Planning for success

The Institute is enjoying success from enhanced education programs, focused policy initiatives and customer satisfaction strategies.

This quarter has been an extremely busy and successful period for the Securities Institute. All areas of the business have delivered strongly against our objectives identified in the Institute’s Three Year Strategic Plan. We have enhanced our education programs, focused our attention on policy and advocacy priorities, and developed customer-focused strategies for professional development. I would like to thank our staff and contributing practitioners for their commitment and contribution to raising standards in the securities and financial services industry.

New Institute national president appointed
The 2004 AGM, held in Sydney on 19 April 2004, marked the beginning of the term of office for Fred Grimwade FSIA, a Vic/Tas Regional Council member since 1995 and a National Councillor since 1999. Having completed the Institute’s course in the early 1980s, he became active on Institute committees on his return to Melbourne from stints in the US and Sydney, serving on the Victorian Training Committee in the early 1990s and on the Structural Review Committee in the late 1990s. He is Principal of Fawkner Capital Management Pty Ltd.

Fred sees the wide reach of the Institute’s current activities as a major contribution to Australia’s position as a sophisticated and internationally respected market. The Institute will continue to educate, support and guide industry participants in an increasingly complex market environment, and will step in where others stumble to address practices that are seen to be wanting.

At the AGM, Michael Shepherd FSIA (NSW/ACT) was appointed National Vice President, and Michael Willis FSIA (Qld) remains as Honorary Treasurer. I would like to thank Ian Neal FSIA for his insightful leadership of the Institute over the past two years.

For further details see the President’s Report and the CEO’s Report to the AGM (see pages 22-24). I would encourage members to read them.

The Institute’s first National Finance & Investment Week a success
Following the success of the Vic/Tas Region’s Finance & Investment Week last year, this year’s national event has proved that the Institute’s customers of all types have embraced this concept with enthusiasm. Over 3,000 participants attended 33 events nationally, with a wide range of seminars, breakfasts, luncheons and cocktail parties on offer. Most regions took advantage of special events to honour distinguished practitioners and members. A more detailed report is to be found on page p28 of this issue.

Calling for nominees … Financial Reporting Panel
The Parliamentary Secretary, the Hon. Ross Cameron has invited the Institute to nominate possible candidates for

FRED GRIMWADE FSIA
New National President
appointment to the Financial Reporting Panel (FRP). Nominations from members practising in corporate finance, stockbroking, research analysis, financial planning and advising, funds management, accounting, audit, securities law and other financial industry-related fields are welcome. We plan to conduct a rigorous selection process to identify and nominate several industry practitioner candidates suitable for endorsement by the SIA National Council as an industry representative to serve on the Panel. If members would like to nominate a particular individual, we would ask that they contact our Policy Team on (02) 8248 7593.

**Anti-money laundering media briefing**

On 1 June 2004, the Institute hosted a media briefing to discuss proposals for reforming Australia’s anti-money laundering program. Currently, cash dealers are required to report particular cash transactions and suspicious transactions as well as conduct particular customer identification and verification.

The proposed changes will expand reporting requirements, expand customer identification and verification processes and require significant redevelopment of systems and information handling procedures re-engineering of internal control measures.

Since the media briefing the Attorney General’s Department released a Principles Policy Paper outlining the key principles guiding the implementation process. We expect that draft legislation will be released towards the end of June. The Institute will continue to work with the government to ensure that the new regime is sensible, practical and reasonable and balances the benefits for regulation with the costs for the financial services industry.

This issue of JASSA includes a discussion of the policy and practical implications of the anti-money laundering reforms (see page 27, Cracking down on money laundering and terrorist financing). Further information is on our website: www.securities.edu.au/members/members_policy_submissions.asp.

**Collaboration across industry**

The Institute was one of 14 organisations from across a number of sectors that called for actions to be taken to make the most of superannuation and encourage increased retirement savings. We are concerned that Australians are not saving sufficiently for their retirement and that there needs to be reforms that deliver actual and practical outcomes and improve standards of living for all Australians.

The “Call for Super Action” document concentrates on a number of key principles. The objectives of this industry initiative are to promote practical proposals for:

- Increasing the level of retirement income for Australians and thereby ensuring improvements in adequacy.
- Providing clearer incentives for Australians to save over the long term.
- Providing greater simplicity for personal decisions.
- Encouraging better integration between part-time work and retirement for older Australians.

The “Coalition for Corporate Certainty” (of which the Institute is a member) was requested to contribute to the government’s review of the Constitutional Basis of the Corporations Regulation Regime. In our submission, we indicate that the operation of the current corporations

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**Securities Institute well placed to expand operations in the Asia Pacific region**

The Institute has appointed international manager Sue Jeffery to head a tactical campaign to dramatically boost student numbers, memberships and education standards throughout the Asia Pacific region. According to Ms Jeffery, the Securities Institute is in a unique position to develop further in the Asia Pacific market by capitalizing on the Institute’s highly regarded brand name and extensive networks through the Institute’s wide-ranging international membership base in over 45 countries.

“There is a growing demand in Asia for our quality education programs, and Australia’s financial markets model is highly respected for its dedication to raising standards. Our extensive work assisting emerging economies on market development projects throughout Asia also gives us significant insight into the region’s education needs, and will act as a major springboard for the establishment of the Institute’s programs internationally”, says Ms Jeffery.

During 2003, the Institute ran a capacity-building program for the Bank of Thailand on the development of a derivatives and corporate bond market. The program included a one-week visit to Australia by five senior Thai officials who were impressed by the quality of the Institute’s programs.

“More recently, we’ve also worked extensively with the Vietnam government on an ambitious project, opening and operating a trading board for the SME market for the Hanoi Securities Trading Centre. It involved developing guidelines for the implementation of corporate governance principles and providing a master plan to establish a capital market resource centre for the financial service sector. So far the feedback has been extremely positive,” says Ms Jeffery.

The Institute’s extensive distance education program includes students in countries like Fiji, China, Vietnam, Malaysia, Thailand, Samoa, Indonesia, India, Philippines, and Singapore, and many others. International training programs continue to grow in most of these centres.
Investment management from the people who drive it

The 2004 AIMC brings together some of the most influential and knowledgeable financial leaders from Australia and around the globe. In two days of presentations and plenary sessions, they will present important financial research and portfolio management information from around the world.

Speakers include
- Michael Bargholz CFA, Chief Executive Officer, Alliance Capital Management Australia
- Chris Cuffe, Chief Executive Officer, Challenger Financial Services Group
- Ron Liesching, Chief Research Officer, Pareto Partners (UK)
- Donald H. Straszheim, President, Straszheim Global Advisors, Inc. (US)
- Joseph Tern CFA, Deputy Chief Investment Officer, Legg Mason Equities (Asia)
- Dr Justin Wood, Chief Executive Officer, Barclays Global Investors

Sessions include
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- The revolution - alpha, beta ... and gamma
- Investment opportunities and the realities of global competition
- Asia - prospects for alpha generation

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regulation regime has contributed to certainty and confidence in the corporations law, and endorse the extension in time of the existing scheme. We strongly support a permanent referral of the corporations power to the Commonwealth.

**Update on proposed ASX ‘capital raising’ rule amendments**

We were pleased to see that our comments were generally reflected in the amendments adopted by the ASX, for example suggestions on limiting the exception for SPP offerings. The Institute believes the listing rule changes have provided entities with greater flexibility in their capital raising activities and benefited all shareholders by promoting rights issues as a viable form of capital raising.

However, while we endorse the amendments that have been made by the ASX, we consider that the deferral of some of the proposals has limited the impact of the package of listing rule changes. For example, we believe that increasing the placement threshold to 20%, coupled with appropriate limitations, would not only reflect changes in the depth and liquidity of Australia’s market, but also improve the competitiveness of Australian listed companies and in particular, support the growth of smaller companies.

The Institute has provided further comments to ASIC and the ASX on how those outstanding amendments may be adopted by ensuring a balance between the rights of shareholders and their need for full and fair disclosure and greater participation and the necessity of listed companies for cost-effective and efficient capital raising practices.

**Update on CLERP 9**

On 6 April 2004, Securities Institute representatives appeared before the Parliamentary Joint Committee (PJC) on Corporations and Financial Services to advocate members’ concerns regarding proposals contained in the CLERP 9 Bill. Particular issues discussed included the CEO/CFO sign-off, fundraising disclosure, conflicts management obligation, and the Financial Reporting Panel.

Since the PJC, the Institute has provided comments to ASIC on proposed ‘clear, concise and effective’ requirements for offer documents and comments to Treasury on the draft ‘due

**Continued on page 40**

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**New partnership with the Mortgage Industry Association of Australia (MIAA)**

Following the recent MIAA conference in Sydney, the Securities Institute and the MIAA announced the signing of a memorandum of understanding that endorses the Institute as a preferred supplier of education and training to MIAA members. This agreement formalises a close relationship between the two organisations which has existed over a number of years, and provides substantial benefits to both organisations and those working in the mortgage industry.

**INVESTING IN A GRADUATE DIPLOMA OF APPLIED FINANCE AND INVESTMENT?**

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3. Can you choose from a number of specialist streams?

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When it comes to applied finance and investment education, Securities Institute has the answers.

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Continued from page 21

diligence defence’ for contraventions of the proposed civil penalties for breaches of the continuous disclosure provisions.

We have also provided feedback to Senator Conroy on the amendments that Labor seeks to introduce into the Senate when debate resumes in mid June. We will continue to advocate the concerns of our members and wider financial services industry with the Government.

ASIC Speaks seminars rolled out nationally over June 2004.

The new round of ASIC Speaks seminars, occurring nationally during June 2004, offered the opportunity to take stock of the industry’s position under Financial Services Reform (FSR) and look at what lies ahead, and over 1,200 participants attended nationally. While much of ASIC’s work in the coming months will be operational and compliance based, regulatory policy building will continue, and ASIC is keen to have feedback via interested industry associations on outstanding issues, such as product disclosure, fee disclosure guidelines and developing model documents that are consumer-focused and encourage better consumer understanding of what is required.

Second Australasian Investment Management Conference set for September 2004

Preparations for the second Australasian Investment Management Conference are well advanced. The conference is being co-hosted with the CFA Institute (formerly AIMR) and will be held at the Four Seasons Hotel in Sydney on 16 and 17 September. A combination of five plenary and fourteen technical sessions in two streams will present the latest financial research and portfolio management topics from around the world.

International speakers include: Ron Liesching, Chief Research Officer, Pareto Partners (UK); Donald H. Straszheim, President, Straszheim Global Advisors, Inc. (US); Joseph Tern CFA, Deputy Chief Investment Officer, Legg Mason Equities (Asia); and James W. Ware CFA, The Focus Consulting Group.

For more information visit the website www.securities.edu.au/aimc04

We look forward to seeing many of you in September.

Record number of 2003 graduates from Institute education courses

Regional graduation ceremonies around the country during April 2004 saw a record 2,415 students graduate from the Institute’s Masters, Graduate Diploma and Diploma courses in Applied Finance & Investment, Financial Planning & Advising, Financial Services and Mortgage Lending. There were a total of 47 Masters graduates, 1,698 postgraduates and 670 diploma course graduates.

Each ceremony was honoured by an address from a distinguished speaker, including Jeff Lucy, ASIC, in SA, the Hon Terry Mackenroth, Deputy Premier in Queensland, Ian Johnstone, ASIC, in Victoria, Peter Morgan, 452 Capital Pty Ltd and Robert Coombe, BT Financial Group, in NSW and Terry Budge, BankWest, in WA. Highly achieving students gave graduate insights on their time as students on behalf of their fellows.

Contribute to JASSA!

According to the 2004 JASSA readership survey, the 10 most popular topics of interest across all respondents are as follows:

- investment strategies (95%)
- securities analysis and markets (92%)
- risk management (90%)
- portfolio management (89%)
- corporate finance (87%)
- accounting, tax and legal issues (86%)
- financial advising issues (85%)
- superannuation (83%)
- valuation (83%) and
- derivatives (75%).

Contact Rosemary McLauchlan on (+62 2) 8248 7617 or via email JASSAcontent@securities.edu.au to discuss your ideas for feature articles.

Visit the Institute’s website at www.securities.edu.au/members to download the current JASSA Author Guidelines from the JASSA Online page.