



# ACIIA NEWS

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Newsletter of the Association of Certified International Investment Analysts ACIIA



## Delegates from around the world meet in Berlin – ACIIA® AGM -

This year the ACIIA® Annual General Meeting in June took place in the vibrant city of Berlin. Key discussion topics included the 1<sup>st</sup> CIIA examination dates under the new syllabus, the opportunity for ACIIA Societies to publish various papers in a special edition of the Journal of Asset Management (JAM) to be published in June 2008 and the appointment of new personnel to the ACIIA head office.

The Association of Financial and Investment Analysts, AFIA in Kazakhstan, became the latest society to join ACIIA and Mr. Sarsenov Dias, President of AFIA attended the meetings.

During the AGM, delegates of the member associations eagerly discussed and exchanged opinions concerning CIIA recognition by the regulatory authorities, particularly in ACIIA non-member countries such as the UK and America and also the portability of CIIA in order to enhance the CIIA brand.

The event was superbly organized by the German Society, Deutsche Vereinigung für Finanzanalyse und Asset Management, DVFA, and over 40 representatives from all over the world attended the meetings. The Annual General Meeting 2008 will be held in Paris on 26th June.

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## Core Values of CIIA®

Hong Kong Securities Institute (HKSI) talks to CIIA® holders in Germany, Hong Kong, Japan, and Switzerland, inviting them to share their experiences and how this globally recognised qualification has helped shape their career development.

CIIA® is an internationally recognised advanced professional qualification for individuals wishing to work in the finance and investment industry. The qualification provides industry practitioners with a theoretical understanding of the global markets as well as the underlying structure of different financial products.

### Internationally Recognised

CIIA is a qualification that certifies the capabilities and ethical-professional qualities of the holder to an international standard. As far as Hong Kong is concerned, the increasing sophistication of the market here, plus the rapid growth and development of the Chinese capital market system, creates ample opportunities for professionals having both strong technical skills and high professional standards. CIIA is the only programme recognised and promoted by the Securities Association of China (SAC), the Mainland's representative organisation for the securities industry. According to Walter Ho Kwok Wah, Head of Legal & Compliance with Sino-Pac Securities (Asia) Ltd in Hong Kong, the CIIA programme is the "warranty" endorsing a practitioner's skills and knowledge.

*"There are many different types of financial certifications available in the market, but CIIA is the only programme recognised and promoted by the SAC. It is also recognised by 28 national/regional societies and two Federations, including the major international financial centres of Japan, Luxembourg and Germany. Having the CIIA has enhanced my professional knowledge and the qualification distinguishes me from my peers. It has definitely prepared me for a future an international financial professional,"* says Ho.

*"In my opinion, the greatest value of the CIIA qualification is that when working in inter-disciplinary groups – often the case*



**Sven Bucher**  
Head of Equity Research,  
Zürcher  
Kantonalbank

*in today's banking world – the qualification helps when communicating with professionals speaking the same finance-language,"* says Sven Bucher, Head of Equity Research at Zürcher



Kantonalbank, the largest cantonal bank of Switzerland.

Bucher goes on to say, *"Thanks to the CIIA qualification, it is much easier for me to communicate with the derivatives and asset management specialists and to understand better the problems in those areas."*

Axel-Jens Neitzert, trader at Dresdner Bank AG in Frankfurt, Germany, chose to sit the CIIA



**Axel-Jens Neitzert**  
Trader  
Dresdner  
Bank AG

because it is an internationally recognised distinction, with the programme comprising both global and local content, covering areas such as regulation and market structure. He says this meets the demand for local knowledge with a global perspective.

*"The CIIA is a fundamental qualification that can take you forward regarding your personal and professional development. Studying at a university usually makes you a generalist and all-rounder with a broad knowledge,*

*while the CIIA programme provides you with in-depth knowledge about capital markets and the finance industry,"* says Neitzert, adding that this in-depth knowledge enables him to do a better job, which in turn enhances the chances for promotion.

Sumito Yokoyama, Investment Manager at Nipponkoa Insurance Co. Ltd, recommends the CIIA qualification a springboard for individuals who aspire to succeed in the finance industry.

*"I took the CIIA programme to develop and deepen my abilities as a finance professional and at the same time I wanted to reach a level of education that I believe should be the standard requirement for financial professionals worldwide,"* says Yokoyama. *"As the number of holders in-*

*creases, the CIIA designation will continue to grow internationally and establish a reputation as the global standard for financial professionals."*

The CIIA qualification is also helpful for senior executives like Motoya Aizawa, Chairman and CEO of Aizawa Securities Co. Ltd. *"My firm's business is not just in Japan, but in other countries around the world and in particular Asia. The CIIA qualification is helpful in expanding my business internationally,"* says Aizawa.



**Motoya Aizawa**  
Chairman and  
CEO Aizawa  
Securities Co.  
Ltd.

*"Being Chairman, the qualification does not directly affect my career development, though it does serve to enhance my policy making and management skills as the CEO of a securities company."*

#### Acknowledgement:

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# Interview responses of successful March 2007 CIIA exam candidates from Japan



**Mr. Keisuke Okumura**  
(Sumitomo Life Insurance Company)

**ACIIA News: What made you sit for the CIIA exams?**

*Keisuke Okumura:* I knew about SAAJ's CMA from my college days and, upon entering Sumitomo Life Insurance, my superiors recommended I embark on the correspondence course to obtain the designation. After obtaining the CMA, I wanted to study for either the CFA or CIIA, but felt it would be too hard to do both simultaneously. I finished the CFA last year and hoped to get the CIIA this year.

**You have the CMA, CFA, and CIIA. What do you think of each?**

Sumitomo Life Insurance recommends the CMA. I remember hard times studying for it as I didn't have much practical knowledge. Because the CFA is conducted in English, even though half the questions are multiple choice ones, I found difficulty reading through the questions in a limited time. As for those questions requiring an essay/explanation, I managed to jot down just the key points and passed. I think the CIIA is more practical and challenging (candidates are required to understand and use the CIIA formulae book) since it requires

understanding rather than memory.

**How have you utilized the CIIA in your career?**

CIIA Level II (bond analysis, derivative analysis, portfolio management) relates more to my job assignment and I was familiar with the subjects compared to Level I subjects (economics,

equity analysis, corporate finance, financial accounting analysis). In my current job assignment (bond investment), taking the CIIA course has been very useful and practical since I had to study how to analyze bonds and deal in them, such being considered essential and practical knowledge for the real world as well as the CIIA exams.

**Do you have any advices for CMAs going to study for the CIIA?**

I think it important to take advantage of continuing education throughout one's career and taking exams is certainly meaningful. I recommend CMA holders take the CIIA examinations since it enables them to study something which relates directly to their work in practical terms.

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**Mr. Shinsuke Itoh**  
(retired from Export-Import Bank of Japan)

**ACIIA News: What made you sit for the CIIA exams?**

*Shinsuke Itoh:* I passed the CMA exams 15 years ago but then had a different job assignment and later an overseas posting. Learning about the CIIA from SAAJ, I thought I would challenge it upon my retirement one and a half years ago.

**Was the CIIA a big challenge?**

It was hard since I had lost touch with things after a long absence from the field. Attending SAAJ classes for CIIA exam with other candidates was very useful. Exam questions were international in scope and, as such, interesting, since they had a foreign flavor.

**How will you utilize the CIIA designation?**

I do not intend to use it in my career development but it has certainly deepened my understanding of latest developments in the field worldwide. SAAJ's Security Analysts Journal focuses on timely themes such as hedge funds, M&A, etc., which I am greatly interested in. I will enjoy reading Journal articles. In studying for CIIA exams, I went through old CMA textbooks. Now that SAAJ has renewed

and updated these books, I plan to purchase and study them.

**Do you have any advices for CMAs going to study for the CIIA?**

As is often said, the importance of continuing education cannot be stressed enough. I hope CMAs will recognize the value of the CIIA and strive to obtain the designation. I got the CIIA even though I had a hard time studying for it because I was in a different area. I believe younger CMAs will be able to get much from the process and that such education will be of great help in practical terms.

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## CIIA in Spain and Latin America

### CIIA in Spain:

The training school of the Instituto Espanol de Analistas Financieros (IEAF) continues to offer courses for the two exams of the CIIA designation. These courses take place in Madrid, Barcelona, Andorra, Valencia and Bilbao. The number of candidates remains almost equal: in the course 2006–2007 there were 97.



Royal Palace, Madrid

Unfortunately the number of candidates is still not so many mainly due to two reasons: the hard local competition of the

other similar programs and the growing success of the European Financial Advisor Program designation from EFPA (European Financial Planning Association). In spite of the small number, the CIIA is slowly penetrating in our financial world with great prestige and respect.

The presentation ceremony of the CIIA Diplomas was very spectacular and took place in the Head Quarters of the Madrid Stock Exchange.

### CIIA in Latin America:

Due to the efforts of the IEAF and there collaborators in Mexico, the Instituto Mexicano de Analistas, Asesores, y Administradores (IMA3) was created last year and after a few months became

an Associate Member of ACIIA. There are no candidates inscribed up to now. Anahuac University signed an agreement with the IEAF to give training courses which will hopefully start this year.



Buenos Aires

In Argentina the number of candidates for this year is 26. The presentation ceremony of the CIIA Diploma took place in March with great success. The chairman of Telefonica Company travelled especially to Buenos Aires to attend this ceremony

and gave the two most successful candidates grants offered by the IAEF and Telefonica Group

Regarding Peru, the General Manager of our training school travelled to Lima to inaugurate the courses for the CIIA Diploma in the University of Pacifico. Up to now 23 candidates have signed in their application.

The IEAF will continue its work and effort approaching other countries in Latin America. The next one will be Colombia. After the lack of success with Adolfo Ibañez University in Chile, we are reassuming our contacts with other special schools and universities. Unfortunately in this country there is not yet an institution to become a member of ACIIA. ●

## SAAJ studying the possibility of an educational program for Wealth Management in Japan

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 standardised.

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.

Tentative topics for the seminar to be held on 13 and 14 December 2007 (total 14 hours) are:

- (1) Introduction to the seminar
- (2) Targeted clients for private banking/wealth management
- (3) Challenges and prospects for private banking/wealth management in Japan
- (4) Wealth management (presentation of various cases)
- (5) Wealth management/relationship management (theory)
- (6) Alternative investments
- (7) Case study

The seminar will be offered in Japanese. ●



## Getting the Training Right *by Peter Koenig*

In Germany we are seeing an increasing demand for qualification in the financial industry and in particular in the asset management sector. Financial products are both very complex and intangible, so one needs a very specialised abstract type of know-how. This know-how cannot simply be acquired by training on-the-job, which is needed more to deal with details of the financial products and techniques. Rather do people have to invest in high quality trainings on the basic concepts in Finance, which will take their qualification to another level and allow them to cope with the challenges of a meanwhile complex financial market.

The difficulty always was and still is to make people in HR departments and in investment firms really aware that they have to invest in human capital to stay competitive, and actually commit a rather significant amount of money to training. But in fact the situation is changing right now. Some 10 or 15 years ago, the qualification of a German asset manager or banker would have been a broad university education in law or economics, or even in more humanistic social science. In only very rare cases would they have had any specialist financial education. That was expected to be picked up along the way during his or her career in the form of on-the-job training. But what type of qualifications are required by the industry today? Some years ago, alpha and beta were terms that were familiar to probably less than 5% of the industry. The other 95% thought you were exotic if you were talking about alpha, beta and CAPM, about risk factors and style. Today, you cannot be a senior person in fund management without knowing these concepts, and about portfolio selection, risk budgeting, and alpha/beta-separation. So, aside

from product training, people need to have know-how in investment concepts and strategies. Product cycles have also become very short over the last years, and details of a product you sell or you invest in today may not be relevant in three-to-five years time. But when you look at a structured product, for example, once you have learnt how to analyse the two or three basic underlying risks, it is much

human capital. If that 'something' is training or perhaps a refresher in mathematics and statistics, but also portfolio theory and financial modelling, equity valuation, fixed income management, accounting and corporate finance, asset allocation and derivatives, the CIIA programme would be a good choice. If that 'something' also comprises financial markets regulation topics like rules on insider trading,

(CIWM), which is a qualification for wealth managers and financial advisors.

And we have good reasons to assume that this increasing demand for high level qualification in Finance is more of a structural than of a cyclical nature. Our background in Germany was one of a universal banking system where everything is integrated, and not a specialist banking sy-



easier to take that knowledge and apply it to a similar product in a few years time.

Then, we are seeing the establishment of what we call the Bologna process, the introduction of the bachelor/master structure in university education where the initial period of study is shorter. People then undertake a more specialised professional educational programme after three, five or so years into their career. This can then of course be a Master or a Ph.D. in Finance, or a shorter specialist qualification like the CFA, or our Certified International Investment Analyst (CIIA) course. A typical participant in this programme will have completed his university studies in, say, business economics, and then entered the financial industry. Now he or she finds that they should add 'something' in their qualifications, or, in other words, invest into their

the EU Directives on Market Abuse (MAD) and Markets in Financial Instruments (MiFID) and UCITS III, it will be covered in what we call the National part of the programme.

With these new developments in qualification in general and in the financial markets in particular, we currently see a very stable upward trend in participation numbers, with in the order of 150-200 people a year enrolling in the CIIA programme in Germany alone (since its foundation in 2001, the CIIA programme has had more than 6.500 candidates in Europe, Asia, and South America). The good news is also that they are coming from everywhere in the financial industry, large houses, small houses, from investors, and also from non-financial industries. Another 40 to 60 candidates enrol in a variation of that programme, the Certified International Wealth Manager

stem as in the US. Now this is changing, and to be an asset manager, a financial advisor, or an investment banker have become professions on their own. And professions that are very well regarded by young people who look for a challenging occupation. After all, to invest in human capital to be able to better invest in financial capital has an intriguing leverage factor, and should thus really be a highly attractive proposition. ●

Published in Investment and Pensions Europe, June 2007



**Peter Koenig** is Managing Director of the Society for Investment Professionals in Germany (DVFA)

## ICFAI Launches CIIA Program in Dubai

ICFAI has recently opened its branch in Knowledge Village, Dubai and the CIIA Program has been launched through its

branch in Dubai. The branch is equipped with classrooms, library and a computer lab. ICFAI will provide the required assi-

stance to help students study and prepare for the CIIA examinations. Examinations will be conducted at Dubai.

For further details, you may visit [www.icfaidubai.org](http://www.icfaidubai.org)

## ICFAI Books in Investments Available

ICFAI books have recently published several books which are relevant to students pursuing the CIIA Program. ICFAI Books is the initiative of the ICFAI University Press to publish a series of professional books in the areas of accounting, banking, insurance, finance, marketing, operations, HRM, IT, management and allied areas with a special focus on emerging and frontier themes. These books seek to provide, at one place, a retrospective as

well as prospective view of the contemporary developments in the environment, with emphasis on general and specialized branches of knowledge and applications.

Some of the recent titles in the Investment & Finance are:

- Financial Performance of Equity Mutual Funds in India
- Foreign Institutional Investors – Indian and Global Scenario

- Global Financial Markets – Regulatory Challenges
- Indian Capital Markets – Trends & Reforms
- Institutional Investors – Emerging Trends
- Investing in Art – An Introduction
- Mutual Funds in India – Perspectives & Strategy
- Wealth Management – An Introduction



## 2007 ASAF Conference being hosted by ICFAI

The 2007 ASAF Conference will be hosted by ICFAI in New Delhi on November 23, 2007.

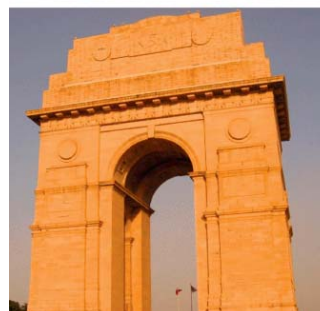
The ASAF AGM and other meetings will be held on November 22, 2007 and a sightseeing trip of Delhi will be organized for the delegates on November 24, 2007. New Delhi has several interesting places to visit such as the Red Fort, Old Fort, India Gate, Qutub Minar and many more places of historical importance.

The theme of the 2007 ASAF Conference is Asian Capital Markets – The Way Forward.

The ASAF Conference will be organized at Le Meridien Hotel, New Delhi. ICFAI extends a warm welcome to visit New Delhi and experience India's rich cultural heritage.



More details will be made available soon.



## Structural Reforms Underway in Korean Capital Markets

The world's financial markets are changing rapidly. With globalization, securitization, and digitalization progressing at a dramatic pace, today's financial industry paints a totally different picture from that of the past.

Many economies around the world have been actively pursuing the integration of financial business scopes and redrawing their capital market frameworks.

In Korea, the government is now in the process of enacting the Capital Market Consolidation Act, which aims to transform Korea into a world class capital market and a regional financial hub by boosting the country's still nascent capital markets and thereby enable the emergence of a Korean Goldman Sachs or Merrill Lynch.

The Act contains provisions that will push a dramatic positive change in the Korean capital markets.

### First, the Act will put in place a comprehensive definition of financial products.

The current Securities Act adopts a positive list system that defines financial products in an enumerative way, thus limiting new product development. In

contrast, the new Act will adopt a negative list system that defines financial products in a comprehensive way, thus enabling the development of a broader range of new products.

### Second, the Act will introduce functional regulation.

Currently, financial regulation in Korea is applied differently to different financial institutions. The Act will implement a shift from institutional to functional regulation under which the same regulations are applied to the same function.

### Third, the Act will significantly expand securities companies' business areas.

Current regulations strictly prohibit securities companies from conducting other securities business-related activities, such as futures or asset management. Under the Act, a single investment bank will be able to carry out all functions as in-house businesses.

### Fourth, the Act will further strengthen protection of investor interests.

The Act will impose a stricter duty on firms to explain to customers the risks associated with a product, introduce the Know-Your-Customer Rule, place re-

strictions on unsolicited calls, and prohibit misleading advertising. The Act also will enforce a strong Chinese Wall to prevent conflicts of interest arising from cross-functional business.

### Fifth, Korean securities firms will be allowed to conduct small-sum payment and settlement.

They will still not be able to provide remittance, settlement, and other such services, but the Act will allow them to execute retail settlement on a gradual basis.

The Act should bring about many positive developments.

Firstly, Korean financial firms' business areas will be broadened to the level of global investment banks, allowing them to achieve economies of scope and maximize synergy while adopting business models similar to these leading global banks.

Secondly, financial companies will be able to develop and trade a wide variety of new products as demand arises.

Thirdly, while some financial companies will focus on specialization, others will become much larger and benefit from economies of scale.

Lastly, the Act will accelerate firm restructuring. Although restructuring initiatives have not been as actively pursued as in other financial sectors, the Act is expected to trigger many more activities in that direction. Firms will explore new strategies, such as conglomeration and/or specialization, to survive and prosper in a changing environment.

After weathering the changes introduced by the Act, a global investment bank comparable to Merrill Lynch or Morgan Stanley may emerge from the Korean capital market. The Act will lay the groundwork for Korea's goal of becoming a regional financial hub and for the future prosperity of its securities industry. ●



Mr. Kun Ho Hwang, Chairman of the KCIAA (concurrently the Chairman of the Korea Securities Dealers Association), outlining the Capital Market Consolidation Act of Korea initiated by the Korea Securities Dealers Association.

## The new leadership of SAC elected

The Securities Association of China held its fourth Member General Meeting in January 2007. The new Board of Directors, Board of Supervisors and a Chairman of SAC had been elected during the meeting. The new executive group of SAC includes the Chairman, 3 full-time Vice Chairman, 15 part-time Vice Chairman, 1 full-time Secretary-General and 4 full-time Deputy Secretary-General.

Their names and titles are as follows:

### Chairman

### Vice Chairman

(Full-time)

### Deputy Secretary-General

(Full-time)

**Mr. Huang Xiangping**

**Mr. Chen Ziqiang**

(Pluralistically as Secretary-General)

**Mr. Yang Xiaowu**

**Mr. Deng Yingling**

**Ms. Yu Baihua**

**Ms. Zhou Aman**

**Mr. Feng Lixin**

**Ms. Zhong Rongsa**



Mr. Huang Xiangping was elected as the Chairman of Securities Association of China.

## Kung-Wha Ding Elected New Chairman of SAA, CT

At the Board meeting held on April 24, Mr. Kung-Wha Ding was elected the Chairman of the Security Analysts Association, Chinese Taipei (the "SAA, CT") to succeed Dr. Yung-San Lee who retired his term, effective on April 24, 2007. Mr. Ding is the Chairman of the Securities and Futures Institute (the "SFI") and



a director of SAA, CT's Board. As Mr. Kung-Wha Ding took his position, he appointed Mr. Ching-Po Chiu, the President of the SFI as the new Secretary General of SAA, CT.

Mr. Ding was elected as the new Chairman of the SFI in 2004. He has been Chairman of Securities

and Futures Commission, Ministry of Finance since 2002 and is also the Chairman of the Association for Research and Development of Corporate Organization.

Mr. Ding graduated with a Masters degree from the Graduate School of Public Finance, National Chengchi University. ●

## Agenda

### Meetings and Events

#### 8 November 2007

ACIIA Council Meeting, Taipei

#### 25 June 2008

ACIIA Council Meeting, Paris, France

#### 26 June 2008

ACIIA Annual General Meeting, Paris, France

### CIIA Final Examination Dates

#### September 2007

Friday 14, in Europe, New York and South America;  
Saturday 15, in Asia

#### March 2008

Friday 7, in Europe, New York and South America  
Saturday 8, in Asia



## Goodbye and good luck

Alice Gradon, ACIIA's first company secretary and director has resigned after six years to take up a new position at a Wealth Management firm in Liechtenstein. During her time at ACIIA, the association grew from 9 to 30 national and regional members worldwide.

We would like to thank Alice for her professional approach and commitment to the ACIIA during this time and wish her every success in her new position.

## Main events in ACIIA Member societies

### Meetings and Events

#### <ASAF>

#### 22-23 November 2007

ASAF Annual General Meeting  
ASAF 2007 Conference  
New Delhi, India

#### <EFFAS>

EFFAS Conference Day within the Euro Finance week (19 – 23 November)

22 November 2007  
Frankfurt, Germany

#### EFFAS AGM

Friday, 27 June 2008  
Paris, France

## ACIIA NEWS

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