour program by a well-known university.
- Performing various research:
  - Designing a new stock price index based on free float market value.
  - Identifying and classifying Iranian financial institutions.
  - Evaluating the efficiency level of accounting standards that have been applied in the Iranian investment companies.
  - Designing the mutual funds as a vital financial institution for Iran's capital market.
  - Designing the Fourth market in Iran.
  - Accompanying with Iran's parliament to launch effective modifications for securities and stock exchange law in Iran.
  - Publishing a professional monthly newsletter.
  - Designing IIDAI's web page under name [www.iran-invest.org](http://www.iran-invest.org) containing comprehensive databases.

## Japan — SAAJ

### 2001-2002 SAAJ Award for Excellence in Corporate Disclosure

Following evaluation by the Corporate Disclosure Study Group of the Security Analysts Association of Japan (SAAJ), Awards for Excellence in Corporate Disclosure for fiscal 2001-2002 were presented to nine companies: **Mitsubishi Estate** (construction/housing/estate), **Hitachi Metals** (iron and steel), **Daikin Industries** (machinery), Canon (electronics), **Honda Motor** (automobiles), **Mitsubishi Corporation** (trading), **NTT DoCoMo** (communications), **NEC Soft** (computer software), and **The Sumitomo Trust & Banking** (banking). The score sheets were marked by cumulative 413 research analysts conversant with 116 companies from nine industries (selected by stock market value in each respective industry) and were collected and carefully evaluated. Review findings were released at a press meeting on 26 September 2002 and awards presented during the SAAJ Annual Conference on 4 October 2002.

### Professional ethics

Considering the increased situations where analysts are asked to appear in information put out by the companies they follow (corporate advertisements, public relation/investor relation activities, etc.) and that such appearances contain conflict of interest for analysts, the SAAJ Professional Ethics Committee issued [Position Paper on the Appearance of Analysts in Information Put Out by Companies They Follow](#) in September 2002. The paper provides members with guiding principles to be considered when analysts face such situations.

SAAJ presented its [comments](#) on the proposed AIMR Research Objectivity Standards (put out for public comment in July 2002). The comments conclude that it is questionable whether AIMR-ROS can be applied worldwide while they are useful reference based on experiences in the US.

### 15th SAAJ-AIMR/JSIP Joint Seminar, 5-7 March 2003, Tokyo

SAAJ has held an annual seminar in cooperation with AIMR since 1989 (since 2001 with AIMR and its member society, JSIP) focusing on various investment topics. This 15th joint seminar, **Asset Management and Benchmarks**, will be held in Tokyo, 5-7 March 2003 with 12 prominent speakers from the US, UK, and Japan, and will provide participants with latest knowledge and skills through three days of intensive discussions.

ASAF members are most welcome and are offered a discounted registration fee (120,000 Japanese yen) that is the same as for SAAJ/AIMR/JSIP members. For more details, see [English brochure](#) (the printed version of which has also been distributed to all ASAF member societies) or contact the SAAJ office: [seminar@saa.or.jp](mailto:seminar@saa.or.jp).

## Korea — KCIAA

### Change of the Society name and exam name

Mr Ho-Soo Oh, Chairman of the KCIAA



The KSAA's name is changed **KCIAA (The Korea Certified Investment Analyst Association)** on October 9 2002, to be a named of the qualification from KSA (Korea Securities Analysts) to **CIA (Certified Investment Analyst)**.

And the web site address is changed from [www.ksaa.or.kr](http://www.ksaa.or.kr) to [www.kciaa.or.kr](http://www.kciaa.or.kr) to adapt the name as KCIAA.

The difference between of KSA & CIA is extended exam time and subjects. This changes is to adopt with CIIA® exam. The KCIAA applied for Associate membership, and approved of the ACIIA® on August 16 2002. The KCIAA is going to carry out CIIA® exam on March 2003 and the KCIAA & KSDA jointly preparing the training program and public relations for CIIA® exam.

The examination of CIA is prepared by Korea Securities Dealers Association (KSDA) and the practical training the issuance of certificates and the agency of Certified International Investment Analyst (CIIA®) exam is managed by KCIAA from 2002.

KCIAA is conferring the certificate to the person who has 3-year job experiences, for adjusting the regulation as an association member in Association of Certified International Investment Association (ACIIA®).

## Calendar 2003

**31 May 2003**

ASAF interim ExComm meeting

**1 June 2003**

ASAF One-day EdComm seminar  
Bangkok, Thailand

**24 June 2003**

EFFAS/ICIA meeting

**25 June 2003**

ACIIA® Council meeting

**25 June 2003**

ACIIA® Annual General Meeting  
Stockholm, Sweden

**18 – 19 October 2003**

ASAF EdComm meeting,  
ComComm meeting,  
AdComm meeting,  
ExComm meeting, and  
Annual General Meeting

**20 and 21 October 2003**

ASAF Conference and site visit  
Beijing, P.R. China



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