



professionalism

Annual Report  
2012/13





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The composition of all committees is as at 31 March 2013



*Alan Yarrow, Chartered FCSI(Hon) presenting Stephen Clark, Chartered FCSI(Hon) with an Honorary Fellowship*



*Nick Seaward, Chartered FCSI with other CISI external specialists*





## Chairman's Statement

It was a year to remember, with the Queen's Jubilee celebrations and the Olympics and Paralympics showing how we as a country can get behind projects and make them fly. Why, you might ask, do I raise this in my statement? Simply because the thread, particularly through the Olympics and Paralympics, was the sheer number of people who gave their time for the benefit of others. Not just the competitors, but more importantly, the volunteers. We too at the CISI have benefited from over 700 people who give their time for free for the advantage of others. That cheerfulness and helpfulness really affected the enjoyment of those sporting activities and so have our volunteers had a lasting effect on the character and resilience of our Institute. Thank you on behalf of all the members.

Repairing the damage that has been done to the public perception of financial services was never going to be easy, and so it has proved to be. The perception is that our industry was affected by a real change in culture; a culture foreign to most of our members, where the client felt de-personalised, identified by a number and just became a 'statistic'. What we are suffering from is the reaction to the almost industrialisation of our industry, where the client felt they had become a commodity, came second, or in some cases last, in the priorities of the industry. I hasten to say, I don't believe this was caused by our members, but sadly we get damaged by the contagious effects and I have always believed perception is 9/10ths of reputation, whether fair or not.

The team at the CISI has been working hard to deliver a more efficient, more relevant and more dynamic Institute to you, the members, and has been investing in new systems and delivery mechanisms to improve our member services. I would like to take this opportunity to thank each and every one of them for their energy and dedication over the year as we have coped with the demands of the Retail Distribution Review.

I would, finally, like to record our appreciation for the contribution of Alison Warden FCSI, who retired from the Board in September 2012. Alison served for nine years on the Board and on the Audit Committee, latterly as its Chairman, and she was a valued member. The Institute has benefited greatly from her wise counsel and expertise.

Alan Yarrow, Chartered FCSI(Hon)  
Chairman



Simon Culhane, Chartered FCSI being interviewed by BBC TV Newsnight reporter Joe Lynham

## Chief Executive's Report

There is one word, above all others, which has characterised 2012/13; professionalism, which is defined as the combination and application of knowledge, skills and integrity and is precisely why the Institute was created over 21 years ago.

All across the world, from regulators, to bankers, to wealth managers and the public, there is an increased drive and desire to see greater professionalism in financial services. This has been reflected by a strengthened demand for all the Institute's services, not only in qualifications but also membership, where the number of fully qualified members stands at a record 19,400.

The core functions of the Institute remain unchanged, and are:

1. To promote, for the public benefit, the advancement and dissemination of knowledge in the field of securities and investments.
2. To develop high ethical standards for practitioners in securities and investments and to promote such standards in the United Kingdom and overseas.
3. To act as an authoritative body for the purpose of consultation and research in matters of education or public interest concerning investments in securities.

These aims, laid out in 1992, are exactly what professionalism means today and during the year the Institute delivered 41,000 qualifications in 69 countries and welcomed 3,500 newly qualified members.

## The Key Difference

The Institute is immensely fortunate to have the support and active assistance of more than 700 volunteers who contribute towards every aspect of Institute life, from exam specialists, to interest forums or regional committees, to members of the Board. Their passion and commitment ensures that the Institute remains relevant, focused and exceptionally cost effective.

## Financial

The Institute is a charity working in the private sector and does not receive any public or UK Government funding. Although it operates with the same financial planning and budgeting disciplines that would be found in leading companies, it does not have any shareholders, nor does it distribute dividends. This allows it to plan for the longer term and take into account the public benefit, alongside the need to remain solvent and return a surplus over the medium term, which is reinvested each year for future growth.

The Institute looks to return a surplus of between 2% to 10% of turnover in the medium term. In the upswing of the economic cycle it has operated at the upper end and so has consciously reduced, in real terms, its income. For example, it has frozen the membership subscription for three years and continues to be the only major professional UK body to offer a single price for membership, with no additional charges for attending routine seminars, elearning, or any other standard membership benefit.

The Institute derives its income from revenue received from qualifications and membership, which it offers globally.

The financial results for the year were satisfactory. The Institute recorded a retained surplus of [£853,000] (£700,000 in 2011/12) on a slightly increased turnover of £11.8m, compared with £11.6m for 2011/12.

Reserves have increased from £7.145m to £8.0m and this is after the Board made a significant donation of £250,000 to the CISI Educational Trust, which is a charity in its own right with a separate Board of Trustees.

## Integrity

Integrity is at the heart of everything the CISI does and, once again, the Institute has been at the forefront of a number of initiatives, ranging from its annual debate to monthly case studies.

The Institute announced two major integrity-related changes, which demonstrate its leadership in the field. The first relates to the requirement that, from 2 April 2013, which is the start of the Institute's financial year and therefore outside the scope of this year's annual review, anyone who wishes to sit for a front office wholesale/capital markets exam needs to have passed the Institute's IntegrityMatters online ethics test. Only those who have done so will be permitted to enter for the main qualification. This powerful change means that individuals who enter the industry are left in no doubt as to the importance of integrity, as it is the first subject they will be taught.

The second relates to the drive by the Institute requiring all its members, from April 2014, to have taken either an Integrity module of the Professional Refresher elearning tool or the IntegrityMatters test, thus demonstrating that they hold the highest professional standards.

The Institute has also presented a template to the UK Parliamentary Committee on Banking Standards, which proposed an independent body with oversight of all the professional bodies, through which individuals in various sectors, including wholesale, would belong. The Institute has long highlighted the extraordinary difference between the retail and wholesale sectors. Much higher standards of integrity, skills and knowledge are needed in the retail sector yet, as was demonstrated by the LIBOR scandal during the year, much work remains to be done in the wholesale market.

## UK Retail Sector

As well as being a charity, the CISI is also a Chartered body and is regarded as the leading professional body in the wealth management industry.

The Institute successfully passed its annual audit as a recognised Accredited Body by the UK Financial Conduct Authority (formerly the UKFSA) and during the year to 31 March 2013, issued just under 6,000 initial Statements of Professional Standing (SPS) to members.



This was a considerable achievement and involved many Institute staff, as each application for an SPS needed to be individually verified. It was a tribute to their professionalism that virtually 100% of the SPSs were issued within the published timescale and all those eligible were dispatched well in time to meet the (then) UKFSA's deadline.

The Institute's relationship teams worked closely with firms during the year, providing useful advice and clarification. It was clear that during the first half of the year, firms were concentrating on ensuring their staff had the necessary qualifications. However, during the latter half, firms applied much greater focus on choosing an appropriate professional body.

*Ruth Martin, CISI Managing Director, speaking at an RDR Roadshow*



We believe that the Institute has a compelling and attractive proposition for members, particularly as it is quite possible for individuals to complete their mandatory continuing professional development (CPD) requirement of 35 hours of learning entirely from using the Institute's free CPD services.

The CISI remains the only Accredited Body to have a single fixed membership fee and a comprehensive and sophisticated electronic CPD logging system, complete with SuperUser functionality.

## Using Technology to help Members

For a number of years, the Institute has consciously and strategically used the latest technology to help its members. Significant further advances were made during the year, especially regarding the auto-logging of an individual's CPD and a significantly improved CISI TV, which was re-launched in early March 2013. Already, usage is running at twice that of previous months and we are aiming to record over 100 events and topics during the year.

CISI TV is now available for all tablet, iPhone, Android and Blackberry holders, so our members can view relevant seminars on their mobile device at their leisure, regardless of their geographic location. Many members tell us that this is particularly effective when using public transport, especially as the UK underground network is in the process of being fully wired.

We continue with our goal of using technology to remove physical land barriers and, in the words of our Indian National Advisory Council President, Mr P.H. Ravikumar FCSI(Hon), to "make geography history."

Technology has allowed us to increase our elearning products, from a handful last year to 45 - all of which are free to members and have been redesigned. We have been able to respond quickly to topics of interest such as Dodd-Frank, the Foreign Account Tax Compliance Act (FATCA) and Behavioural Finance, which has proved particularly attractive to firms, some of whom are purchasing specific modules for their non-member staff.

We now have a greatly enhanced virtual shop for our key products and each member has a specific portal for their own information through MyCISI. This can also be used to upload evidence for audit purposes, thus streamlining this process.

It is particularly pleasing to see that there has been a real 11% growth in members, the largest net increase for over 15 years.

There are over 4,000 Chartered Members and Fellows, who are members at the peak of their profession.

All Chartered members have successfully undertaken and passed our IntegrityMatters test at the top grade, as well as completing 35 hours of CPD. In addition, we are now increasing the percentage of those being audited to 20%.

Our experience has been that the vast majority have passed, but there have been some occasions where individuals have had their personal Charter designation suspended. The consequences for those who require an SPS but do not pass the audit are more serious, as it will result in removal of the SPS and, therefore, their licence to practise.



Alan Yarrow, Chartered FCSI(Hon) presenting the award for Private Client Investment Advice & Management to Katherine Dymoke ACSI

## Qualifications

In economic terms, the world was split in two during 2012/13. Although stock markets rallied to end the financial year at pre-crash levels, the financial sectors in the West remained particularly fragile whilst those in Asia, along with their economy, rose strongly.

In the UK, the decline in the investment banking sector continued, almost mirroring the public's attitude towards bankers in general which continued to fall, probably reaching a nadir in June 2012 when the LIBOR scandal broke.

It was therefore no surprise that the number of exams taken in this sector fell by 24% from 16,078 to 12,243 during the year.





However, there was a much greater rise in the number of people entering for our wealth management exams, both the entry exams at Level 4 and those for experienced professionals, particularly the Level 6 Private Client paper. This totalled 8,628, compared with 5,837 last year, equivalent to a 48% increase.

The number of operations exams decreased from 14,773 to 12,545, reflecting an increase in jobs moving to areas outside London.

Overall, the number of exams was higher than forecast at 35,733, but down by 9% on the previous year's figure of 39,065.

## International

The Institute's work outside of the UK continues to grow and this year almost 8,700 exams were taken. Disappointingly, this is only slightly higher than in 2011/12 but with operations qualifications a major focus of our expansion internationally, entries were adversely affected by the general slowdown in the investment banking sector.

We are seeing a number of countries looking to develop core standards for their market participants and nowhere is this more evident than in the Middle East, where there has been significant progress. The UAE and the Lebanon, whose regulators the Institute has been working with for a number of years, both have well-established mandatory qualifications regimes. This last year has seen similar programmes develop momentum in both Oman and Qatar, with a common feature being the creation of a local regulatory exam in Arabic. It is now possible to take an entire suite of exams in Arabic and qualify as an Associate member of the CISI.

Our offices in India and Singapore have both witnessed at first hand some of the structural changes affecting the investment banking industry. Singapore has seen some of its operations work move to less expensive locations. We are involved in initiatives in the Philippines, where a number of banks have opened extensive operations centres, and have explored opportunities throughout the Asia Pacific region.

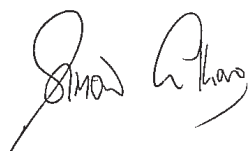
We have built on our work in Europe, continuing to develop established links with Switzerland, Spain, Poland, Malta, Gibraltar and Cyprus, whilst also developing new relationships in other countries.

Further afield, we have developed links with banks and universities in South Africa, and begun early work in Ghana, Kenya and Nigeria. Working with training partners, we are in the early stages of exploring opportunities in Latin America.

## Institute People

This year has been challenging for the team at the Institute, which has responded magnificently to provide a highly personal and professional service to the public and members alike. We are fortunate to have a stable (turnover 10%) and loyal (average tenure is five years) group of people across many different countries, all of whom take great pride in their work and are delighted to provide a top-level service.

I am privileged to work with a group of people who are unfailingly enthusiastic, embrace new technology and want to make things happen. This has allowed the Institute to grow and become the premier professional body for those working in the wealth and capital markets industry.



Simon Culhane, Chartered FCSI  
Chief Executive



Ruth Martin with Jesus López Zaballos, Chair of the European Financial Analysts Association



Simon Culhane, Chartered FCSI, with Niel Oberholzer, Corlise Le Roux and colleagues at the University of Johannesburg



Kevin Moore, Chartered MCSI, Director, Global Business Development, CISI with students from Sydenham College, Mumbai



Kyle Kemp of the CISI meeting Peter Mulcahy ACSI, Senior Compliance Officer, Vantage Capital Markets and Compliance Forum member at one of over 160 events organised by the CISI this year



*International winners at the CISI Annual Awards Ceremony. From left: Tafadzwa Charlton Nyabanga, Shahrukh Shahzad, David Han, Lorraine Bannan, Harilaos Hadjistyllis, Caroline Graham, Muhammad Saqib Ali, and Rui Yu*

Charitable Objective 1: To promote, for the public benefit, the advancement and dissemination of knowledge in the field of securities and investments.

## ATTAIN COMPETENCE

### Trends in Exams

Overall, the volume of exams taken this year increased by 2% from 40,968 to 41,077. However there were changes in the mix of exams taken with a 28% reduction in certificate exams for the capital markets sector, reflecting reduced recruitment into the graduate streams of investment banks during the year.

By contrast, the CISI's exams for operational specialists held up well, and certifications actually increased compared with 2011/12. The numbers of exams aimed at retail investment advisers also grew considerably.

### Trends in Existing Qualifications and the Retail Distribution Review

This last year was the year of the Retail Distribution Review (RDR) in the UK, when all existing retail investment advisers had to comply with higher standards of qualifications by the end of 2012. Those already possessing certain high level exams - sometimes taken many years ago - were allowed to fill the gaps between their original curriculum and the new curriculum.

Consequently, in the UK, the most noticeable trends were those associated with the RDR. Bookings for the Investment Advice Diploma in the period 1 April 2012 to 31 March 2013 were 6,072, compared with 3,611 in the previous year. Those achieving the full qualification, which involves at least three separate exams, rose from 378 in 2011/12 to 1,048 in 2012/13, as advisers prepared to comply with the RDR.

Bookings for higher-level qualifications were dominated by the Certificate in Private Client Investment Advice & Management (PCIAM), again reflecting the imminence of the RDR deadline in 2012. PCIAM continued to be the CISI qualification of choice for existing advisers preparing for the RDR. In five sittings between April and December 2012, 1,718 candidates took the exam, achieving a pleasing average pass rate of 68%.

This year also saw the CISI provide further support for candidates using existing higher-level qualifications which required gap-fill (structured learning targeted at areas of the RDR standards not covered by the qualification). This was accomplished by working in partnership with our accredited training providers (ATPs). We gave special approval to nine ATPs to offer a range of gap-fill courses, and delivered 47 courses ourselves for the many firms and individuals who opted to use the CISI's own provision.

While the RDR is specifically a UK initiative, the CISI has signed agreements with a number of overseas regulators whose qualifications are partly portable for the RDR. For holders of qualifications gained from the US Financial Industry Regulatory Authority (FINRA), the Japan Securities Dealers Association and the Japan Securities Analysts Association, the Institute provides a gap-fill and exams package approved by the UK regulator.

## Development Work

During the year, work began on the development of a Level 4 International Certificate in Wealth Management, designed to follow on from the existing Level 3 qualification for some of our overseas markets, such as India. Also in development in 2013 was the Masters in Capital Markets, a higher-level pathway which, building on Level 3 foundations, culminates in a paper which blends existing Diploma units in Financial Derivatives and Fund Management.

Work also commenced on a Level 4 Operational Risk syllabus, aimed at providing a manageable progression route from the Level 3 Operational Risk unit for practitioners in this area. For our growing Middle East market, a bespoke syllabus was finalised for the Palestine Financial Regulator; Palestine Securities Sector Rules and Regulations goes live in English and Arabic later in 2013.

## Mock Exams

Candidates have a wide range of materials on which to base their study, including CISI workbooks and elearning tools. To enhance this offer fully, exam-standard mock papers were provided for ten of our computer-based tested exams; this initiative will continue in 2013, when 11 additional mock papers will be published.

## New Exams Launched in the Year

The CISI has continued to expand its offering to schools and colleges by introducing new qualifications and learning materials.

The Diploma in Finance, Risk and Investment was launched in October 2012 and has been developed specifically to be taught to Year 12 and 13 students. The qualification is divided into two certificates; the well-established Certificate for Introduction to Securities & Investment and the new Certificate in Finance, Risk and Decision Making. The combination of these two led to the Diploma in Finance, Risk & Investment, an academic qualification which aims to develop students' financial awareness and enterprise skills.

Fundamentals of Financial Services, also launched this year, is the CISI's first Level 2 award, aimed at newcomers to financial services, whether in school or in employment. We especially hope that it will inspire more young people to pursue a career in financial services and should appeal as part of an induction programme for those entering the finance industry.

By contrast, the new exam, Taxation in the UK for Individuals & Trusts, addresses the specific RDR needs of candidates holding qualifications with the US regulator, FINRA. It is part of a programme of exams and gap-fill agreed between the CISI, FINRA and the (then) UKFSA to assist overseas candidates in meeting the requirements of the RDR.

Two higher-level pathways were examined for the first time this year; an updated Level 6 Diploma in Investment Compliance now incorporates a Level 4 regulatory paper and specialist compliance options. Practitioners in corporate finance can now build upon the CISI's Certificate in Corporate Finance, established in collaboration with the Institute of Chartered Accountants in England and Wales.



*Yvonne Dineen, Assistant Director, Qualifications, CISI addressing delegates at an RDR open day in London*



*Simon Culhane, Chartered FCSI; Bashar Abu Zarour, General Manager, Research & Development Directorate, Palestine Capital Markets Authority; Ruth Martin; Kevin Moore, Chartered MCSI and Helena Green ACSi, International Manager, CISI recording the launch of the first ever exam workbook for Palestine CMA*



*Jonathan Haile, syllabus panel member for a range of regulatory exams, and member of the Qualifications Assessment board for the Investment Advice Diploma*



*Paul Bhanji, Chartered MCSI, syllabus panel member for regulatory papers, and member of the Qualifications Assessment board for CISI Certificates*

## The CISI 20th Annual Awards Ceremony

The CISI's Annual Awards Ceremony, held on 20 March, was an opportunity to applaud the achievements of candidates from all over the world. Winners were selected from nearly 37,000 entrants in over 70 countries. Of the 91 prize winners to be recognised at the event, there were representatives from Zimbabwe, the UAE, Cyprus, the Lebanon and China; testament to the growing global footprint of the CISI.

Within the UK there was a strong regional representation among the prize winners, led by Scotland with five successes.

Awards recipients came from a range of firms, with Barclays Capital having the highest number of winning employees, followed by Goldman Sachs and Morgan Stanley.

The ceremony took place at Mansion House in the City of London, official residence of the Lord Mayor. Alderman Sir David Howard FCSI(Hon) acted as host and was joined in presenting the awards by Alan Yarrow, Chartered FCSI(Hon), Nigel Challis FCSI(Hon) and Professor John Board, Dean at Henley Business School.



Melissa Holmes ACSI, Sheila McIntyre, Nichola Montgomery, Chartered MCSI, Barry Stewart MCSI, Alastair Seaton MCSI, Sandra Trinidad ACSI, Vicki Linton MCSI receiving their awards at the Scottish Awards Dinner



Edward Sidgwick ACSI receiving his overall Certificate in Investments plate from Sir David Howard FCSI(Hon)

## FitchLearning



Key training providers who support the CISI

### Examinations Board

Sir David Howard FCSI(Hon) (Chairman)	Chairman	Charles Stanley
Gavin Aspden	Director, Qualifications	ICAEW
John Barrass	Deputy Chief Executive Officer	APCIMS
Frank Canosa, Chartered FCSI	Consultant	
Andrew Carter, Chartered MCSI	Manager, Learning and Development	Towry
Jill Craig, Chartered FCSI	Compliance Director	N+1 Singer
Liz Field	Managing Director	Financial Skills Partnership
Neal Franklin, Chartered FCSI	Head of Compliance and Risk	BNP Paribas
Lynne Hill, Chartered MCSI	Company Director	Lynne Hill Consulting
Sandra Jacobs	Senior Manager, Approved Persons Process	Royal Bank of Scotland
Marcus Johnson, Chartered FCSI	Chief Executive	NW Brown
David Kanolik MCSI	Training Development Manager	IMA
Peter Lee	Executive Director	Morgan Stanley
William MacDonald, Chartered MCSI	Managing Director	Craigcrook Management
Clare Minchington	Managing Director	ACCA
Victoria Nye	Director of Training and Education	IMA
Denis O'Connor FCSI	Managing Director	AFME
Shaun Robertson	Head of Qualifications	ICAEW
Kevin Rothwell, Chartered FCSI	Consultant	Kevin Rothwell Consultancy & Training
Clive Shelton, Chartered FCSI	Risk & Compliance Director	IFDS
Nick Swales, Chartered FCSI	Regional Head, North East	Rathbone Investment Management
Brian Willmott	Manager IO&C Oversight	Threadneedle Investments
Graham Withers, Chartered FCSI	Investment Director	Rathbone Investment Management

## Accredited Training Providers (ATPs)

The CISI now has over 50 ATPs; this year new ATPs from countries as diverse as Uruguay and Jamaica were accredited, having met the high standards necessary to support candidates through the CISI's exams.

We also undertook an annual review of both UK and overseas ATPs, re-accrediting our two largest UK ATPs following a rigorous review of their teaching provision, standards and learning support.

## External Specialists

For qualifications alone, nearly 400 practitioners act as volunteers on our subject and exam panels, and work with us on our learning materials. Their contribution is vital in ensuring that our qualifications remain up to date and in tune with industry developments. There are 40 panels covering the wide range of our exam provision. These panels contribute to six Qualification Assessment Boards, with an overarching Examinations Board.

In June 2012 we hosted a reception for our external specialists on board the historic HMS Belfast in the heart of London.

## Learning Resources Supporting the Attainment of Competence

We introduced eight new workbooks during 2012/13 with Finance, Risk and Decision Making and Fundamentals of Financial Services developed to support the schools and colleges sector.

For the international market, we have launched Qatar Financial Markets Authority Regulations, Palestine Securities Sector Rules and Regulations, Global Financial Derivatives and an Arabic version of Global Securities.

In addition, we also produced workbooks for our two new qualifications at Level 4: Investment Management and Taxation in the UK for Individuals & Trusts.

Revision Express Interactive (REI) is a key revision aid for candidates about to sit CISI exams. We have quality assured all REI questions by submitting them to subject specialists for review. In addition, the questions are reviewed by the relevant CISI exam manager to ensure they are of a similar standard to those questions that candidates will encounter in the actual exam.

New REI titles released this financial year:

- Fundamentals of Financial Services;
- Investment Management (Level 4); and
- Taxation in the UK for Individuals & Trusts.

As part of our quality control initiative for Learning Resources, we have recently purchased plagiarism software, which enables us to ensure our materials are authentic and original.



Nicola Levett ACSI of the CISI with pupils at St Paul's School, London

## The CISI Educational Trust

Over the past year the CISI Educational Trust has received further funding from the Institute, which has given it the financial security to plan for three years.

This has permitted the Trust to fund a number of new projects, including a work experience co-ordinator post to drive the CISI's new Investing in Futures initiative, which is designed to assist pupils studying CISI qualifications to obtain work experience placements with CISI member firms. Several firms have already signed up to the scheme to fund a number of scholarships, prizes and awards to those studying in the educational sector.

The Educational Trust has also sponsored 2,000 copies of #yourmoney, a no-nonsense guide to personal finance for 16-25 year olds. The books have been distributed to every 16-18 year old in the City of London, as well as to pupils at schools and colleges. This is particularly relevant as, from September 2014, the Government is proposing to add personal finance to the national curriculum.

In addition, the Trust sponsors a full-time teaching post, at Bruntcliffe School in Leeds, and will be sponsoring a further school in Liverpool from September 2013. The CISI is most grateful to Leeds City Council and Redmayne Bentley - which is providing work experience for the teacher and sponsoring learning materials for the students - for their support and involvement in setting up this partnership.

From September 2013, the Educational Trust has agreed to award an education bursary of £30 a week, for 30 weeks, to at least one student at every school studying CISI qualifications.

### Educational Trustees

Clare Gore-Langton, Chartered FCSI(Hon) (Chairman)

Fionnuala Carvill, Chartered FCSI

Nigel Challis FCSI(Hon)

Simon Culhane, Chartered FCSI

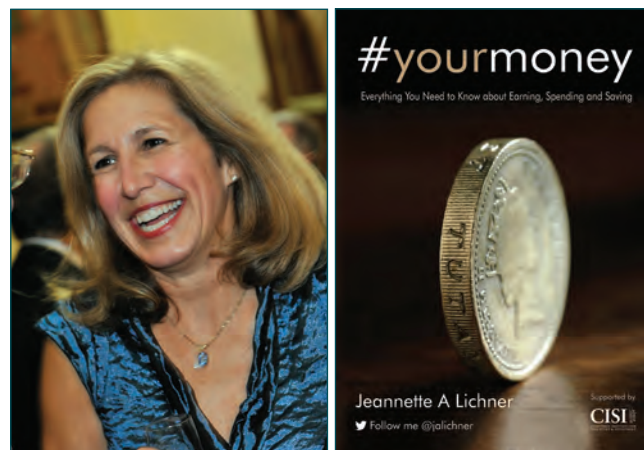
Scott Dobbie CBE FCSI(Hon)

Lynda Johnson

Steven Robertson, Chartered FCSI

## Schools

The year under review was dominated by substantial change in the maintained schools sector in the UK and the CISI responded to a range of consultation documents. This should provide the Institute with an even stronger platform to work from as vocational qualifications become more popular and gain government support.



Jeannette Lichner MCSI, author of #yourmoney

We are indebted to the support of our individual members and firms for a variety of initiatives over the preceding year. These include:

Jon Walker, Chartered MCSI, Investec Wealth & Investment

Sian Lloyd, Chartered FCSI, Senior Adviser to the CISI

Stephen Clark, Chartered FCSI(Hon), Senior Adviser to the CISI

### Universities

Progress has continued with universities at postgraduate level and we have increased our designated Centres of Excellence from seven to eleven, recognising each Centre as providing excellence in the field of finance in their Masters programmes.

The Institute seeks to partner with universities at undergraduate level, with University of Birmingham, Sheffield Hallam University and Canterbury Christ Church University teaching the CISI wealth management qualification alongside the University syllabus. Therefore, successful students will graduate with an academic and professional qualification. The first exam sittings took place in May 2013.

Academics at our partner universities are offered free membership of the Institute to support them in the delivery of CISI qualifications, which provides them with access to industry developments.

### The Education Board Committee

The CISI launched the Education Board Committee in June 2012 to support the development and implementation of the Institute's education strategy and policy and to advise the Executive.

Education Board Members	
Nick Swales, Chartered FCSI (Chairman)	Rathbones
Stephen Clark, Chartered FCSI(Hon)	CISI
Dr Paul Cox	University of Birmingham
Clare Gore-Langton, Chartered FCSI(Hon)	Rathbones
Barry Lewis	Elix-IRR
Jeannette Lichner MCSI	FTI Consulting
Louise Robinson	Merchant Taylors Girls School, Liverpool
Nick Seaward, Chartered FCSI	Kemnal Technology College
Les Walton OBE	Chair, Northern Education Trust



CISI Managing Director Ruth Martin and Dr Jane Harrington, Dean of the UWE Faculty of Business & Law as University of the West of England (UWE) recognised as a CISI Centre of Excellence in finance teaching

Joseph Hartland from Chatham Grammar School won the prize for Certificate for Introduction to Securities & Investment (Schools) at the CISI Annual Awards. The Introduction to Investment Award (Education) was won jointly by Ryan Lavery and Victoria Trimble, both of Innovation Ulster.

A Student and Newly Qualified Member Panel was set up to ensure the needs of students are being met. Members are:

Student and Newly Qualified Member Panel	
Adam Bailey ACSI	Towers Watson
Juliet Wale Sales ACSI	The Fritha Collection
Danielle Walsh	Corporate Sales, Nplus1 Singer Capital Markets
Peter Lowas	Associate, The Toronto-Dominion Bank
Dario Merlo ACSI	Analyst, Unicredit Banca Mobiliare
Graham Austin	Assistant Portfolio Manager, Kleinwort Benson Private Bank
Jacek Musialski ACSI	CVA Trading, Unicredit Banca Mobiliare
Branko Bulovic	Client Relationship Manager, Societe Generale



14 University staff gather round Professor Jeff Bale, Deputy Pro Vice Chancellor, University of Birmingham and Dr Paul Cox, Senior Lecturer and Chief Examiner of Masters in Wealth Management Portfolio Construction Theory with Ruth Martin as the University of Birmingham is accredited as a CISI University Centre of Excellence

During the first few months of 2013, the Institute held a number of student-focused events under the banner of 'Essential Student'. These included Generation Y: The (Modern) World of Personal Finance, which was held at Cass Business School with Jeannette Lichner MCSI (author #yourmoney), Sophie Robson, Stephanie Rochford (Z/Yen) and Harriet Lloyd-Dehler (Charles Stanley).

The Student Panel held its first joint Professional Forum event with the Financial Technology Forum - Technology Shaping Securities Operations - hosted by Chris Pickles from BT. The event incorporated a fascinating debate with the panellists – Stephen McGoldrick, Deutsche Bank; Marcus Hooper, Agora Global Consulting; and Neil Skinner, Northern Trust.

### International Progress

Seven years after opening its first international office, the CISI's international work continues to develop through its offices in Dubai, Mumbai, Singapore and Sri Lanka.

We are very grateful for the guidance given by the International Committee whose members are:

#### International Committee

Richard Wastcoat (Chairman)	Non Executive Director, First State Investments and Duncan Lawrie Private Bank
Alan Yarrow, Chartered FCSI(Hon)	CISI
John Bourbon, Chartered FCSI	Consultant - Compliance and Regulation
Robert Gray	HSBC
Peter Lee	Morgan Stanley
Stephen Sanders, FCSI	JPMorgan Chase
Chris Scott, Chartered FCSI	Quilter
Phanos Theophanous MCSI	Barclays Wealth
Graham Ward	Chief Commissioner, Independent Commission for Aid Impact

The number of exams taken outside the UK continued to grow last year. There were 8,700 exam sittings in 70 different countries but while this was a record, it was lower than planned.

As the global nature of the securities and investment industry expands, so too does the demand for education to improve skills and competence levels, with more firms incorporating exams into their training plans. International banks, in particular, are increasingly looking to promote qualifications and programmes that work on a global basis, in terms of access, relevance and recognition.

The continuing trend of increased regulatory supervision and the need to respond to public concerns about competence and skills levels also play a part in this positive growth trend. The Institute's services complement these trends, enabling candidates to attain and maintain competence and promote integrity.

The Middle East has continued to show growth through partnerships with local regulators, particularly through offering the International Introduction to Securities and Investment and the positive reception and adoption of the International Certificate in Wealth Management by retail banks. Working with individual regulators allows us to develop a local regulation paper and combine that with our existing global exams.



Award winner, Tang Wai Ling with lightbox located at Raffles Place MRT Station, Singapore



Mr. Sanjay Gupta, Central Council Member, Institute of Cost Accountants of India (ICAI) and Chairman- WTO & International Affairs Committee and Kevin Moore, Chartered MCSI



Helena Green ACSI, International Manager, CISI with Osama Al Khajah, Kuwait Finance House at the launch of the CISI exam training programme at the Bahrain Institute of Banking and Finance



Helena Green ACSI; Mr Mahesh Shah, Past President, Institute of Chartered Secretaries of India (ICSI); Mr Nesar Ahmad, Past President, ICSI; Kevin Moore, Chartered MCSI, CISI and Mr Gopalakrishna Hegde, Central Council Member, ICSI

In March 2013, both the Palestine Capital Markets Authority (PCMA) and representatives from Ecole Supérieure des Affaires (ESA), the training arm for the Central Bank of Lebanon, made visits to the CISI in London. The PCMA has long realised that a key component to success is having educated professionals working within the PCMA itself, as well as those in the financial sector. The PCMA has been working with the CISI to create a qualification that would underpin that vision and this will be implemented later this year.

This year, nearly 100 candidates have sat the CISI's International Introduction to Investment whilst the new qualification was under development. The Central Bank of Lebanon has existing mandates for a number of CISI exams and it trains for these through our longstanding partner, ESA. Combating Financial Crime and a new version of International Certificate in Wealth Management are due to be part of this mandate from the autumn.

In India, the team has continued to focus on relationships with a wide range of multinational and local clients. The implementation of a differentiated pricing policy has helped make our qualifications more affordable and accessible. Collaboration is key to our work in India, and we have formed links with two prestigious professional bodies, the Institute of Company Secretaries of India (ICSI) and the Institute of Cost Accountants of India (ICAI).

In the second year of the Sri Lankan office's operation, just over 400 exams were taken. We are working closely with the regulator, the Securities and Exchange Commission (SEC), and with a range of educational establishments. Our office also supports the activities of our clients and members in the Middle East, South East Asia and Asia East.

Singapore has continued to develop well, with an increasing number of clients taking CISI qualifications not just in Singapore itself, but also regionally. This year we recognised the achievements of 22 Singaporean candidates, all of whom were presented with individual awards. The awardees names were displayed on a billboard placed at the central Raffles Place MRT station announcing their achievements and creating awareness of the CISI.

Singapore is continuing to develop relationships outside traditional financial services, particularly in the vibrant higher education sector. There has also been a concerted effort to explore the viability of other collaborative partnerships in Hong Kong, the Philippines and Malaysia, all of which will be developed further in 2013/14. Closer to Singapore, there continues to be strong interest in both the Investment Operations Certificate and the Islamic Finance Qualification in Malaysia and Indonesia.

In addition, we have seen an increasing demand for CISI exams and membership in Europe. We are talking to a number of regulators to explore how the CISI can support regulatory developments, as well as the trend for businesses to look for qualifications with international recognition and portability.



CISI staff member Asanka Wijeratne speaking to prospective students at EDEX Expo in Colombo, Sri Lanka



Kevin Moore, Chartered MCSI, Director Global Business Development; Matt Cowan ACSI, Regional Head – Middle East and Richard Stockdale, Chartered FCSI attended the 2nd Awarding Ceremony of the Brokers Licensing Qualifications Regime in Dubai on 25 April 2012



Robert Cronin ACSI, Country Head of Singapore signing MoU with Mrs Lee Lim Sok Keow of Temasek Polytechnic Singapore

### National Advisory Councils

	President	Firm
<b>Bahrain</b>	Khalid Al Zayani	Al-Zayani Investments
<b>Cyprus</b>	Charles Charalambos, Chartered MCSI	Deloitte Investment Services
<b>Gibraltar</b>	John Holliwell, Chartered FCSI	Line Group
<b>Greece</b>	Filimon Antonopoulos MCSI	F&S Partners
<b>India</b>	P. H. Ravikumar FCSI(Hon)	Invent Assets Securitisation & Reconstruction Pvt
<b>Ireland</b>	Peter Keane, Chartered FCSI	Independent Financial Services Consultant - formerly Central Bank of Ireland
<b>Malta</b>	Alex Bustos-Baez, Chartered FCSI	International Compliance Solutions (ICS)
<b>Singapore</b>	Paul Hedges, Chartered FCSI	The Hong Kong and Shanghai Banking Corporation
<b>Sri Lanka</b>	Nihal Fonseka MCSI	DFCC Bank
<b>Switzerland</b>	Laurence Rose FCSI	Altaira Wealth Management SA
<b>UAE</b>	Richard Stockdale, Chartered FCSI	QCo Holdings



## CISI Branch Committees and National Advisory Councils

Within the UK, the Institute is fortunate in that it can rely on a network of industrious committees, whose primary role is to support the provision of learning opportunities through speakers and seminars for CISI members. Run by local volunteers and with dedicated support from the CISI, the committees have held 159 events, attended by more than 6,000 CISI members and guests.

In response to demand from members, the Institute launched two new branches during the year; South East covering members in the Kent area and Southern for members in the Surrey area.

The National Advisory Councils in Switzerland, Cyprus, Malta and Gibraltar are now more established and gaining momentum. These councils, formed of senior and influential industry figures, are of immense importance in supporting the international work of the CISI, providing invaluable local expertise and knowledge.

We are particularly grateful to our Presidents, who run the committees and councils worldwide:



James Stewart-Smith MCSI speaking at the launch of the Southern branch

## Corporate Supporters

CISI corporate supporters make a commitment to uphold the highest standards of integrity, competence and professionalism. By the end of the year, we had expanded our number of supporters from 93 to 104 and the demand continues to increase, both in the UK and internationally.

Tangible benefits offered to our corporate supporters focus around CPD and the promotion and education of integrity and trust. Many corporate supporters chose to run the CISI interactive 'Integrity at Work' seminar as part of a professional ethics programme that included individuals taking the CISI online test, IntegrityMatters.

Corporate supporters endorse and adhere to the CISI Code of Conduct. The Institute recognised their commitment and support by including the firms in a prominent advertisement in the Financial Times for the keynote CISI Annual Integrity Debate.



Advertisement in the Financial Times

### Branch Committees

Branch Committees	President	Firm
<b>Birmingham &amp; West Midlands</b>	Benedict Crabbe, Chartered FCSI	BRI Asset Management
<b>Bristol &amp; Bath</b>	Isabel Kwok, Chartered MCSI	Brewin Dolphin
<b>East Anglia</b>	Martin Warren, Chartered FCSI	Barratt & Cooke
<b>East Midlands &amp; Lincoln</b>	Jonathan Wernick ACSI	JW Compliance
<b>Guernsey</b>	Julian Parker, Chartered FCSI	Generali Worldwide Insurance Company
<b>Isle of Man</b>	Susan Preskey, Chartered FCSI	Thomas Miller Investment
<b>Jersey</b>	Ben Shenton, Chartered FCSI	Team Asset Management
<b>Liverpool &amp; North Wales</b>	Jon Walker, Chartered MCSI	Investec Wealth & Investment
<b>Manchester &amp; District</b>	Alan Budenberg, Chartered MCSI	Barclays Wealth
<b>North East</b>	Gary Fawcett, Chartered FCSI	Brewin Dolphin
<b>Northern Ireland</b>	Adrian O'Neill, Chartered FCSI	Investec Wealth & Investment
<b>Scotland</b>	Stephen Barclay, Chartered MCSI	Barclays Capital
<b>South Coast</b>	Peter Bell, Chartered FCSI	Investec Wealth & Investment
<b>South East</b>	Robert Forbes, Chartered FCSI	Jupiter Asset Management
<b>Southern</b>	James Stewart-Smith MCSI	Charles Stanley
<b>West Country</b>	Paul Lewis, Chartered FCSI	Charles Stanley
<b>Yorkshire</b>	Emma Cochrane, Chartered MCSI	Williams Investment Management



*Christopher Jones-Warner, Chartered FCSI chairing a discussion of the Wealth Management Forum on Social Media with Oliver Crofton, Co-Founder, Vigilante, and Dr. Laura Toogood, Private Client Director, Digitalis Reputation*

## MAINTAINING COMPETENCE

### Membership

The most significant rise in qualified core membership over the last ten years was driven by the Retail Distribution Review (RDR) in the UK. The RDR effectively compels retail investment advisers to join a professional body, and is the most cost effective means of ensuring compliance with the new regulatory requirements, including the requirement to maintain CPD.

Taking into account the normal lapsing of members which takes place each year - some 11% of core members did not renew their membership, which was in line with our projections - we achieved a net increase of 2,000 new qualified core members. At the end of March 2013, there were 19,400 core members and more than 16,000 new student members.

As with qualifications, the membership team was extremely busy supporting existing members affected by regulatory changes and the CISI ran a further round of roadshows to support them. The Institute also published the seventh booklet in its series about the RDR. The Membership Committee focused on ways to attract international members to the CISI and how existing students could be encouraged to join after their qualifications.

#### Membership Committee

Chris Harris-Deans, Chartered FCSI, (Chairman)	Charles Stanley
David Cooper, Chartered FCSI	Cenkos Securities
Richard Crews, Chartered MCSI	
Paul Hedges, Chartered FCSI	HSBC
Phillip Langton MCSI	NetOTC
Frank Moxon CF, Chartered FCSI	Hoyt Moxon
Christopher Scott, Chartered FCSI	Quilter
Andrew Turnbull, Chartered FCSI	Brewin Dolphin
Judith Ullock, Chartered MCSI	Redmayne Bentley
Martin Watkins, Chartered FCSI	Ernst & Young

## Chartered Wealth Manager

The CISI held its first reception for Chartered Wealth Managers in February. By the end of the year some 1,300 members, all with top level qualifications, CPD and a successful IntegrityMatters pass at grade 'A' had become Chartered Wealth Managers, a new designation created to supplement membership grades.

## Membership Survey

The CISI conducted the 2012/13 membership survey in March 2013; the results will be evaluated and released in the forthcoming year.

## Continuing Professional Development (CPD)

The CISI has initiated a review of the CISI's CPD scheme following the introduction of the RDR CPD scheme. These revisions are being developed with the CISI Membership Committee, to be released later in 2013.

All members using the Institute's CPD scheme, or a firm's CISI-accredited CPD scheme, are liable to be selected for audit; in 2012 over 20% of our members were selected for audit. Auditing of members has become increasingly important as more of the Institute's members are required to complete CPD, either due to the RDR or individually Chartered status.

The CISI has been a trail blazer in responding proactively to the opportunities of new technology. The aim is to ensure that wherever members are based in the world, and however busy their job role, CPD is available easily and cost effectively. The satisfactory financial results allowed the CISI to freeze most membership prices for a third consecutive year while improving the Institute's physical IT infrastructure so members can easily learn and automatically record what they see as relevant.

## CISI TV

Since its launch, CISI TV has been a popular tool for members, both in the UK and internationally, to access events they may not be physically able to attend, whilst automatically updating their CISI CPD logs.

In December, the decision was made to bring technology in-house, and recruit a multimedia producer. This has created an improved service to members, with a higher quantity of content and a much quicker turnaround. It has also provided the opportunity to go beyond simply recording events, to making both specific programmes for CISI TV, and a full range of promotional videos. Its success has been evidenced by the rise in the number of viewings, from an average of 1,700 a month to over 4,000.

The majority of programmes now also have quizzes at the end to confirm learning, which changes the viewing of CISI TV programmes from reflective to active learning for CPD purposes.



Rebecca Constable FCSI, a guest at the inaugural Chartered Wealth Managers Reception

## Professional Refresher

Professional Refresher, which is free to all CISI members, is an online training solution which helps you remain up-to-date with industry developments, maintain regulatory compliance and demonstrate continuing learning.

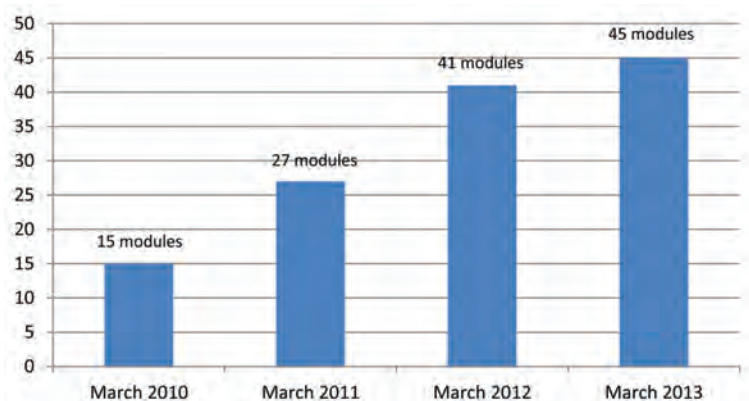
There are currently 45 modules available, addressing both UK and international issues. The product offers a diverse range of subjects, reflecting the changing nature of the financial services industry. Modules are developed to offer information at both an introductory and an advanced level, allowing users to progress quickly through sections where their knowledge is strong and more slowly in areas where it is weaker.

During the year, the product was refreshed to give it a more contemporary look and feel. When a module test is successfully passed, a certificate of completion is instantly downloadable and the time is automatically recorded as active CPD learning on an individual's CPD log.

Existing modules are regularly reviewed by industry practitioners to ensure that they are up to date and address the key latest issues and developments. Most modules are reviewed every six months; others more regularly.

New Professional Refresher modules released this financial year included:

- Corporate Governance
- Dodd-Frank Act
- FATCA
- Hedge Funds
- MiFID II
- New UK Regulatory Environment
- Principles of RDR
- Risk
- Structured Investment Products





Gen Y student event with Sophie Robson and Jeannette Lichner MCSI



Sir David Tweedie, ICAS, Veronica Poole, Deloitte, and Professor Michael Mainelli, Chartered FCSI at Financial Reporting Unplugged

## CISI CPD Training Courses & Conferences

The CISI ran a record 83 fee-based CPD training courses in the last year. The primary focus was providing RDR qualifications gap-fill courses for those who needed to meet the new regulatory standard prior to applying for an SPS. In all, 47 courses covered the key areas needed for qualifications gap-fill - Investment Principles & Risk, Pensions & Retirement Planning, Securities and Derivatives.

The remainder of the programme, researched and designed with members to ensure it met their CPD needs, focused on providing in-depth, 'hot topic' training. At the beginning of 2013, when the compulsory CPD regime was introduced, the CISI launched ten new courses to help the industry meet those requirements. Topics included:

- The Use of Structured Products in Wealth Management
- Getting to Grips with Operational Risk - for Non-Operational Risk Professionals
- Ethical Finance - What's in it for me?
- MiFID II and the New Regulatory Structure
- Dealing with the Sanctions Regimes

Overall, CISI CPD courses attracted over 1,000 attendees. During the year, the Institute phased out printed documentation at CPD training courses, instead delivering information on iPads. This innovative step was consistent with our desire to provide the best possible service, whilst using current technology. Benefits included attendees being able to annotate the presentations on the tablets, then email the slides directly to themselves, providing a saving in both time and paper.



Elmar Brok (left), a leading German MEP, in full flow at the February 2013 Mansion House City Debate, co-organised by the Centre for the Study of Financial Innovation, the Futures and Options Association and the CISI

## CPD Events (London, Regions & International)

The CISI welcomed a record 10,841 attendees to CPD events in 2012/13, with more events than ever for members based outside London; 159 this year, compared with 137 last year. The European offering was also expanded with five events in 2012/13.

London CPD seminars again combined quality and innovation to attract record numbers of members - some 3,968 delegates attended 61 seminars over the year. The programme focused on six key areas; Wealth Management (especially important in the year when the UK RDR came into force); Integrity and Trust; Operations and IT; Risk and Regulation; and Wholesale Markets, plus a new theme, 'Essentials', building on events formerly targeted at students, but which now attract growing numbers of new members.

A key focus of the year has been to integrate CPD events with other channels for members, notably CISI TV and the Professional Forums, but also through coverage in the Securities & Investment Review and other Institute publications and online offerings.

Highlights of the year included Dave Patchen from Raymond James, one of the US's biggest wealth management firms, delivering an absorbing presentation in October on 'Turning today's challenges into opportunities'. The presentation considered how members and their firms can best position themselves in the turbulent years ahead.

A full house for the first event of 2013, at the Royal Union Services Institute in Whitehall - convenient for our growing West End membership base and also only 20 minutes from the City and Canary Wharf - saw Jean-Michel Six, Managing Director and Chief Economist of Standard & Poor's Ratings Services EMEA, give a blistering analysis of the outlook for global economies and markets in 2013.

Two events were held on cybercrime in January; the first featuring Dave Clemente from Chatham House, ahead of global headlines on this growing threat. A joint event in March with the Institute of Chartered Accountants of Scotland on International Financial Reporting Standards (IFRS) included as speakers that Institute's President, Sir David Tweedie, Professor Michael Mainelli, Chartered FCSI, Executive Chairman of Z/Yen and Veronica Poole, Global Managing Director IFRS at Deloitte.

The year rounded off with a webcast from BT Tower, featuring Martin Wheatley, two weeks before he formally took office as CEO of the new UK Financial Conduct Authority on 1 April 2013.



Robert Jukes, Global Strategist, Collins Stewart Wealth Management speaking at a Guernsey Briefing event



Delegates at the Training & Competence Conference

The Isle of Man has had a significant 50% increase in its booking numbers this year. In 2012 the average bookings were 60 and since January 2013 the average is 90. Jersey and Guernsey events have continued to be as popular as ever, with an average of over 100 bookings per event.

International CPD event highlights in 2012 saw the Institute laying the foundations for quality and service for our international members in terms of events. Online booking for events extended to incorporate Singapore; other highlights of the European event programme included a half-day conference in Malta on financial crime - held in conjunction with the IFS - and events on confidence accounting and exchange-traded funds in Gibraltar, all of which were excellently attended.

## Professional Forums and Interest Groups

The Professional Forums and Interest Groups attracted an outstanding 4,491 attendees over the last year. They are proving to be a very highly valued membership benefit.

The CISI launched two new Interest Groups in 2012 – European Regulation and Bonds (in conjunction with EFFAS). Interest Groups differ from Professional Forums in that they are open to non-members, not governed by the same terms of reference or under the Chatham House Rule. The aim of this format is to enable the Interest Groups to grow quickly.

The aim of the European Regulation Interest Group is to provide a platform where members and non-members can meet to discuss new European Union regulations and how they operate. Martin Watkins, Chartered FCSI, Director, Ernst & Young is the inaugural Chair; the last event attracted almost 70 attendees.

The CISI has partnered with the EFFAS European Bond Commission to form the Bond Interest Group. The Group's aim is to provide a lively forum for presentations and discussion on hot topics related to the bond and derivative markets. The last event, which looked at retail bonds, attracted a strong audience of 123 attendees.

## Training and Competence Interest Group

The Training and Competence Interest Group focuses on issues and discussions relating to training and HR, and also provides updates on CISI initiatives.

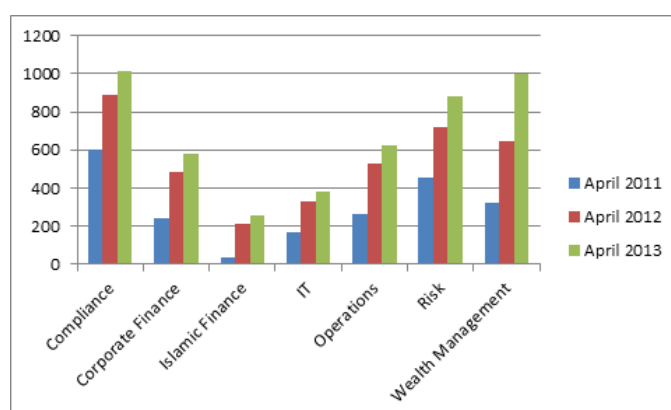
Meetings are attended by representatives from wealth and fund management firms and the top 50 investment banks; both CISI members and non-members are also welcome.

### Training & Competence Interest Group Committee

Sandra Jacobs (Chairman)	Senior Manager, Approved Persons Function, Royal Bank of Scotland
Alison Stobbs (Deputy Chairman)	Director, Human Resources, Cazenove Capital
Lisa Blenkinsop (Committee Member)	Senior Consultant and Project Manager, The Compliance Surgery

## Professional Forums

The CISI's Professional Forums are special interest discussion groups which each meet four to seven times a year to hear from senior industry figures on relevant issues, and to encourage open discussion on areas of common concern under the Chatham House Rule. They are a unique opportunity to share ideas and concerns in a confidential setting.



Growth in membership of Professional Forums

There are currently six forums: Compliance, Corporate Finance, Financial Technology, Operations, Risk and Wealth Management. The forums are free events open to Chartered members, FCSI, MCSI, ACSI, and Affiliate members. Student members may attend one meeting of each forum per year. Attendance at the forums counts towards active learning under the CISI CPD scheme.

The forums have covered a wide breadth of subjects this year from inheritance tax, to banking in 2020, to corporate responsibility. High profile speakers have included Trevor Williams, Chief Economist, Lloyds Bank and Heather McGregor, aka writer and broadcaster Mrs Money Penny.

The forums continue to grow in membership; the past year has seen the Wealth Management Forum move to 200+ seater venues. All the forums are going from strength to strength, with over 40 events now running each year. We would like to thank the Chairmen and their committees for their on-going commitment.

The final CISI Islamic Finance Forum was held in February. It was felt the topic of Islamic finance would be best covered across the other forums in order to bring the content to a wider audience. The Islamic Finance Forum Committee has been working with the other committees in planning events for 2013/14. The CISI would like to thank the Islamic Finance Forum Committee for its guidance.

### Compliance Forum Committee

Julian Sampson,  
Chartered FCSI  
(Chairman)  
Director,  
Fulcrum Compliance



David Moland, Chartered FCSI (Deputy Chairman)	Head of Compliance, Arbuthnot Latham
Tina Wishart, Chartered FCSI (Deputy Chairman)	Compliance Officer PSigma Investment Bank
Tony Bronk, Chartered FCSI	Head of Compliance Ahli United Bank
Peter Brown, Chartered FCSI	Training Consultant, CCL City Training
Harvey Dyson, Chartered FCSI	Solicitor, Stephenson Harwood
Elizabeth Hornby MCSI	Senior Associate, Eukleia Training
Charles Jackson, Chartered FCSI	Director, Court Management Associates
Peter Mulcahy ACSI	Senior Compliance Officer, Vantage Capital Markets
Elizabeth Nelson MCSI	Compliance Oversight Manager, Société Générale Securities Services
Simone Porter ACSI	Managing Director, International Compliance, Charles Schwab UK
Nigel Sydenham, Chartered FCSI	Tutor, BPP Professional Education

### Corporate Finance Committee

Debbie Clarke, CF,  
Chartered MCSI  
(Chairman)  
Corporate Finance  
Director, CV Capital



Clive Garston CF, FCSI (Deputy Chairman)	Consultant, Corporate and Commercial, DAC Beachcroft
Francis de Zulueta FCSI (Deputy Chairman)	Alpine Risk Services
Frank Moxon, CF, Chartered FCSI (Immediate Past Chairman)	Managing Director, Hoyt Moxon
Stewart Appleby, Chartered MCSI	Regional Director, Structured Finance ABN Amro Commercial Finance
Nicholas Bealer, Chartered FCSI	Head of Corporate Broking, Cornhill Capital
John Bridges MCSI	Partner, IAF Capital
Peter Freeman MCSI	Director, Jenolan
Dalia Joseph MCSI	Head of Compliance, Oriel Securities
Nicholas Myatt ACSI	Partner, Berwin Leighton Paisner
Mauro Tortone, Chartered MCSI	Director, P27

### Financial Technology Committee

Brian McNulty MCSI  
(Chairman)  
CEO, DBFS



Mark Seaman, Chartered FCSI (Deputy Chairman)	Director, Mark Seaman Consultants
Martin Watkins , Chartered FCSI FBCS (Deputy Chairman)	Flod Director, Ernst & Young
Andrew Brown ACSI	Quantitative Analyst, RBS Global Banking and Markets
Julia George, Chartered FCSI	Director, Julia George Associates
Jitesh Halai MCSI	Avanade UK
Markus Krebsz, Chartered MCSI	Author, Consultant & Subject Matter expert
Gavin Lonsdale, Chartered MCSI	Executive Director, Goldman Sachs
Gavin Marcus ACSI	
Chris Pickles	Head of Industry Initiatives, Global Banking and Financial Markets, BT
Kevin Sloane MCSI	Pre-Sales Manager, JHC
Gary Wright MCSI	Director, B.I.S.S. Research

### Islamic Finance Forum Committee

Natalie Schoon ACSI  
(Chairman)



Muhammad Ismail  
(Deputy Chairman)

Rahim Ali

Institute of Islamic Banking and Insurance

Mohammad Khan

Partner,  
PricewaterhouseCoopers

Fiaz Mansha

Executive Vice President,  
Head of IT, Gatehouse Bank

Nigel McFarlane MCSI

Director & Company Secretary,  
Blue Sea International

Scheherasad Siepa ACSI

Consultant

Mohammad Saeed  
Chartered MCSI

### Operations Committee

Frank Reardon,  
Chartered FCSI  
(Chairman)

Head of Investment  
Administration,  
JM Finn & Co



Alan Burr,  
Chartered FCSI  
(Deputy Chairman)

Director,  
Burr & Co

Peter Gregory FCSI  
(Deputy Chairman)

Operations Manager, The Share  
Centre

Wayne Beighton ACSI

Relationship Manager, HSBC

Richard Crews,  
Chartered MCSI

Consultant

Robert Forbes,  
Chartered FCSI

Senior Manager, Jupiter Asset  
Management

Matthew Glass,  
Chartered FCSI

Director, Head of Operations,  
Technology and Client Service,  
CME Clearing Europe

Garó Karabeyekian,  
Chartered FCSI

Manager, HSBC Global Banking  
and Markets

Paul Leahy,  
Chartered MCSI

Operations Manager, Fox-Davies  
Capital

Hamish Rowan-Hamilton

Director, TheCityUK

Gary Wright MCSI

Director, B.I.S.S. Research

Derek Young,  
Chartered FCSI

Technical Specialist, Post- Trade,  
FCA

### Risk Committee

Dennis Cox FCSI  
(Chairman)

CEO,  
Risk Reward



Atula Abeysekera,  
Chartered FCSI  
(Deputy Chairman)

Risk Manager,  
Cazenove Capital Management

Christopher Forster,  
Chartered FCSI  
(Deputy Chairman)

Technical Specialist  
Prudential Regulation Authority

Colin Atkinson MCSI

Banking Policy, FCA

Steve Bennett MCSI

Head of Operational Risk, Scottish  
Widows Investment Partnership

Andrew Brown ACSI

Quantitative Analyst, RBS

Alan Burr, Chartered FCSI

Director, Burr & Co

Sophie Dupre ACSI

Risk Manager

Craig Kersey,  
Chartered FCSI

Managing Director, Guildhall

Markus Krebsz,  
Chartered MCSI

Author, Consultant & Subject  
Matter Expert

Keith Robertson,  
Chartered FCSI

Armstrong Financial – Chartered  
Financial Planners

Robert Sherlock FCSI

Senior Expertise Risk Manager,  
AXA Investment Management

### Wealth Management Committee

Christopher  
Jones-Warner,  
Chartered FCSI  
(Chairman)



Frank Dolan,  
Chartered FCSI  
(Deputy Chairman)

Investment Director,  
Novatis Asset Management

Bruce Weatherill MCSI  
(Deputy Chairman)

Partner, BruceWeatherill  
Executive Consulting

Freddy Barker,  
Chartered FCSI

Head of Research Unit, Spear's

Jason Dalley,  
Chartered FCSI

Investment Director, Rathbone  
Investment Management

Bandish Gudka MCSI

Investment Manager, Vestra Wealth

Amy Lazenby,  
Chartered FCSI

Investment Manager, Wilson  
King Investment Management

Clive Menzies,  
Chartered FCSI

Director, Fund Building

Peter Moores,  
Chartered FCSI

CEO, Raymond James  
Investment Services

Keith Robertson,  
Chartered FCSI

Chartered Financial Planner,  
Armstrong Financial –  
Chartered Financial Planners

William Walker-Arnott,  
Chartered FCSI

Investment Manager,  
Charles Stanley



*Lord Stephen Green of Hurstpierpoint, Minister of State for Trade and Investment and former Chairman of HSBC*



*Philippa Foster Back OBE, Director, Institute of Business Ethics at the CISI Annual Dinner*

### CISI 20th Anniversary Gala Dinner

The 20th anniversary annual members' dinner, held in September, was a resounding success. The elegant surroundings of the beautiful Guildhall in the City of London set the tone for a celebratory atmosphere, as 380 guests enjoyed an evening of great food, fine wine and speeches by Lord Stephen Green, Minister of Trade & Investment and Alan Yarrow, Chartered FCSI(Hon). The London Stock Exchange provided generous sponsorship.



*Khalid Al Zayani, Honorary Chairman, Al Zayani Investments and President, CISI Bahrain Advisory Council at the CISI Annual Dinner*

*CISI 20th Anniversary Gala Dinner*







Mark Florman, Douglas Ferrans, Simon Culhane, Chartered FCSI, Richard Charnock, Chartered FCSI, Allister Heath and Xavier Rolet FCSI(Hon) at the CISI Annual Integrity Debate

*Charitable Objective 2: To develop high ethical standards for practitioners in securities and investments and to promote such standards in the United Kingdom and overseas*

Existing Fellows and Members of the Institute have been required to pass an integrity test as part of their membership and during the year, members have been working towards meeting this requirement. New senior members are required to pass IntegrityMatters at grade 'A'.

### Professional Refresher Integrity and Ethics Module

Professional Refresher is an online learning system which allows self-administered refresher testing on a variety of topics. A dedicated Integrity and Ethics module has been developed to enable members to review and refresh their knowledge in this critical discipline. At the end of the module there is a voluntary test which can be used to satisfy both firm and regulatory CPD requirements. This test is available to members seeking to comply with the new membership requirements and is free of additional charge.



## Accredited Body

The requirement for individuals working in the retail advice sector to acquire a Statement of Professional Standing (SPS) by 31 December 2012 led to the CISI becoming an Accredited Body, regulated by the UK regulator, now the FCA, so that it could issue these statements. An annual audit of our RDR activity is a requirement of our status as a UKFSA Accredited Body. In November 2012, we had our first audit and were given a clean bill of health. There are four key criteria that the CISI is assessed against:

- Acting in the public interest and furthering the development of the profession;
- Carrying out effective verification services;
- Having appropriate systems and controls in place and providing evidence to the UKFSA / FCA of continuing effectiveness; and
- On-going co-operation with the UKFSA / FCA.

The auditors concluded that we have met the criteria over the 12-month period, and are expected to do so for the subsequent 12 months.

## Statements of Professional Standing

The SPS demonstrates to the public that a retail investment adviser possesses the necessary qualifications, has maintained their knowledge by undergoing at least 35 hours of CPD and upholds the CISI Code of Conduct. The CISI, as a formally accredited provider, issued almost 6,000 of these important certificates.

### Accredited Body Committee Members

Nicholas Parkes, Chartered FCSI (Chairman)	Novitas Partners
Ian Cornwall, Chartered FCSI	APCIMS
Frank Dolan, Chartered MCSI	Novatis Asset Management
David Kanolik MCSI	IMA
David Loudon, Chartered FCSI	Quilter Cheviot
Alison Stobbs	Cazenove Capital
Tina Wishart, Chartered FCSI	Evolution Group

## Ethics CPD Events & Training Courses

There are also specific events for members to update themselves and to contribute to CPD in ethics. In addition to the Annual Integrity Debate, the CISI offers a range of CPD events and training courses on the topic. Integrity & Trust in Financial Services is a half-day course hosted by the CISI's Head of Professional Standards, Andrew Hall, and the Institute of Business Ethics.

The CISI Executive Team has presented the CISI's interactive 'Integrity at Work' presentation across the UK and globally, where it was well received.

### Integrity & Ethics Committee Members

Richard Charnock, Chartered FCSI (Chairman)	Standard Life Wealth
Ben Blackett-Ord	Bovill
Christopher Bond, Chartered MCSI	CISI
Nigel Challis FCSI(Hon)	
Simon Culhane, Chartered FCSI	CISI
Scott Dobbie CBE FCSI(Hon)	Immediate past Chairman, CISI
Philippa Foster Back OBE	Institute of Business Ethics
Nicholas Gibson, Chartered FCSI	Chase Cooper
Martin Hall	Worshipful Company of International Bankers
Charles Hoare Nairne, Chartered FCSI	Messrs. C. Hoare & Co.
Matthew Line, Chartered MCSI	Barclays
Professor Paul Palmer	Cass Business School
Alan Ramsay FCSI(Hon)	HSBC
Ann Roughead	abovewealth
Ian Stevenson, Chartered FCSI	Selftrade
Anthony Stewart-Jones FCSI	PricewaterhouseCoopers
Andrew Hall (Secretary)	CISI



A standard SPS



Alex Cannon, Head of Education Development, CISI presenting an Integrity at Work seminar at Canterbury University



Anthony Belchambers with Andrew Hall, Head of Professional Standards, CISI, Ruth Martin and Ian Stevenson, Chartered FCSI at the Integrity & Ethics dinner which followed the debate



IntegrityMatters campaign at London Canary Wharf

During the year, Anthony Belchambers stood down after six years' service on the Committee. Anthony, who was a significant contributor to the Code of Conduct, will be remembered for his passionately expressed views in favour of the need for higher standards of integrity within the City, whilst being mindful of the need for the financial services industry to remain competitive in the face of actions which might put that at risk.

### Thought Leadership on Integrity in Financial Services

The Institute's continuing public promotion of the 'integrity message' has resulted in our profile being raised significantly. This is evidenced by the CISI being approached regularly to provide a response to high profile instances of significant lapses in integrity within financial services firms.

In addition, we have made submissions to the Parliamentary Commission on Banking Standards. In particular, the CISI has drawn attention to the continuing disparity in professional standard requirements between the retail and wholesale parts of the financial services industry. Key standards which are imposed upon our core membership, who work in the retail financial advice sector, do not apply to wholesale areas of the sector and this has been the source of many of the high profile problems associated with financial services.

In addition, we have been an active participant in the City Values Forum, which sits under the auspices of the Lord Mayor of the City of London. The aim of the initiative is to improve both the practice and the external perception of standards of integrity within the financial services industry.

### Monthly Grey Matters Ethical Dilemmas

This highly successful series, which provides the feedstock for many of the CISI's other integrity initiatives, has now been running for eight years, during which time 65 dilemmas have been offered to readers of the Securities & Investment Review.

Publication of the dilemmas on the CISI website has enabled an increasing number of members to participate actively by voting online on how they would respond and leaving supporting comments.

### Integrity at Work Interactive Seminar

This universally-popular seminar continues to be offered to audiences in all of the centres where we are represented and the year under review saw events being held additionally in Bangladesh and the Philippines.

The presentation has also been made to a large number of students at our expanding network of Centre of Excellence university partners as a part of our mission to instil the need for high standards of integrity from the outset.

Additionally, presentations have been made to groups of senior executives in an increasing number of our major corporate supporter firms, with a view to the seminar's widespread internal application.

### IntegrityMatters Online Test

During the year the Institute built on the widespread acceptability of IntegrityMatters as a valuable tool for raising awareness of the need for high standards of ethics and integrity. An increasing range of CISI membership categories now need to gain a Grade A result in IntegrityMatters as part of their membership commitment. In addition, the Institute announced in January 2013 that, with effect from April 2013, all UK candidates for our Wholesale / Capital Markets Level 3 certificate exams are required to obtain a Grade A or B result in the IntegrityMatters test as a pre-requisite to sitting their exam.

This move has been welcomed by many, including the Chief Executive of the FCA and the Chairmen of a number of leading UK banks.

This requirement was accompanied by the Institute's first "above the line" advertising campaign, with eye-catching advertisements appearing at major London underground stations and regional railway stations.

As part of our commitment to improving financial education, we have pledged the income earned by IntegrityMatters during the 2013/4 financial year to the CISI Educational Trust. In addition, we have reduced the price of IntegrityMatters to £20 for all, representing a reduction of between 30% and 50%, as well as making the workshop component of the programme available free of charge to everyone, not just CISI members.



Delegates at the CISI Annual Integrity Debate, January 2013



David Lappage, Director of Risk Management, Bureau Veritas Commodities and Trade Division, receives the award of the Investing in Integrity Charter Mark from Andrew Hall

## Annual Integrity Debate

This event, which continues to be very popular with our members, saw a panel of four speakers debating the motion: "Does the plc model of company ownership encourage higher standards of integrity than private ownership?" Xavier Rolet, FCSI(Hon), Chief Executive of the London Stock Exchange Group, aided by Allister Heath, Editor of the City AM newspaper, won the day for the plc against the arguments of Mark Florman, Chief Executive of the British Venture Capital and Private Equity Association, powerfully supported by Douglas Ferrans, Chairman of the Investment Management Association.

## Investing in Integrity

The year saw limited progress in the acceptance of the Investing in Integrity Charter Mark, where the Institute is in partnership with the Institute of Business Ethics. Launched in March 2012, the year saw the Charter Mark being awarded to Bureau Veritas, metals and minerals division, and continuing progress with a number of major UK plcs. However, penetration of the financial services sector remains problematical, whilst the future standards continue to be debated by the Parliamentary Commission on Banking Standards.

In the meantime, we were pleased to welcome Peter Montagnon, Investment Director of the Financial Reporting Council, as Chairman of the Investing in Integrity accreditation panel.

## Integrity in Exams

There are specific questions within CISI qualifications on integrity and ethics, contributing to the knowledge aspect of ethics, including:

- **Investment Advice Diploma (IAD)**

The IAD unit, UK Regulation and Professional Integrity, has now been taken by some 2,000 candidates. This is a mandatory unit of the new Level 4 award required by retail advisers under the RDR and 20% of the marks are awarded for questions testing candidates' familiarity with integrity in the environment of financial regulation.

- **Diploma in Investment Compliance**

A compulsory integrity question is included in the final case study paper.

- **Foundation Exams**

Thousands of new entrants to the financial services industry each year take the Institute's introductory exams. Integrity is becoming a component of these level 2 and level 3 exams in order to make students aware from the outset that ethics and integrity is as important in their work as technical competence.

## Disciplinary Process

The Institute has an established disciplinary process and hearings are held as necessary. The year under review saw the Disciplinary Panel convened only on a single occasion, resulting in the severe reprimand of the member concerned.

Following an appeal by the Board against the leniency of the sanction, as permitted under the Bye-laws, an Appeal panel was convened as a result of which the member was expelled.



*IntegrityMatters campaign at Bank station*

*Charitable Objective 3: To act as an authoritative body for the purpose of consultation and research in matters of education or public interest concerning investments in securities.*

### Change – the Regulatory Update

Change – the Regulatory Update is a magazine written and edited by Christopher Bond, Chartered MCSI, and is available to all Members and Fellows. This year has seen a large amount of regulatory change. The G20's response to the global financial crisis of 2008 has been slow, but will have a huge impact upon all financial firms. The EU and the US are about to make changes to capital, liquidity, transparency, derivatives, firm resolution and supervision that will change the way markets and firms operate. There are also two new UK regulators and a likely single eurozone regulator. Only firms making strategic plans addressing these will be able to survive and benefit from the opportunities in the new environment.

The publication is also now available through the CISI App.

The international edition of Change has become established and has built up a strong reputation, with a circulation of 1,200 among the financial community outside the UK, including regulatory bodies.

The Training & Competence Conference: Regulation & Beyond was held on 23 October. Attended by over 100 delegates, the conference is one of our most popular. Feedback included: "A well-structured and informative conference with interesting, informed speakers." The event was sponsored by BPP and 7City.

### Live Webcasts

On 12 March, the CISI was delighted to welcome Martin Wheatley, then CEO Designate of the Financial Conduct Authority, to make a live webcast from the BT Tower in London on the new face of UK regulation. There were 100 CISI members in attendance; in addition, nearly 300 joined in the live webcast, asking questions and Tweeting their comments to #wheatleylive.

The feedback was very positive and more live webcasts are planned for 2013/14.



*Martin Wheatley FCA speaking during a live webcast at BT Tower*

## RDR Roadshows

One of the CPD highlights of the past year was the RDR Roadshows, focusing on CPD and Professionalism and delivered by the CISI Executive Team. There were 15 held in early 2013, and a total of 501 attendees across the regions. The electronic feedback forms have generated great scores and positive comments.

This year was a high-profile one for the RDR, and the CISI continued to support firms and individuals through the provision of advice and qualifications. Three booklets of guidance for advisers on all aspects of the professionalism strand of the RDR were produced, and one covering the Jersey Regulator's Review of Financial Advice. We also toured the UK with RDR Roadshows, and answered over 13,000 emails through our bespoke RDR inbox.

## Compliance & Risk Thought Leadership

In September, the CISI Compliance Professional Forum submitted a paper to the (then) UKFSA on a number of topical concerns from its members. Specifically, these concerned the UKFSA website, firms' reporting to the UKFSA and the question of ultimate accountability within firms.

As a result, there was a meeting with the Compliance Forum Chairman and senior UKFSA staff and the group is now hopeful of further improvements under the new regulators.

The Institute has continued to engage with the UK Financial Services Practitioner Panels on regulatory matters of industry concern through its Compliance Professional Interest Forum. These included the status and impact of 'Dear Compliance Officer' letters and the regulators' approach to supervisory visits.

The Risk Professional Forum has also set up a Regulatory Working Group to provide similar feedback to the European Securities and Markets Authority.

## Ofqual

As part of Ofqual's ongoing requirements for an Annual Statement of Compliance, the Board met in March to consider the findings of the Self-Evaluation Panel; it was pleased to agree a full Statement of Compliance. The Board thanks the members of the Self-Evaluation Panel for their ongoing support and work in this area which continues to grow, particularly as the requirements of the regulator in Wales, the Welsh Government, begin to diverge from those of Ofqual.



## Securities & Investment Review

The S&I continued to help CISI members around the world maintain their competence by providing topical analysis of key developments within the financial services industry.

Issues covered included an investigation that lifted the lid on claims of LIBOR manipulation by banks – in advance of the scandal surrounding the benchmark break being exposed – an analysis of the implications of the RDR and a study of the challenges facing a shift to derivatives' central clearing.

The magazine featured a string of high-profile interviewees from around the world. They included: Andrew Tyrie MP, Chairman of the Treasury Select Committee; Anthony Browne, Chief Executive of the British Bankers' Association; Dr Michael Taylor, architect of the new 'Twin Peaks' regulatory structure for financial services in the UK; and Mike Bodson, President and CEO of the US Depository Trust & Clearing corporation.

The agenda-setting content of the Review was highlighted by media interest in its leader column, City View. This was particularly evident with a column that called for the UK Government to speak out against the Foreign Account Tax Compliance Act (FATCA), US legislation that will impose costs on firms that work with Stateside clients.

A digital-magazine version of the Review was launched, enabling members to read the edition on their computer, smartphone or tablet as if they had the printed copy in front of them. As a result, more than 2,000 members opted to receive the magazine digitally rather than in printed form.

Reading the S&I counts as learning hours for CISI members under the Institute's CPD Scheme. An advantage of accessing the Review online is that these hours are automatically logged.

A strategic review is underway to develop the Review further, to ensure members receive an even better publication, delivered both digitally and in print.

### Editorial Panel

Peter Land, Chartered FCSI (Chairman)	Brewin Dolphin
Suren Chellappah FCSI	Sanford C. Bernstein
Moorad Choudhry FCSI	Royal Bank of Scotland
Simon Culhane, Chartered FCSI	CISI
Scott Dobbie CBE FCSI(Hon)	Deutsche Bank AG
Mike Gould FCSI	Investment Management Association
Jeannette Lichner MCSI	FTI Consulting
George Littlejohn MCSI	CISI
Gregor Logan MCSI	
Paul Loughlin, Chartered MCSI	Rathbone Investment Management
Robert Merrifield, Chartered FCSI	Legal & General
Frank Reardon, Chartered FCSI	JM Finn & Co
Patricia Robertson, Chartered FCSI	Westport Global
Jeremy Robinson, Chartered FCSI	Charles Stanley
Hamish Rowan-Hamilton	TheCityUK
Markus Ruetimann FCSI	Schroder Investment Management
Nimrod Schwarzmann	
Arjuna Sittampalam, Chartered MCSI	Sage & Hermes
Nigel Sydenham, Chartered FCSI	BPP Professional Education
Alan Yarrow, Chartered FCSI(Hon)	CISI

## Investment Management Review

The Investment Management Review provides comprehensive coverage and analysis of the latest key global developments across all sectors of the asset management industry.

Written by Dr Arjuna Sittampalam, Chartered MCSI, Founder and Managing Director of Sage & Hermes, the quarterly magazine features information drawn from leading worldwide sources and contributions from industry experts. The aim of the publication is to raise awareness of issues of potential long-term significance, ignoring areas of short-term consequence.

The Investment Management Review is available exclusively to Members and Fellows in an online version, as well as via the CISI Publications App. Fellows also receive it in hard copy.

## Marketing

Generating greater awareness of the CISI brand within the financial services industry in the UK and globally, and raising the profile of our core business initiatives continued to be priority for the Institute in 2012/13.

Whilst ensuring that our core membership remained informed of the latest industry changes and new CISI developments, we expanded our promotional scope to attract new markets and audiences and during the second half of 2012, we rolled out refreshed CISI branding across all marketing collateral.

## Advertising

We moved to Phase 2 of the Institute's outdoor advertising initiative in Colombo, Sri Lanka, changing the emphasis from promoting the Institute as a whole, to a more specific focus on qualifications which are most relevant for the Colombo market. This concept was further promoted through the Institute's involvement and site offering at EDEX Expo, Sri Lanka's largest national higher education and careers expo, where more than 1,700 people visited our stand during the event.

The success of outdoor advertising in Sri Lanka led to the adoption of the same strategy in Singapore during 2012/13, where we ran two large billboard advertisements in Raffles Place Metro station, the heart of the Singaporean financial services district. This campaign celebrated the achievement of local CISI award winners, whilst drawing attention to the whole CISI offering.

The highlight of the year was the launch of the Institute's first significant advertising campaign based on promoting the importance of integrity and ethics, under the banner 'In Finance, In Banking, Integrity Matters'. We took advertising sites at carefully chosen locations on the London underground – Bank, the heart of the City; Canary Wharf, the new hub; and Westminster, the political centre. Our outdoor advertising was supported by additional offline and online initiatives, including adverts in seven regional UK newspapers, social media activities and communication through the Securities & Investment Review.

## Social Media

The CISI further embraced its adoption of social media by launching on Twitter in July 2012. Our focus on enhancing the CISI's profile through social media was reciprocated by our membership base, with a significant growth in requests to join the CISI official members-only LinkedIn Group (now totalling over 4,200) and our achievement in exceeding over 1,000 Twitter followers within a year of launch.

Our campaign on Twitter #followcisiandhelpoxfam, which ran from December 2012 to February 2013, saw us donate £500 to Oxfam - £1 for every new follower who joined during the period.

Through both LinkedIn and Twitter, the CISI is actively engaging with members and business partners. The creation of event specific hashtags - #cisiwfm, #wheatleylive, #ciscipd – enabled us to facilitate live tweeting at events and spark discussion and debate with members on selected topics. Under the banner of our LinkedIn members' group, we now have three new subgroups for our local branches – Scotland, South Coast and Liverpool & North Wales. These are actively managed by branch committees and are used by members to discuss industry events, seek answers and advice and create and encourage industry thought and debate.

The addition of an in-house Multi-Media Producer in January 2013 has allowed us to start developing short promotional videos to promote our offerings and increase our presence further via social media with the development of a CISI YouTube profile.



Singapore MTR concourse



Billboard in Colombo, Sri Lanka

# Media Coverage

Media coverage is an extremely important part of our marketing mix and a crucial tool in the efforts to communicate with our global membership and the public. Over 600 items of press coverage were generated covering news, features and topical thought leadership articles, helping to maintain and enhance the CISI's image and reputation.

Our website surveys continue to garner member interest and input, with themes such as gauging confidence in the UK economy and whether the UK should support the International Monetary Fund to help troubled economies. But the member survey that clearly touched a nerve with the world's media declared that two-thirds of financial services professionals have little or no trust in the British banking industry, with only two per cent rating the banks totally trustworthy. The survey attracted mentions in 300 global media outlets.

The manifestation of the LIBOR fixing scandal meant that we were much sought after for industry opinion, attracting over 200 media spots.

The year ended on a high, when we announced the introduction of our mandatory IntegrityMatters test for all new capital market entrants. A major press campaign, incorporating online media including Twitter and LinkedIn, complemented the advertisements at train stations, resulting in significant coverage including live radio and TV.





## Operations & Staffing

### Completion of IT Upgrade

The introduction in October of the CISI upgraded software platform has enabled the Institute to streamline processes and has provided a platform from which enhancements can be made quickly and easily. We are now able to think beyond the restrictions that our old system imposed.

Processes such as membership joining, upgrades and SPS renewals can now all be automated and we have the opportunity to achieve much more and respond to the needs of our members, candidates and firms more quickly.

### Tendering for Provision of Computer Testing Services

Prometric has provided our computer based testing (CBT) services since we migrated from 'pencil and paper' testing to computer based testing nine years ago and we are pleased to have renewed our agreement for a further five years.

## Colombo

The Institute's operations centre in Colombo, Sri Lanka has been fully functional for more than two years. The office opened with seven staff, but its success has resulted in expanding this to 13. The Colombo team deals primarily with customer enquiries and processing exam bookings for clients locally in Sri Lanka and in India, Singapore and the Middle East.

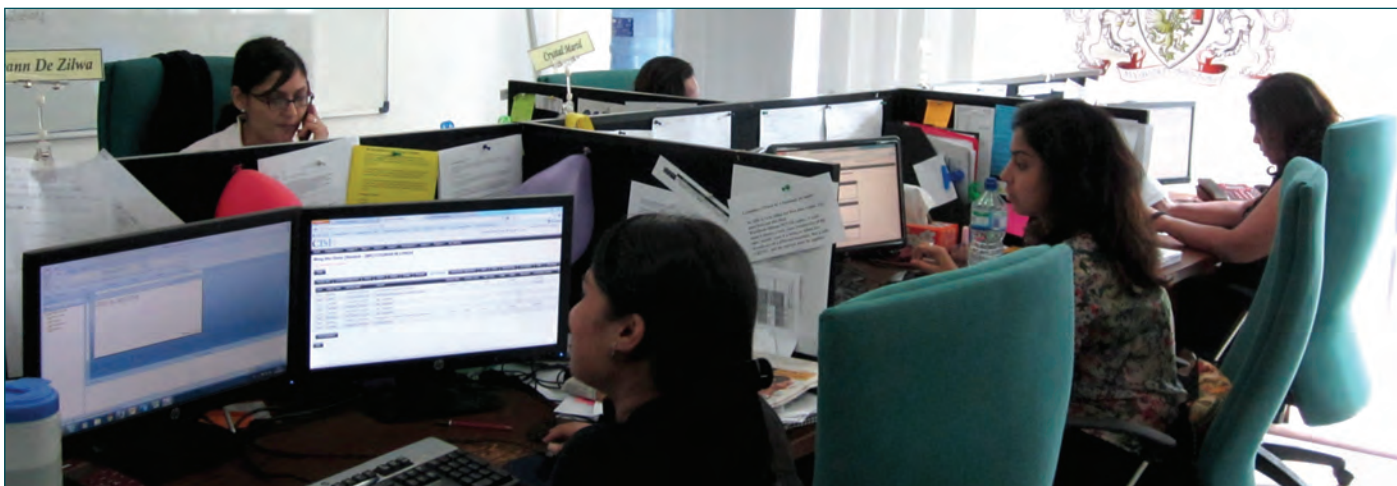
We are able to provide a higher level of customer service with opening times extended to 14 hours a day, Monday to Friday and an additional nine hours on Sundays. Time differences between London and Colombo and the better use of technology have enabled us to offer improved service and efficiency, whilst keeping costs down. The investment is paying dividends in increased customer satisfaction and improved service levels.

### Gearing up for Automated SPSs

Over the last year almost 6,000 new SPS applications were successfully processed by a team of staff which at peak times numbered more than ten. SPS renewals require the same level of attention to detail and processing within a short period and we expect to be able to offer an automated service from this summer.

Much of the work involved in building the automated SPS renewals process can be adapted to be used to automate new member applications and membership upgrades.

During the course of the next financial year, candidates who become eligible for membership of the Institute or eligible to upgrade their membership to a higher level will receive a personal invitation to join the Institute electronically via a dedicated website. This will reduce the application time from weeks to minutes.



Colombo, Operations team



CISI office, London

## TRUSTEES' REPORT

The Trustees present their annual report and financial statements for the year from 1 April 2012 to 31 March 2013. The Chartered Institute for Securities & Investment ("CISI") is registered as a charity in England & Wales by the Charity Commission (Registration No. 1132642) and in Scotland by the Office of the Scottish Charities Regulator (Registration No. SC040665). The company was incorporated by Royal Charter (Registration No. RC00834), and is governed by said Charter and its associated Bye Laws. The group results combine the results of the charity with the results of the following:

- a) Chartered Institute for Securities & Investment (Services) Ltd, a wholly owned subsidiary, which runs the trading activities of the Institute.
- b) Securities & Investment Institute, a registered charity number 1036566 and a company limited by guarantee, governed by a memorandum and articles of association, company registration number 2687534. The company is dormant and a wholly owned subsidiary of CISI.
- c) Securities & Investment Institute (India), a wholly owned subsidiary, established in Mumbai and which acts as a liaison office for the Indian subcontinent.
- d) Chartered Institute for Securities & Investment (Singapore) Pte Ltd, a wholly owned subsidiary of Chartered Institute for Securities & Investment (Services) Ltd, established in Singapore, which runs the trading activities of the Institute in South East Asia.
- e) Securities & Investment Institute (China), a wholly owned subsidiary of Chartered Institute for Securities & Investment (Services) Ltd, established in the People's Republic of China, which runs the consulting activities of the Institute in China.
- f) Chartered Institute for Securities & Investment (Services) Ltd (DMCC Branch), a wholly owned subsidiary of Chartered Institute for Securities & Investment (Services) Ltd, established in Dubai, UAE which runs the consulting activities of the Institute in the Gulf Co-operation Council countries.
- g) Chartered Institute for Securities & Investment (Services) Ltd, a legally registered Sri Lankan branch office of the UK company of the same name, which also provides operational support for the global activities of the Institute.

### Trustees

The following individuals all served as Trustees throughout the year (except where noted).

	Committee
Robert Barnes, Chartered FCSI	
Charlotte Black MCSI	H, J
Fionnuala Carvill, Chartered FCSI	L
Richard Charnock, Chartered FCSI	E
Philippa Foster Back *	E
Chris Harris-Deans, Chartered FCSI	F
Paul Hedges, Chartered FCSI	F
Sir David Howard FCSI(Hon)	B, H, J
David Kane *	
Frank Moxon, Chartered FCSI	C, F
David Nicol, Chartered FCSI	C, H, J
Nick Parkes, Chartered FCSI	A
Tony Stewart-Jones FCSI	C, E
Richard Stockdale, Chartered FCSI	
Nick Swales, Chartered FCSI	B, D, F, K
Alison Warden FCSI (Resigned 6 September 2012)	C
Richard Wastcoat *	I, J
Martin Watkins, Chartered FCSI (Appointed 6 September 2012)	F
Alan Yarrow, Chartered FCSI(Hon) (Chairman)	F, G, H, I, J

The Trustees, all of whom are non-executive, are elected by the members (except for co-optees who are appointed by the Board) at the Annual General Meeting for a term of office of three years. None of the Trustees had any interest in the company or its subsidiaries.

The Trustees served on the following Committees:

A	Accredited Body
B	Examinations Board
C	Audit Committee
D	Education
E	Integrity & Ethics Committee
F	Membership Committee
G	Securities & Investment Review Editorial Panel
H	Nomination Committee
I	International Committee
J	Remuneration Committee
K	Investment Committee
L	Educational Trust

\* denotes a co-opted Trustee

## INVESTMENT POWERS

The Institute's Charter provides the Board with the power to invest monies not immediately required for its purposes in or upon such investments, securities or property as may be thought fit, subject to such conditions and with such sanction as may for the time being be imposed or required by law.

## ORGANISATION

The Institute comprises the non-executive Board of Trustees shown above, including up to three Board appointed co-opted Trustees, which decides upon strategic and policy matters. The executive staff are organised into the departments of qualifications, membership & professional development, operations, international, corporate governance & support and services (Chartered Institute for Securities & Investment (Services) Ltd).

### Chief Executive

Simon Culhane, Chartered FCSI

### Managing Director

Ruth Martin

### Director of Global Business Development

Kevin Moore, Chartered MCSI

### Global Director of Finance and IT

Edward Brunel-Cohen FCA MCSI

## FUTURE ACTIVITIES

The CISI's key objectives for 2013/14 are to:

1. Continue to expand our overseas exams network in order to further our global objective to advance knowledge in our field, aiming to supply at least 9,500 sittings during the year.
2. Advance our standing as an authoritative body by increasing our presence in the world of social media, and particularly aiming to reach 7,000 followers on LinkedIn and Twitter.
3. Continue to expand our online CISI TV offering, with the aim of covering at least 60 events, in order to improve the CPD experience for our membership.
4. Facilitate the SPS issuing process for our members by making renewal applications available online by 31 July 2013.
5. Enhance our involvement in the field of further/higher education by the introduction of three new elearning interactive workbooks for students by 30 September 2013.
6. In pursuit of our charitable objective to develop high ethical standards for practitioners, we intend to introduce our Integrity Matters programme to at least two major organisations in our sector, achieving a minimum target audience of 1,000.

## REVIEW OF FINANCIAL POSITION

The Institute has continued to maintain its healthy financial position, with free reserves now nearing 8½ months' operating costs, considered by the Trustees as prudent (see reserves policy below). This year the Institute saw an increase in group funds of £853,327 (2012: £699,966). During the year, funds were applied towards achieving the Institute's main objectives through the provision of relevant qualifications, membership, events and learning resources.

The Institute's wholly owned UK subsidiary trading company, which is established to undertake the commercial activities of the Institute, recorded a profit before tax, and before the donation under gift aid, of £25,497 (2012: £38,257).

The Chartered Institute for Securities & Investment continues to remain financially independent, deriving funding through fees charged in relation to its charitable activities such as individual membership, exams, and professional development events.

## RESERVES POLICY

The Institute has high operational gearing in a cyclical industry and therefore requires sufficient reserves to draw upon during times of industry downturn and to meet its charitable objectives. The Board has therefore adopted a policy of maintaining free reserves at a level that is equivalent to between six and ten months' running costs. At the year end the total free reserves of the Institute amounted to £7,925,032 (2012: £7,061,601), which represented slightly more than eight months' running costs. While first discharging its obligations and carrying out its strategic plans, the Board aims to, in the medium term, accumulate reserves closer to the upper end of the policy range. This policy, together with the approach to investing reserves, is reviewed and approved annually by the Board. Such a review has been conducted during the year, including reviewing rates of interest received from the Charity's deposit facilities utilised, to ensure that the Institute's investments continue to contribute effectively to the achievement of the aims of the organisation and are in line with the adopted policy. The policy of the Charity with regard to payments to suppliers is to make payments no later than the agreed terms in relation to the goods or service received.

## INVESTMENT POLICY

The Board has delegated the regular review and supervision of the investment of surplus funds to an Investment Sub-Committee (ISC), appointed by the Board and comprising selected trustees, which is tasked with addressing the maintenance of a short term cash portfolio and a medium to long term capital portfolio.

### The Cash Portfolio

This will consist of deposit accounts of various duration with institutions the ISC recommends, based on a review of credit risk, rates offered and administrative issues. When required, the Board is asked to approve the opening of any new accounts. There should be a spread of accounts and they will be reviewed regularly by the ISC. This Cash Portfolio will be Low Risk.

### The Medium to Long Term Portfolio

The ISC and the Board will discuss the CISI's reserve funds on a regular basis and between them decide when and how much capital can be invested for a longer period. These funds will then fall within the Medium to Long Term Portfolio (MLTP) where there will be Widest Investment powers.

Funds in the MLTP will be invested with a view to achieving a total return in excess of that achievable on cash deposit over the medium to long term (3 to 5 years). The risk profile of the MLTP will be Medium Risk. The ISC will appoint qualified fund managers to manage the funds on a discretionary mandate and they will be expected to report to the ISC on a six monthly basis to a given benchmark agreed at the time of appointment. The Finance Director will also monitor progress of the investments on a regular basis.

The ISC will monitor the investments and review new opportunities on a regular basis; however, any appointment of managers will require the Board to delegate authority to the ISC on a case by case basis.

The Board and the ISC will consider styles of investment and any ethical or other restrictions it may have on a regular basis.

## CHARITABLE GRANTS

In 2010, an independent charity, the Chartered Institute for Securities & Investment Educational Trust, was formed. The CISI is a corporate trustee of this charity, but the other trustees are all independent from the main board of the Institute. Its objectives are "to promote for the public benefit the advancement and dissemination of knowledge in the field of securities and investment". During the year, the Institute made a significant donation of £250,000 to this charity.

## VOLUNTEERS

The Institute derives benefit from the services of unpaid volunteers, by virtue of the time given by its Trustees (other than the Chairman who is remunerated for his services) and by practitioners who serve on various committees and panels. No donations in kind were received during the year.

## RELATIONSHIPS WITH OTHER BODIES

In pursuit of its charitable objectives, the Institute provides relevant qualifications to the securities and investment industry, certain of which are on the Financial Skills Partnership's (formerly known as the Financial Services Skills Council) list of appropriate exams. The Institute is registered with the Charity Commission for England & Wales and with the Office of the Scottish Charity Regulator. It is also recognised by Ofqual as an awarding body for the securities and investment industry.

## FIXED ASSETS

During the year, the Institute purchased tangible fixed assets amounting to £62,674 (2012: £73,343).

## RESULTS

A summary of the results for the financial year are shown on pages 38 to 39. The group's liability to corporation tax is restricted to services arising from trading with non-members through the subsidiary company. The group's net retained resources for the year, including unrealised investment gains of £300,697, were £853,327 (2012: £699,966).

## CORPORATE GOVERNANCE

The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to guidance in respect of public benefit published by the Charity Commission.

### Board

The Board of the Chartered Institute for Securities & Investment normally meets six times per year and comprises all non-executive Trustees. The Trustees are typically employed in senior positions within firms operating in the securities industry. They are identified by existing Board members for their expertise or nominated by members of the Institute. Up to 15 Trustees are elected for a term of three years, either by a ballot of the membership at the AGM, or by the Board. If Board-appointed, the Trustee is required to stand down from the Board at the next AGM and seek re-election by membership ballot, in accordance with the charity's articles.

Up to a further three Trustees may also be co-opted by the Board to serve such period as the Board decides. On election, or appointment, the new Trustees are given an induction which contains information on the Institute, its activities and their responsibilities under charity law. The Board appoints the Chairman and the Chief Executive. The Chief Executive is not a Trustee. At its meetings, the Board considers matters including:

- policy and strategy;
- financial performance, including annual budgets;
- responses to industry consultation papers; and
- reports from the standing committees.

The executive staff of the Institute submits management information to the Trustees to enable them to discharge their duties. The Trustees may take independent advice at the charity's expense.

## Committees

The Board has delegated some of its powers to certain committees and a full list of all committees, together with the names of the serving Trustees, are shown on page 34. Those committees to which the Board has delegated powers have specific terms of reference. The Audit Committee is chaired by David Nicol CA, Chartered FCSI.

## Trustees' Remuneration

All Trustees give their time freely and are not paid for their trusteeship, with the exception of the Chairman who is remunerated for his services.

## Key Risks

The following are the key risks assessed as the most significant for the Institute:

1. IT systems;
2. Reputational risk;
3. Effect of an economic slowdown;
4. Loss of key staff;
5. Managing a global business

## Internal Control and Risk Management

The Trustees acknowledge that they are responsible for the maintenance of an effective system of internal control. However, no system of internal financial control can provide absolute assurance against material misstatement or loss. The Trustees have considered the major business risks and control objectives relevant to the Institute and controls were found to be appropriate and generally satisfactory. However, as part of an overall and continuing drive for quality, an ongoing review of internal controls is addressing those areas where controls may be improved. The Institute's control objectives include:

- the maintenance of the industry's confidence in the Institute's relevance, integrity and status;
- the identification and evaluation of business risks, through regular risk assessment and review, and the direction of operating and financial strategy;
- the nurturing of high ethical standards, effective communications and a strong overall control environment;
- the safeguarding of the assets of the Institute and the effective use of resources; and
- the promotion of detailed financial and operational controls necessary for the production of reliable and up-to-date financial information.

The Board has conducted a review of the effectiveness of the system of internal control for the year ended 31 March 2013. In pursuit of the above control objectives the Institute has in place a number of key internal controls and processes that include:

- liaising with its members and their employers to ensure the Institute's continued relevance;
- formally identifying, evaluating and reviewing risks;
- communicating the high standards of behaviour expected of its employees by inclusion of the Institute's code of conduct in employment contracts and additionally, through formal objective setting and performance appraisal schemes, including regularly identifying and taking action to satisfy training needs;

- creating a secure environment to protect the charity's assets and regularly reviewing management information to ensure the effective use of resources;
- seeking legal protection for CISI trade marks and domain names by registering them in appropriate jurisdictions;
- operating signing limits to ensure that the charity cannot be committed financially without proper authority, and producing regular financial reports for Board and Chairman's Committee review which include estimates and judgments made by the business managers.

The Institute's Audit Committee currently comprises three non-executive Trustees. Its scope includes the assessment of the cost effectiveness of the external Auditors, consideration of the financial statements of the Chartered Institute for Securities & Investment and the consideration of any internal control matters, which may be brought to its attention. The Board has reviewed the need for an internal audit function and does not consider that such a function is necessary given the size and nature of its operations.

## REGISTERED OFFICE AND PROFESSIONAL ADVISERS

Registered Office	8 Eastcheap London EC3M 1AE
Solicitors	Bircham Dyson Bell LLP 50 Broadway London SW1H 0BL
Auditors	Crowe Clark Whitehill LLP St Bride's House 10 Salisbury Square London EC4Y 8EH
Bankers	Bank of Scotland 600 Gorgie Road Edinburgh EH11 3XP

Approved by the Board of Trustees on 25 July 2013 and signed on behalf of the Board by

  
.....  
Alan Yarrow, Chartered FCSI(Hon)  
Chairman

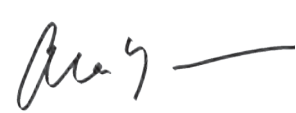
## REPORT BY THE TRUSTEES ON THE SUMMARISED FINANCIAL STATEMENTS


The summarised financial statements set out below on pages 38 to 39 are extracted from the full statutory Trustees' annual report and financial statements which were approved by the Trustees and signed on their behalf on 25 July 2013. The full financial statements, on which the auditors Crowe Clark Whitehill LLP gave an unqualified audit report on 2 August 2013, will be submitted to the Charity Commission following the AGM on 25 September 2013.

The auditors have confirmed to the trustees that, in their opinion, the summarised financial statements are consistent with the full financial statements for the year ended 31 March 2013.

These summarised financial statements may not contain sufficient information to gain a complete understanding of the financial affairs of the charity. The full statutory Trustees' report, financial statements and auditors' report may be obtained from the Chartered Institute for Securities & Investment, 8 Eastcheap, London EC3M 1AE. They are also available online at [www.cisi.org](http://www.cisi.org).

Signed on behalf of the Board of Trustees on 25 July 2013.

  
.....  
Alan Yarrow, Chartered FCSI(Hon)  
Chairman

  
.....  
David Nicol CA, Chartered FCSI  
Trustee

# CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

Year ended 31 March 2013

	2013	2012
	£	£
<b>INCOMING RESOURCES</b>		
Incoming resources from charitable activities:		
Membership subscriptions	3,141,581	3,081,626
Membership entry fees	41,680	58,863
Qualifications and development	6,034,764	6,129,605
Publications and conferences	1,822,250	1,909,908
Investment income	162,364	140,154
Other incoming resources	574,462	325,589
<b>TOTAL INCOMING RESOURCES</b>	<b>11,777,101</b>	<b>11,645,745</b>
<b>RESOURCES EXPENDED</b>		
Charitable activities		
Dissemination & advancement of knowledge	7,575,776	7,565,749
Ethics	873,641	804,206
Consultation & research	2,693,018	2,522,446
Total charitable activities	11,142,435	10,892,401
Governance	82,036	94,666
<b>TOTAL RESOURCES EXPENDED</b>	<b>11,224,471</b>	<b>10,987,067</b>
<b>NET INCOMING RESOURCES</b>	<b>552,630</b>	<b>658,678</b>
<b>OTHER RECOGNISED GAINS AND LOSSES</b>		
Unrealised investment gains	300,697	41,288
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>	<b>853,327</b>	<b>699,966</b>
FUNDS AS AT 1 APRIL 2012 & 2011	7,145,343	6,445,377
<b>FUNDS AS AT 31 MARCH 2013 &amp; 2012</b>	<b>7,998,670</b>	<b>7,145,343</b>

The group's activities derive wholly from continuing activities in the current and preceding year.

## BALANCE SHEETS

As at 31 March 2013

	GROUP		CHARITY	
	2013	2012	2013	2012
	£	£	£	£
<b>FIXED ASSETS</b>				
Tangible assets	73,638	83,742	73,638	83,742
Investments	3,453,057	2,152,360	3,453,057	2,152,360
	<u>3,526,695</u>	<u>2,236,102</u>	<u>3,526,695</u>	<u>2,236,102</u>
<b>CURRENT ASSETS</b>				
Stock	957	6,246	957	6,246
Debtors	1,393,061	1,536,617	1,391,061	1,528,217
Cash at bank and in hand	6,020,148	6,834,334	6,019,314	6,833,503
	<u>7,414,166</u>	<u>8,377,197</u>	<u>7,411,332</u>	<u>8,367,966</u>
<b>CREDITORS: amounts falling due within one year</b>	<b>(2,942,191)</b>	<b>(3,467,956)</b>	<b>(3,162,259)</b>	<b>(3,656,133)</b>
<b>NET CURRENT ASSETS</b>	<b>4,471,975</b>	<b>4,909,241</b>	<b>4,249,073</b>	<b>4,711,833</b>
<b>TOTAL NET ASSETS</b>	<b>7,998,670</b>	<b>7,145,343</b>	<b>7,775,768</b>	<b>6,947,935</b>
<b>REPRESENTED BY:</b>				
Unrestricted income fund	<u>7,998,670</u>	<u>7,145,343</u>	<u>7,775,768</u>	<u>6,947,935</u>

Being a CISI corporate supporter demonstrates a firm's commitment to ensuring its staff are amongst the most professional and best trained in the industry. The following firms seek to uphold the highest standards of integrity and support the CISI Code of Conduct:



- |                                  |                                    |                                 |                               |
|----------------------------------|------------------------------------|---------------------------------|-------------------------------|
| Alpari                           | City Equities                      | Jefferies International         | Psigma Investment Management  |
| Bank Leumi                       | Close Asset Management             | JM Finn & Co                    | SandAire                      |
| Bank of London & the Middle East | Collins Sarri Stratham Investments | Jupiter Unit Trust Managers     | Sarasin & Partners            |
| BDO Investment Management        | Credo Capital                      | Kotak Mahindra (UK)             | Seven Investment Management   |
| Beaufort Securities              | Duncan Lawrie Asset Management     | Lombard Odier Darier Hentsch UK | Speirs & Jeffrey              |
| Bestinvest                       | Gore Browne Investment Management  | MIG Capital                     | Stonehage                     |
| Black Tower                      | Grisons Peak                       | Mirabaud Asset Management       | Sanlam Private Investments UK |
| C.Hoare & Co.                    | Hargreave Hale                     | Monument Securities             | SVS Securities                |
| Capital International Group      | Heartwood Wealth Management        | Multrees Investor Services      | Thesis Asset Management       |
| Cardale Asset Management         | Highfield Financial Management     | N W Brown                       | Vartan & Son Stockbrokers     |
| Cave & Sons Stockbrokers         | Interactive Investor               | OCBC Bank                       | Vestra Wealth                 |
| Cavendish Asset Management       | James Brearley & Sons              | Odey Wealth Management          | Walker Crips                  |
| Cenkos Channel Islands           |                                    | Premier Asset Management        | World First                   |
| Chase Belgrave                   |                                    | Prestige Asset Management       | XCAP                          |
| CheckRisk                        |                                    |                                 |                               |