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# ASAF

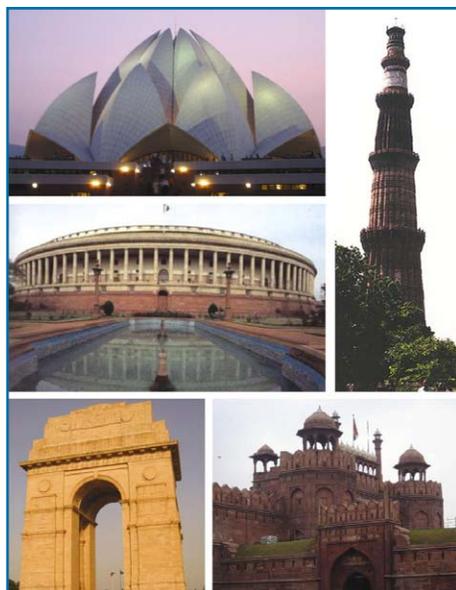
## Newsletter

Quarterly Issue, September 2007

The Newsletter of the Asian Securities Analysts Federation Inc.

### Secretariat News

#### ASAF 2007 Conference in New Delhi



The ASAF 2007 Conference will be held on Friday, 23 November 2007, at Le Meridien Hotel in New Delhi, India, kindly hosted by the Institute of Chartered Financial Analysts of India (ICFAI). The theme of the Conference is "Asian Capital Markets - The Way Forward" featuring prominent speakers from India and other countries. Participants will experience the dynamism of one

of the fastest growing economies of the world and be able to take advantage of an excellent networking opportunity.

The official website, <http://www.2007asaf.org/>, gives details of the conference program, accommodation, as well as sightseeing attractions, etc. Conference registration and related inquiries can also be made via the official website.

We all look forward to welcoming as many participants as possible from all over the ASAF region.

#### ASAF 2007 Annual General Meeting (AGM) and Committee Meetings

In conjunction with the annual conference, various committee meetings and the AGM will be held on Thursday, 22 November, at Le Meridien Hotel in New Delhi. Among the regular agenda items will be the election of Executive Committee members during the AGM.

## CIIA recognition in the UK

In July 2007 the ACIIA fulfilled all the non-UK specific criteria set by the Financial Services Authority (FSA) and achieved recognition in London for the CIIA designation. This means that CIIA is now recognised as an appropriate designation for the seven FSA-regulated activities in the UK that are most relevant to CIIA holders.

ACIIA had already received Awarding Body Status recognition from the Financial Skills Services Council in March 2007 and following this latest major accomplishment, the CIIA designation is now classed as a key 2 Qualification and is included on the Financial Services Skills Council Examination List in the UK ( details can be found at the FSSC website [www.fssc.org.uk](http://www.fssc.org.uk) )

A key 2 Qualification requires a further UK specific examination to fully cover the FSA requirements since the CIIA examination does not incorporate a UK Financial Services Regulation and Ethics approved exam. Successful CIIA candidates who would wish to engage in any of the seven relevant activities will need to take a UK regulation examination (Key 3) such as the IMC (UK regulation and markets part, only) for full recognition.

Achieving designation recognition in the UK is a significant step for the CIIA as not only does it increase CIIA visibility in the United Kingdom but it also signifies a designation of quality and good standing in Countries worldwide.

## CIIA Examinations – September 2007

With the successful completion of the CIIA examinations on September 14th (Europe /Americas) and 15th (Asia), it marked the fourteenth occasion in which the exams have been administered.

The examinations were held in eighteen countries and a lot of candidates endeavored to take on the challenge that the CIIA examinations



represent. For the first time since their formation the Iranian and Hungarian Societies introduced candidates to the examinations.

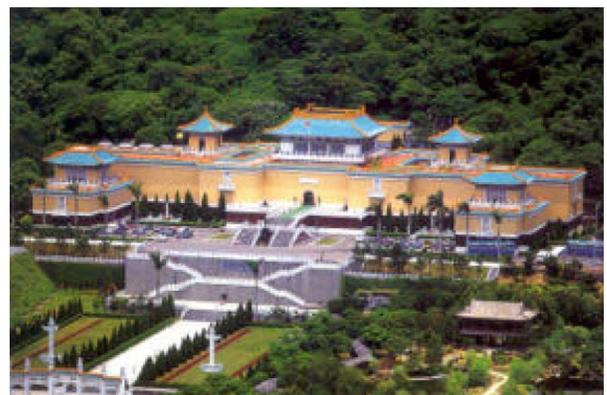
Since the ACIIA first held the CIIA examinations in 2001 more than 3,700 candidates have successfully passed the designation and the exams have been conducted by 23 ACIIA Societies. To date the examinations have been sat in the following countries:

Argentina, Austria, Belgium, China, Chinese Taipei, France, Germany, Greece, Hong Kong, Hungary, India, Iran, Italy, Japan, Korea, Luxembourg, Morocco, Poland, Russia, Spain, Sweden, Switzerland and Ukraine.

With the number of ACIIA Member Associations increasing and the accessibility of the CIIA qualification spreading worldwide, we are ever nearing the realisation of the CIIA diploma becoming a truly international designation.

## ACIIA® Council Meeting: 8 November 2007, Chinese Taipei

ACIIA Council Meeting will be held in Taipei on 8th November, 2007.



## Calendar 2007-2008

22-24 November 2007

ASAF Education Committee Meeting  
ASAF Advocacy Committee Meeting  
ASAF Communications Committee Meeting  
ASAF Executive Committee Meeting  
ASAF Annual General Meeting  
ASAF 2007 Conference, New Delhi, India

8 November 2007

ACIIA<sup>®</sup> Council Meeting  
Chinese Taipei

26 June 2008

ACIIA<sup>®</sup> Annual General Meeting  
Paris, France

and meet the growing needs of our 21,000 members. Finsia is now heading in a new direction, with our focus on:

- Supporting ongoing professional development through seminars, forums and conferences that provide ongoing networking opportunities and access to all of our traditional educational products.
- Keeping members informed via a range of quality publications, including inFinance and JASSA, about the financial services sector and significant technical information as it comes to hand. Other services in the pipeline include the distribution of research reports on small listed entities, as part of Finsia's partnership with the Australian Securities Exchange (ASX).
- Becoming a career partner, advising members of quality educational opportunities as well as providing career-enhancing services such as mentoring, online employment services and career fairs. Special Interest Groups (including Young Professionals) will also be given increased focus.
- Further developing members' industry voice. Finsia will continue its leadership in advocacy and policy matters which are critical to the ongoing development and prosperity of our economy, the financial services sector and, most importantly, the professional lives of our members.

### Sustaining the Momentum:

#### Tim Flannery and Finsia's 'Tip of the Iceberg' campaign

Finsia's 'Tip of the Iceberg – the economics of sustainability risk reporting' campaign was capped off with a very successful public summit in Sydney on 1 August. Professor Tim Flannery, Australian of the Year and acclaimed scientist, provided the keynote address.

On the economic front, Chris Murphy, Director of EconTech, presented findings from the research commissioned by Finsia into Sustainable Risk Reporting (SRR), while Finsia fellow Richard Gibbs F Fin (Chief Economist, Macquarie Bank) provided the industry perspective.

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## Member's Regional News

### Australia — FINSIA

#### New directions

**Greater resources, better information, a stronger industry voice and expanded services.**

The sale of Finsia's education arm to Kaplan was completed on 27 August 2007. This also coincided with the resignation of Brian Salter, who as CEO provided inspirational leadership of the organisation over many years.

Moving forward, exciting times are ahead as Finsia takes steps to strengthen its identity as the leading membership body for financial services professionals across Australia and New Zealand. We will be aided in this process by prudent investment and careful stewardship of the proceeds from the sale of our education arm.

With our expanded resources, we can now redouble our efforts to raise industry standards

AUSTRALIA

Senators Grant Chapman and Penny Wong, strong supporters of Finsia's campaign, also provided Government and Opposition perspectives on Corporate Social Responsibility and the role of company reporting of material business risks.

PR CHINA

Professor Thomas Clarke, Director of the UTS Centre for Corporate Governance, gave a thoughtful and sobering analysis of Australia's performance in sustainability risk reporting, compared with other OECD countries.

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The aim of Finsia's *Tip of the Iceberg* campaign was to draw together the passionate converts and informed sceptics regarding the importance of sustainable and responsible investments, by laying down the economic evidence for SRR and encouraging robust discussion.

INDIA

The economic analysis commissioned and released by Finsia at the event found the Australian economy and 'Mum and Dad' investors would be the real winners if companies reported on sustainability risks such as climate change – to the tune of a \$1.2 billion boost to the economy and a 2-3 per cent average increase in the profits of major companies.

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KOREA

The Finsia/Econtech report – believed to be the first of its kind in Australia – examines the costs and benefits of SRR to businesses and the overall Australian economy.

MALAYSIA

NEW ZEALAND

At the Summit, Finsia Interim CEO, Stephen Harrison, said, 'The crucial question is whether we are at the "tip of the iceberg" and whether the Australian economy can afford the cost of companies not reporting on sustainability risks such as climate change? Will investors be put at risk with their retirement savings if sustainability risks aren't reported by companies?'

PHILIPPINES

SINGAPORE

The Finsia/Econtech report found there's a strong economic case for medium and large companies that voluntarily report on sustainability risks. 'The time is right for the finance sector to review its approach to sustainability risk reporting in the light of the net benefits to business and our economy. These benefits arise because companies with sustainability risk reporting benefit from lower corporate borrowing costs due

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to reduced risk, and higher labour productivity and sales from the boost to their reputation with employees and customers.'

The study modelled the effects of a rise in companies reporting on sustainability risks from 23 to 60 per cent. At present levels, and even with this conservative forecast, Australia lags significantly behind other countries reporting levels, notably Japan (80 per cent) and the UK (71 per cent). Australia clearly has an opportunity to lift its game.

This was the conclusion reached in an exposition paper commissioned by Finsia and conducted by the UTS Centre for Corporate Governance, also launched at the Summit, which found that 'while corporate social responsibility is moving from the margins to the mainstream, Australia still lags behind other countries on sustainability risk reporting'.

For further information on Finsia's Tip of the Iceberg campaign or the research launched at the public summit see [http://www.finsia.com/About/Policy\\_and\\_Advocacy#Tip\\_of\\_the\\_Iceberg](http://www.finsia.com/About/Policy_and_Advocacy#Tip_of_the_Iceberg)

### ASX corporate governance guidelines updated

The Australian Securities Exchange Corporate Governance Council recently released its first updates to the ASX's Corporate Governance Principles and Recommendations since 2003.

The revised principles will come into effect in the first financial year commencing on or after 1 January 2008. Launched officially by Parliamentary Secretary to the Treasurer Chris Pearce, the document focuses on greater corporate governance, directorial independence and recommends a ban on hedging unvested options.

The most notable change is in 'Principle seven', which accedes to overwhelming business demand to refuse public disclosure of material and related risks. It does, however, advise on greater internal risk oversight, improved management policies and control systems.

Submissions did, however, show significant interest in sustainability and Corporate Responsibility (CR) issues, notwithstanding that submissions indicated sustainability/CR had a wide variety of meanings.

'Principle two' addresses directorial independence, setting out a list of 'relationships affecting independent status' that a company should take into account when determining the independence of a director. Companies will now be required to disclose their reasons for considering a director 'independent', notwithstanding the existence of one of these relationships.

Finsia is a member of the ASX Corporate Governance Council and welcomed the release of the principles. In its submission to the ASX, Finsia recommended that a timeframe be determined for measuring the extent and depth of Australian companies reporting on sustainability risks, and whether, in the future, a specific reporting trigger should be inserted into the Principles.

## No ban on commissions, shelf fees out

In August, the Joint Parliamentary Committee on Corporations and Financial Services delivered a report arguing against the removal of commissions on super products but calling for greater transparency and the removal of shelf fees.

The report said the committee did not recommend the prohibition of commissions on superannuation products, as argued by industry funds, saying many consumers cannot afford upfront fee-for-service advice. The report noted that 'This situation is compounded by the unresolved problem that the current disclosure regime causes advice to cost more than its inherent value'.

Banning commissions would also not remove all potential conflicts of interest as 'superannuation funds, including industry funds, use other remuneration practices such as bonuses and incentive plans for sales people that may give rise to conflicts'.

But the committee took a much stronger line against shelf fees for investment menus, saying they could be 'anti-competitive and may encourage products to be listed and subsequently recommended that may not be in the best interests of the client.'

While the report acknowledged that the industry should move towards fee-for-service advice, payment for funds management and payment for administrative services, it said interactions between advisers, licensees and super funds needed to be disclosed more clearly. It also singled out advisers needing to disclose their ownership structure and their licensee arrangements.

According to the report, 'It is apparent that clients may not be aware of the integration of superannuation product supply and sales advice and the incentives that stem from such an arrangement'.

## Green light for shorter PDSs

Regulations have now been introduced to allow shorter 'incorporation by reference' product disclosure statements (PDSs).

The Parliamentary Secretary to the Treasurer, the Hon Chris Pearce, said the regulations were 'an integral part of the Government's overall vision for the simplification of Australia's corporate and financial services regulatory system'.

He thanked the many stakeholders who contributed their views to the Government on this important measure to further reduce red tape in the interests of all Australians.

'The incorporation by reference regulations follow significant consultation with both industry and consumer groups, meaning that we can be confident the regulations are both practical and relevant', he said. The regulations follow the implementation of other financial services-related measures, including those in the *Simpler Regulatory System Act 2007*.

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# Hong Kong— HKSI

## HKSI Mission to Shanghai

The Hong Kong Securities Institute is committed to strengthening ties between the finance sectors of the Mainland and Hong Kong. One of our goals is to create a channel through which our members can exchange knowledge and information with their counterparts on the Mainland. The future development of the local finance industry is dependent on the co-operation and ties we build today. Without the partnership of professionals, private industry and Government departments in the Mainland, Hong Kong would not be in the enviable position it is in now as the gateway to China and the region's premier finance hub.

Our close ties with the Mainland received a further boost in July when Chairman Dr Au King-lun led a 40-member delegation to Shanghai – the Mainland's leading financial centre. With the positive feedback from the 2006 Beijing CEPA Forum and the growing interest of the Mainland market among local practitioners, the trip was part of a series of activities now being arranged by the Institute in conjunction with the Shanghai government, institutions and firms. The objectives of the Shanghai visit were to build on the strengths that already exist between Hong Kong and Shanghai in the securities sectors, and to provide networking opportunities for members that joined the delegation.

During the two day programme, delegates visited the Shanghai Municipal Government Financial Service Bureau, CSRC Shanghai Office, Shanghai Stock Exchange, China Securities Index Company, Shanghai Futures Exchange and China Financial Futures Exchange (CFFEX). It also included an in-depth discussion session with the China Futures Association.

The delegation received tremendous support from leaders and senior representatives of Shanghai's government and market institutions, proving there is great interest across the border in how Hong Kong works as a successful finance

market. Participants from both sides agreed that professional networking activities between Hong Kong and Shanghai are essential in laying the foundations for a higher level of co-operation.



(Shanghai, 12 July) During the meeting at Shanghai Municipal Government Financial Service Office



(Shanghai, 12 July) HKSI's delegation and the representatives of CSRC, Shanghai Office



(Shanghai, 13 July) HKSI's delegation and the representatives of Shanghai Stock Exchange

## PDFM Recognised by ACCA

As an ACIIA member society, the Institute is committed to provide the CIIA qualification to the local practitioners as our top-tiered qualification. The Institute also believes that career success comes from a diversified portfolio of experience and qualifications, which is why the Institute is actively promoting the HKSI Professional Diploma in Financial Markets (PDFM) qualification for middle level practitioners.

The examination for this qualification aims to arm candidates with a standard level of proficiency across many of the general aspects of the securities and investment industry. The PDFM programme consists of seven modules intended to give candidates grounding in core disciplines, and act as a platform for further learning and development. While the qualification is recognised by a number of local and international professional associations including ACIIA, we are actively promoting it to become an internationally accepted award.

Recently, the Association of Chartered Certified Accountants (ACCA) has recognised the qualification that PDFM graduates will be granted exemption from Papers F3 and F9 of the ACCA Qualification, and Papers T1, T3, T6, and T10 from the Certified Accounting Technician (CAT) of the ACCA.

The Institute welcomes the ACCA's recognition of the PDFM as a sign that the hard work of our board and member's is beginning to bear fruit. We firmly believe the holders of these qualifications will begin to enjoy further career success as they gain greater integration into the international finance sector. We at the Institute will continue with our efforts in getting broader and deeper recognition for these qualifications and its membership in order to further strengthen Hong Kong's status as an international finance centre.

## Japan — SAAJ

### The New Chairman of The Security Analysts Association of Japan elected



New SAAJ Chairman  
**Mr. Yukio Suzuki**, CMA  
SAAJ Japan

At an Extraordinary General Meeting held in August 2007, a new Board of Directors of SAAJ was elected. Immediately the Board Meeting was held and elected Mr. Yukio Suzuki as new SAAJ Chairman.

Mr. Suzuki has been a Director (Audit Mission Director) of Nomura Holdings, Inc. since 2005, and, reflecting his considerable professional experience in the securities and investment industries gained over many years, he has been contributed to the SAAJ as a member of various standing committees such as the Policy and Co-ordinating Committee, the Professional Ethics Committee, Education and Examination Committee, etc. and also a speaker at seminars on various topics.

After being awarded a Master of Engineering (ME) degree from the Graduate School of Science and Engineering of the Science University of Tokyo in 1975, Mr. Suzuki immediately joined Nomura Research Institute. Since then, he has served the Nomura Group in such positions as Director of the Investment & Financial Division of Nomura Research Institute (1996-1997), Director of Financial Research Center of The Nomura Securities Co., Ltd.(1997-1999), and

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Senior Executive Officer of Head of Investment Research Division of Nomura Asset Management Co., Ltd. (2000-2005) and assumed the current position in 2005.

PR CHINA

## Recent Events

SAAJ held more than fifteen seminars and workshops in July-September 2007.

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**Some topics were:**

### 24 July

‘Current situation and future prospect of Japanese economy’

HONG KONG

INDIA

**Kazuo Momma**

Director-General

Research and Statistics Department, Bank of Japan

IRAN

### 30 July

‘Outlook for stock market in the second half of 2007’

JAPAN

KOREA

**Shoji Hirakawa**

Executive Director, Chief Strategist  
UBS Investment Bank

MALAYSIA

### 21 August

‘Workshop – Corporate Value and M&A’

NEW ZEALAND

**Nobuyuki Isagawa**

Assistant Professor  
Graduate School of Economics,  
Kobe University

PHILIPPINES

### 18 September

‘Study on Chinese capital market –system, and structural problems’

SINGAPORE

**Eiichi Sekine**

Financial Industry Analyst  
Nomura Institute of Capital Markets Research

THAILAND

## Upcoming Events/Seminars

SAAJ is planning to hold several seminars and conference from October to December.

### Topics to be covered:

The 8th SAAJ-Nippon Finance Association Joint Seminar: Hedge fund evaluation and its new development’ to be held on 25th of September, 2007.

### Session 1

‘Recent developments in research on hedge fund’

**Akihiko Takahashi**, Professor

Graduate School of Economics, Faculty of Economics, The University of Tokyo

### Session 2

‘Recent development of hedge fund in Asia and Pacific region’

**Hideki Yamauchi**, President & CEO

GCI CAPITAL

### Session 3

Discussion:

Akihiko Takahashi & Hideki Yamauchi

## The 22nd SAAJ Annual Conference:

‘Continuous growth of Japanese Companies’

### 12 October 2007, Tokyo

The SAAJ Annual Conference will offer impressive general sessions as well as lively panel discussion.

### Commemorative Speech

‘Relationship between development of TV and computer games and corporate management-what I see in common-’

**Satoru Iwata**, President,  
Nintendo Co., Ltd.

## Keynote Speech

‘Continuous growth of Japanese Companies’

**Hiroataka Takeuchi**, Dean,  
Graduate School of International Corporate  
Strategy, Hitotsubashi University

## Panel Discussion

Moderator:

**Hiroataka Takeuchi**

Panelists:

**Shoichiro Iwata**, President & CEO  
ASKUL

**Haruo Naito**, President & CEO,  
Eisai Co., Ltd.

**Tetsuro Higashi**, President & CEO  
Tokyo Electron Limited.

**Toru Yamashita**, President & CEO  
NTT DATA CORPORATION

**Takatoshi Yamamoto**, CMA  
Deputy Chairman,  
UBS Securities.

## The 1st SAAJ Private Banking Seminar:

13-14 December 2007, Tokyo

As the environment surrounding high net worth individuals is dramatically changing, many financial institutions, such as banks, securities firms, etc., in Japan have set up their own private banking/wealth management sections.

On the other hand, individual investors demand services which provide them with global and comprehensive investment information. However, services offered vary considerably from institution to institution, and the quality of wealth managers/employees is not standardized.

Taking the current situation into account, SAAJ, as an association whose main objectives are to

offer educational programs leading to the CMA and CIIA designation, believes it is now the right time to embark on a serious feasibility study of an educational program for wealth management which incorporates financial theory and analytical research techniques. SAAJ also believes it is important for the CMA members (21,000) including CIIA holders to widen their role and win the confidence of individual investors by obtaining skills through training and learning in the field of private banking/wealth management.

As a first step, SAAJ has organized a Working Group (WG) consisting of members from mega banks, securities houses, life insurance companies, and practitioners to consider this issue and come to a decision as to how best to proceed.

The first goal is to organize a two-day seminar for those engaged in private banking and/or wealth management. By analyzing the seminar results, the SAAJ WG intends to formulate a strategy to introduce the appropriate educational programs, or even a designation, in Japan.

## Seminar Program

Introduction to the seminar

**Takashi Yoneda**, Representative Director &  
Chairman of the Board  
LPL JAPAN SECURITIES K.K.

### Session 1

‘Targeted clients for private banking/wealth management’

**Hiroyuki Miyamoto**, Group Manager,  
Financial Consulting Department Nomura  
Research Institute

### Session 2

‘Challenges and prospects for private banking/wealth management in Japan’

**Takashi Yoneda**

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### Session 3

Proposal for Japanese style Family office

#### **Katsura Suzuki**

Ernst & Young (Zurich) Japan Business Service

### Session 4

'Wealth management /relationship management (theory)

#### **Takashi Yoneda**

### Session 5

'Alternative investments'

#### **Motoyasu Yukawa,**

Director and General Manager,  
Private Asset Management Department  
Pictet Financial Management Consultants Co.,  
Ltd.

#### **Case study**

#### **Masaichi Kitayama**

President & CEO  
Capital Asset Planning, Inc.

(The seminar will be offered in Japanese.)



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