

Australia – SIA Securities Institute news and views

PD Direct

A major project to provide an online continuing professional development program for financial advisers, accountants and stockbrokers was launched by the Securities Institute on 1 September 2004. The program provides up-to-date content focusing on latest changes in the market, new products, compliance and regulatory change, taxation and planning issues across all adviser areas. Interactive learning features, combined with assessment for each subject, provide an online, structured program that is a flexible and cost effective solution to meet the compliance needs of participants. PD Direct will be available to individual Securities Institute members from the beginning of 2005.

BRIAN SALTER PRESENTS AWARDS IN EXCELLENCE



The Securities Institute was a proud sponsor of the inaugural Standard & Poor's Australian Fund Awards, held at the Australian Stock Exchange in Sydney on 25 August, 2004. This is the first year the awards have been held in Australia, but they are in their 13th year

internationally. The Awards recognise and celebrate excellence in the fund management industry.

In a show of support for the achievements of industry professionals, Brian Salter, Chief Executive Officer of the Securities Institute of Australia, presented awards to winners of the Balanced Funds category. As part of his

presentation, Mr. Salter reinforced the Institute's commitment to raising industry standards and advancing career success through the delivery of quality education within the finance sector.

Policy and advocacy

CLERP 9 Law at last

On 25 June 2004, the ninth phase of the Corporate Law Economic Reform Program, the *CLERP (Audit Reform and Corporate Disclosure) Bill 2003* passed through Parliamentary and took effect from 1 July 2004. In working towards achieving a balanced outcome, the Institute provided feedback on particular CLERP 9 proposed amendments and additional policy measures. Dialogue was undertaken with the Government, Opposition, Democrats and Treasury representatives, particularly during the period of debate in the Senate.

In addition, the Institute provided comments to ASIC on a number of its CLERP 9 policy proposal papers, particularly in relation to the product disclosure provisions. The Institute has long advocated high standards in disclosure as essential for ensuring that investors can compare financial products and financial investments.

Therefore, we endorse regulation aimed at ensuring offer documents contain accurate information, presented in a clear and non-ambiguous manner. However, we expressed our concern with the subjective nature of the 'clear, concise and effective' obligation, especially in relation to how ASIC may administer the law through the issuance of stop orders for those disclosure documents deemed to not meet the presentation requirement.

Trans-Tasman mutual recognition

In the next iteration of moving towards greater trans-Tasman co-operation, the Department of the Treasury and the New Zealand Ministry of Economic Development released a Discussion Paper *Trans-Tasman Mutual Recognition of Offers of Securities and Managed Investment Scheme Interests*. The Institute believes that this initiative will support greater investment between Australia

and New Zealand, enhance competition in our capital markets and reduce compliance costs for business. For further information on the Institute's response, see p23 in the Spring 2004 edition of JASSA.

Review of constitutional basis of Corporations Regulations regime

The Institute contributed to the 'Coalition for Corporate Certainty' response to the Australian Government on its review of the constitutional basis for the corporations regulation regime. The Coalition's submission indicated that after three years, the operation of the current corporations regulation regime has contributed to certainty and confidence in the corporations law, and therefore strongly supported the extension in time of the existing scheme. The Coalition also endorsed a permanent referral of the corporations' power to the Commonwealth of Australia.

Transition to international accounting standards — Australian IFRS equivalents platform

By the 30 June 2004 deadline, the Australian Accounting Standards Board (AASB) issued all the Australian equivalents of the International Financial Reporting Standards (IFRS) set for introduction from 1 January 2005.

Preparing for a smooth transition to international standards represents a major challenge for financial report preparers, but also for financial report users (eg. company management, shareholders, analysts) who will need to be aware of the significant reporting changes and expected financial impacts.

Since the 31 March 2004 release of the IASB stable platform of applicable international standards, the Institute has examined accounting issues related to *IASB ED 6: Exploration for and Evaluation of Mineral Resources*, *AASB ED 131: IASB Proposed Amendments to IAS 19 Employee Benefits: Actuarial Gains and Losses, Group Plans and Disclosures*, and *AASB ED 132: IASB Proposed Amendments to IAS 39 Financial Instruments: Recognition and Measurement – The Fair Value Option*.

With the ongoing controversy surrounding IAS 39, which is of particular interest to Australian banks and insurers, the Institute is preparing a submission to the IASB, which will not support the changes proposed by the IASB to limit the application of the fair-value option in the financial instruments standard to five specified situations when the fair value is verifiable.

In response to the IASB Chairman's request for nominations, the Institute put forward nominees for the IASB Insurance Working Group; for the IASB Financial Instruments Working Group to

examine the fundamentals of the IAS 39 standard; and for the International Advisory Group on Reporting Financial Performance/ Comprehensive Income being formed by the IASB, FASB (US) and UK Accounting Standards Board to improve the information presented in the financial statements of business enterprises.

Institute comments on APRA 'fit and proper' requirements

In a submission to APRA on its Consultation Paper *Fit and Proper Requirements and draft prudential standard APS 520: Fit and Proper for ADIs*, the Institute supported high standards of corporate governance and highly developed risk management practices. The safety and soundness of financial services institutions is crucial for the confidence with which Australians and others conduct business with these institutions, as well as for the overall stability of the Australian financial system.

Response to draft guidelines on price-sensitive decisions

The Treasury Exposure Draft: Guidelines for the Release of Price Sensitive Decisions by Australian Government Departments and Agencies sets out that 'experience indicates that listed entities cannot always be relied upon to comply with these information [continuous disclosure] requirements'.

In our response to the draft guidelines, the Institute strongly disagreed with the inference that there are widespread compliance problems with the continuous disclosure regime. Nevertheless, we reinforced our support for disclosure mechanisms that promote market integrity and investor confidence by encouraging a fully informed marketplace.

Institute supports national strategy on financial literacy

The Securities Institute lodged a submission to the Commonwealth's Consumer and Financial Literacy Taskforce on its discussion paper *Australian Consumers and Money*. The Institute's submission reveals that achieving a financially literate Australia is a plus for the economy and advocated that a Commonwealth Inspector-General of Financial Literacy should be established.

The Institute believes that consumer and financial literacy programs must be made available for all sectors of the Australian population so that consumers and investors can participate in the financial services industry with confidence. For further information on the Institute's response, see p25 in the Spring 2004 edition of JASSA.

Economic impact of ageing populations

The global impact of ageing populations is a major issue at the political, economic and social levels. As such, the Productivity Commission has recently been requested by the Council of Australian Governments to undertake a research study into the economic implications of an ageing Australia and likely demographic trends over the next 40 years.

In the terms of reference outlined by Federal Treasurer, the Hon Peter Costello MP, the Commission is to report on:

The likely impact of an ageing population on Australia's overall productivity and economic growth.

Hong Kong –HKSI

HKSI continues to grow Mainland China service offering

The ties between Hong Kong practitioners and our Mainland China counter parts have continued to strengthen in the past months with the recent announcement that HKSI will be conducting the Hong Kong Licensing Examinations in Mainland China financial centres in 2005.

'This is a very exciting step for HKSI', comments Mr Gary Cheung, HKSI Chief Executive, 'It marks a new stage in the development of mutual recognition of securities and futures licensing examinations between Hong Kong and Mainland China.'

The introduction of the Hong Kong exam in Mainland China represents a natural progression from the steps taken in early 2004 when Hong Kong practitioners were allowed to sit for the PRC Securities Regulation Examination and were offered a fast track to achieving the Mainland China industry qualifications.

Hong Kong Financial Services Expo held in Shanghai

Hong Kong securities practitioners, banks and fund managers recently participated in the inaugural Hong Kong Trade Development Council Financial Services Expo in Shanghai. This 3-day event provided an excellent opportunity to showcase the work the Institute does as a premier provider of quality training programmes and examinations to Shanghai based investors, regulators and government officials. The HKSI acted as a co-organiser to this event.

Professional events

The Institute continues to secure informative and influential speakers from the financial services industry to share their experiences and knowledge with our members. In September, high profile chairman and chief executive of the Bank of East Asia, the Right Honourable David Li presented on the trends and strategies for the Hong Kong banking industry in Mainland China. Visiting business leader on corporate governance and former Special Assistant for Economic Policy to President George W. Bush, Dr. Phillipa Malmgren conducted a private round table luncheon event attended by local Chief Executives.

In addition to practitioner focused events, the Institute recently rolled out a series of presentations by the local regulatory body, the Securities and Futures Commission (SFC). The SFC Executive Director series aims to create an active dialogue between the local regulator and market practitioners. In July Mr Peter Au-Yang, SFC Executive Director and Chief Operating Officer presented to members on the operational structure of the Commission and outlined a number of key project priorities in the year ahead. In September Mr Ashley Alder, SFC Executive Director Corporate Finance presented his views on the future direction of listed companies in Hong Kong. Both events were very well attended with active discussions from practitioners regarding a number of key SFC initiatives currently in the market place.

Training programmes in Taipei, Taiwan

In collaboration with the Securities and Futures Institute (SFI) in Taiwan, the Institute recently offered a two-day training programme on the topic of 'Trading Strategies for Interest Rate Futures Commodities' to SFI's members in Taipei, Taiwan. The programme, which covered the latest development of international interest rate futures and the trading strategies for interest rate futures commodities, was very well received and was attended by 140 finance practitioners.

Licensing Exam – Electronic results

One of the key activities conducted by the HKSI is the provision of securities licensing examinations. In 2003 the Institute held over 48 exams, attended by 25,025 candidates. To improve communication with this large volume of exam candidates, the Institute recently rolled out a new electronic avenue for candidates to receive exam information. Candidates can now view their exam results on-line approximately nine full working days after the date of each examination. Candidates can access their scores with the assigned login name, validated by their birthday and ID/passport number.

Japan – SAAJ

19th SAAJ Annual Conference

18, October 2004 at Toshi Center Hotel in Tokyo

The Security Analysts Association of Japan (SAAJ) is going to hold the 19th SAAJ Annual Conference jointly with 2004 ASAF Conference coming October. The conferences offer impressive general sessions, panel discussions and field trips for participants. Conference official announcement was distributed to ASAF member societies in July and SAAJ is now receiving registration from all over Japan and Asian countries. For more details please check ASAF conference website: <http://www.asaf2004.com>.

Recent events

SAAJ has held the 4th SAAJ summer seminar: 'Pension Management and Investment in Bonds' to be held on 9th of July 2004.

SESSION 1

'Cash balance planning and strategy in investments in bonds'

SESSION 2

'New Frontier of Yen bond portfolio — management inflation-interlock type bond'

SESSION 3

'New Frontier of Yen bond portfolio — management' management of hedged foreign bond'

Eight other seminars including the 5th SAAJ-Nippon Finance Association Joint Seminar 'Elucidation of Investors' performance' were successfully held during July to September on following various topics.

- Current status of Japanese economy and task for full-scale recovery
- Stock market outlook of latter half of this year from viewpoint of technical analysis
- Domestic and foreign factors behind the Japanese stock market
- Current policy and future tasks regarding environmentally friendly energy

Upcoming events/seminars

The following seminars are scheduled to be held in October, November and December:

8 October

Quest for the Exit of Quantitative Monetary Easing Strategy
by Izuru Katoh
Totan Information Technology Co Ltd

2 November

New Trend for Real Estate Investments
by Junji Inoue
STB Research Institute

9 November

Outlook of Macro Economy and Finance
by Yasuo Nakayama, Nagoya Branch
General Manager, Bank of Japan

11 November

Recent Development of Bond Rating
by Yasuhiro Harada, Vice President
Rating and Investment Information Inc.

15 November

Portfolio Formulation
by Mr Harindra deSilva, PhD
President of Analytic Investors Inc

22 November

New Model for Stock Valuation
by Prof. James A. Ohlson
New York University

3 December

Recent Development of Accounting Standards
by Sizuki Saito & Ikuo Nishikawa
Accounting Standard Board of Japan

9 December

Vision for the 2005 World Economy
by Akinari Horii, Director General
International Department, Bank of Japan

India – ICFAI

New releases from ICFAI University Press

ICFAI University Press, a constituent of the ICFAI University has recently published 38 new titles. Some of the recently published books include:

- IT-Enabled Enterprise Asset Management
- Oil – Politics & Economics
- Global Banking – Asia Pacific Region
- Constitution for 21st Century India
- Financial Intermediation –Innovations & Practices
- Inflation Targeting – Concepts and Experiences
- Supply Chain Management – An introduction
- E-Government – Concepts and Cases
- Entrepreneurial Development – An introduction

These books seek to provide, at one place, a retrospective and prospective view of the contemporary developments in the environment, and their impact on managerial decisions. The ICFAI University Press has so far published more than 320 books. For further details on the books published by the ICFAI University Press, please visit www.icfaipress.org/books



Faculty development programs

The ICFAI University recently organised a series of Faculty Development Programs at 10 different cities in India for the benefit of the faculty members of educational institutions. These programs were conducted at New Delhi, Ghaziabad, Chandigarh, Ludhiana, Amritsar, Jalandhar, Shimla, Rohtak, Indore and Bhopal. Over 350 faculty members from prominent educational institutions in these cities participated in these programs. The program was exclusively designed by the ICFAI University and covered sessions on teachers as mentors and role models, and the emergence of new India in terms of various economic and business aspects.



Seminar on careers in finance and banking

The ICFAI University recently organized a series of seminars on Careers in Finance and Banking in Mumbai. Prominent speakers from the finance and banking industry made presentations in these Seminars. These seminars were organized for the benefit of students and working executives to get an overview of the emerging trends in these sectors and the various career opportunities.



Thailand – SAA

Thailand Focus 2004 —

A success from SET News

'Thailand Focus 2004' has successfully presented Thailand to 1,035 participants; foreign fund managers and Thai corporations were all satisfied with the event.

The President of The Stock Exchange of Thailand (SET), Mr. Kittiratt Na-Ranong, disclosed that 'Thailand Focus 2004', which was jointly hosted by FeTCO (the Federation of Thai Capital Market Organizations), the Stock Exchange of Thailand (SET), Credit Suisse First Boston, and ABN AMRO had been a huge success. The event took place during September 20 – 22, 2004 at the Four Seasons Hotel, Bangkok. Although this was its debut, the event received accolades far beyond expectations.

The 'Thailand Focus 2004' symposium was held to present essential information about Thailand's true potential. The event provided direct access to the SET50 companies as well as companies having potential to list. Local and overseas fund managers were also provided with investment-related information on both the public and private sectors. The event, which gathered an exceptionally large number of executives, was truly a success.

'The very positive outcome can be observed from the large number of participants, which was recorded at 1,035. Of these participants, 411 were fund managers from a total of 161 institutions. Of these, 136 were foreign institutions while the remaining 25 were locals. There were more than 200 chief executives from the public and private sectors who participated, plus an additional 250 corporate executives from 54 companies. Naturally, the event attracted its share of media coverage. There were 178 local and foreign press representatives in attendance from a variety of news desks.

Consequently, despite this being 'Thailand Focus 2004's' debut, the outcome has been very favorable for both the organizers and the participants,' Mr Kittiratt said.

Most importantly, the event received serious attention from senior executives in the public sector, including Thailand's Prime Minister, as well as cabinet ministers responsible for important economic aspects.

Other than Prime Minister Dr. Thaksin, senior ministers participating in the event were the Ministers of Finance, Transport, Energy, Interior, and of Information & Communication Technology (ICT). In addition to these key policymakers, the Governor of the Bank of Thailand and chief executives from other government institutions also participated.

This event was the first activity of FeTCO, which was founded by six organizations, ie. the Association of Securities Companies (ASCO), the Listed Companies Organization, the Association of Investment Management Companies (AIMC), the Securities Analysts Association (SAA), the Thai Investors' Association (TIA), and The Stock Exchange of Thailand (SET). The Federation will lead operators and investors to develop the Thai capital market, with three main objectives- to strive for market stability, promote good corporate governance, and be responsible for the society, environment, and education.

Analysts Consensus: New source of data for investment decisions

Mr.Kongkiat Opaswongkarn, PhD, Chairman of Securities Analysts Association (SAA), announced the opening of Analysts Consensus on website. The objective of Analysts Consensus is to provide comparable analysts' opinions on important forecasted financial performance of listed companies to investors (both institutional and individual), fund managers, executives of listed companies as well as analysts.

'The Analysts Consensus has been produced to fulfill one of our policies of enhancing and providing knowledge and information on securities analysis for investment decisions. In addition, it is a low-cost access to various securities companies' analyzed data of listed companies for retail investors. These investors usually open trading accounts with and get analysts reports from one or two securities companies only, hence they cannot compare data for effective decision making. With Analysts Consensus, they can compare information from various securities companies before making investment decisions.', said Mr.Opaswongkarn. The Analysts Consensus is derived from the co-operation of leading securities companies who are the Stock Exchange of Thailand's and SAA's members.

The data is given in the same format, making it easy to understand and be used by analysts, fund managers, executives, investors as well as reporters. It reflects analysts' opinions towards listed companies.

The presentation of Analysts Consensus can be succeeded with the support of Settrade.com who provides system design, technical support and system maintenance. The Analysts Consensus is posted on web site www.settrade.com

Mr.Pichai Lertsupongkit, SAA Director and Secretary-General added, 'It is the survey of analysts' opinions on listed companies' performance. The data is presented in table format summarizing important financial figures of listed companies, eg. net profit, EPS, DIY, target price, etc. The strongest point is that it shows the average, highest, lowest and median of each item. Analysts can also update the data in the system anytime they want.'

At present, the data in Analysts Consensus comes from analysts of leading securities companies and SAA believes more opinions will flow in from other securities companies, making it a real center of analysts' opinions and useful to all concerned. Interested persons can find more information from www.settrade.com

Calendar 2004 / 2005

30 November 2004
ACIIA® Council Meeting
Beijing, PR China

2 April 2005
ASAF ExComm Meeting
Bangkok, Thailand

9 May 2005
ICIA Meeting
Philadelphia, USA

29 – 30 June 2005
ACIIA® Council Meeting
ACIIA® AGM
Canary Islands, Spain



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Contact: Kazumichi Karita,

c/o 5F Tokyo Stock Exchange Building,

2-1 Nihonbashi-Kabutocho, Chuo-ku, Tokyo 103-0026, Japan Tel: 81 3 3666 15

76 Fax: 81 3 3666 5845

E-mail: asaf-manager@saa.or.jp Website: www.asaf.org

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