

# Reform action needed

Reform is an ongoing process and the Institute has several issues that it hopes the Government will address in its third term of office.

**T**he Institute has alerted the Government to several important issues affecting the industry. One of the issues is the early implementation of capital gains tax rollover relief for company demergers, as announced by the Assistant Treasurer, Senator Helen Coonan. This reform will have positive implications for revenue and will bring Australia into line with overseas trends.

We are also reviving the mandatory bid rule, a long-standing policy initiative, which will promote an efficient market for corporate control while ensuring that minority

shareholders get the same premium for their shares as major shareholders.

In another important initiative, the Institute will press for removal of the requirement for telephone monitoring during a takeover. We believe this requirement places an unjustified burden on the industry.

The Institute, through its Retirement Incomes Subcommittee, will continue to discuss the key issues for the safety of the superannuation system with the Government. We have also made a submission to the Superannuation Working Group on the Government's issues paper, *Options for Improving the Safety of Superannuation*.

It appears likely that the prudential regulator, APRA, will support the Institute's view that there should be a universal licensing system for all superannuation funds, but it will be a license issued by APRA. Our submission advocated trustees of funds being required to hold an Australian Financial Services License (AFSL) on the grounds that all participants in the financial sector will be required to hold a licence under the Financial Services Reform Act. This would avoid the additional imposition of requiring all superannuation funds to have Approved Trustees under an APRA licence. The Institute will continue to lobby the government on this matter.

The Company Reporting Subcommittee continues to work on a range of issues. These include the very topical matter of the independence of Australian company auditors, the trend towards Australian companies moving offshore and the Institute's Best Practice

## Welcome to our new Members

It is a very welcome part of my duties as the Institute's new CEO to greet all members, and in particular the many new members who have joined the Institute during 2002. Many of you are currently studying for one of the many courses we have on offer, and we trust that this is the beginning of a long and fruitful relationship, both for you, and for the Institute. I also salute the recently elevated Members and thank them for their loyal service to the Institute.



**BRIAN SALTER**  
Chief Executive  
Officer

## Generous conference sponsors

We would like to extend warm thanks to our generous conference sponsors which to date include:

- Brambles
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- Queensland Investment Corporation and
- JP Morgan.

Selected sponsorship opportunities still exist. Please visit

<http://www.tourhosts.com.au/investment> or phone Renee Winton on (02) 8248 7554 for details.

Guidelines for Research Integrity.

The Institute welcomes the Government's decision to review the Trade Practices Act and is working closely with other key industry bodies to achieve much needed reforms to the merger provisions.

### **Research integrity**

Following their launch in late 2001, the Institute is currently considering how best to gauge the adoption and application by research analysts and their firms of the Best Practice Guidelines for Research Integrity.

As analysts' independence has become a topical discussion point in the wake of the recent Merrill Lynch incident, we believe it is important to reinforce market and industry awareness of the principles set out in the Guidelines such as practical guidance on managing potential conflicts of interest that may influence research reports and investment recommendations.

### **Professional development**

Professional Development (PD) events

*The Institute welcomes the Government's decision to review the Trade Practice Act and work closely with other key industry bodies to achieve much needed reforms...*

were well-attended over the first quarter, in particular the "ASIC Speaks...on the Financial Services Reform Act" seminars. A series of seminars, aimed at financial advisers, is being rolled out nationally. The seminar series seeks to meet the compliance requirements for continuing education as outlined in PS 146. Topics included maximising returns through investment strategies and asset class mix, the new disclosure requirements and proposed changes to the superannuation system. Other topics will include an FSRA update on advice and its definition, and retirement income streams. Other seminars are in the pipeline.

### **Conference update**

The 2002 Australasian Investment Management Conference, to be hosted by the Institute in conjunction with the AIMR, the Sydney Society of Financial Analysts (SSFA) and the Melbourne Society of Financial Analysts (MSFA), is progressing rapidly and we now have at least six international speakers on the program. This is a major and important event for the Institute. Please visit the Conference website on the Institute's homepage for updates. The Conference will be held on 23-24 September 2002 in Sydney and is aimed at finance professionals, particularly analysts, IT providers, stockbrokers and investment managers.

### **Regional focus on corporate disclosure**

At the Advocacy Committee meeting of the Asian Securities Analysts Federation (ASAF) in Shanghai in late March 2002, delegates decided to focus on corporate disclosure as the principal issue for regional policy development in 2002, and to then consider the issues of analysts' independence and adoption of a revised Code of Ethics next year. An action plan has been proposed to

collate and evaluate the disclosure policy approaches of each member society, for the preparation of an ASAF policy position paper by late 2002. As Chair, the Institute is taking a leading role in this matter.

### **Membership services**

The Institute now offers a range of new membership services. The Financial Advising Special Interest Group (SIG) has attracted a good number of members.

The SkillSoft online courses offer members 'soft skills' training and education and the opportunity to learn in an online environment. Courses include communication, leadership, human resources, management, sales, strategic planning, team building and many others. Members who hold one of the Institute's Graduate Diplomas are able to purchase Securities Industries Taxation (E106) course notes to keep themselves abreast of changes in the industry's regulatory environment.

Visit the members section of the Institute's website at <http://www.securities.edu.au/members/> to find out more details and to access all of these services. We are also exploring other online information services to assist members to keep up-to-date in their chosen professional field.

### **SIDA (Securities Industry Development Account)**

In late 2001, the Institute was notified of its successful application for SIDA funding from Commonwealth Treasury funds to implement an Intellectual Property (IP) Database and Management System. The potential for better management of the Institute's intellectual property will be greatly enhanced by this development.

### **Update on education and financial training**

Semester 1 enrolments in education

courses were just over 14,000 students, with Masters enrolment in particular exceeding expectations. Financial training registrations, in particular in-house training, are also running at high levels.

PS 146 solutions, including gap training and modular self-study courses, education subjects and professional development activities have all played their part in this growth.

### **Participation in reputation measurement index**

The Institute will participate for the first time this year in the Reputation Measurement Index survey of the top Australian companies that has been carried out and reported on in the Sydney and Melbourne Fairfax papers for the past two years. This survey is designed to undertake the difficult task of making a judgment about the reputations won and lost by the top enterprises in Australia.

### **IT security**

KPMG recently concluded an audit of the Institute's major computer system, SONICS. The review found no deficiencies with potential to undermine the integrity of SONICS, and reported favourably on the ability of the system to move the Institute forward. Progress is well underway on the resolution of minor outstanding issues raised in the report.

A major project identified for 2002 is business continuity planning incorporating disaster recovery planning. This is being conducted in association with the Institute of Chartered Accountants, the Securities Institute's alliance partner. An integrated plan is scheduled for implementation by August 2002.

Work is beginning on the development of the next IT Strategic Plan following the completion of the projects approved by Council in February 2000. The Institute's Executive team is working on providing broad direction for IT investment with later work to identify specific projects to support business needs. The plan is due to be presented to National Council in June.

## Leigh Hall retires from the Institute after over 25 years service

Leigh Hall has been involved with the Securities Institute for most of his working life. He became a member of the Australian Society of Security Analysts (ASSA) in 1969, and moved with that body into the merged Securities Institute of Australia, where he has been an active member over the whole of the organisation's existence. He joined the AMP Society in 1964, initially as an economist and later as its investment analyst.

Leigh is acknowledged by his peers as having given an enormous amount to the development of the Institute and of the industry as a whole. Over time he has served as lecturer, council member, president of the NSW division, federal president (twice) and federal treasurer, as well as chairman of the Asian Security Analysts Council (ASAC), the forerunner to the present Asian Securities Analysts Federation (ASAF). Juggling all of this as well as long working days at the AMP, he also served on the Companies and Securities Advisory Committee, the Australian Law Reform Committee and the Australian Investment Managers' Group

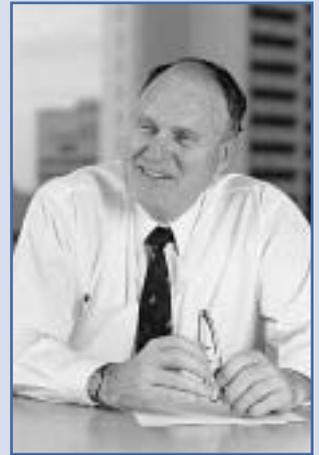
In 1988, Leigh took a particularly gutsy stance against Alan Bond, as Paul Barry recounts in *The Rise and Fall of Alan Bond*:

"The row between Bond and Leigh Hall had blown up in May 1988 when the AMP was standing between Bond and a large bag of money. Bond and Western Australia's State Government Insurance Commission (SGIC) were trying to get their hands on the cash reserves of Bell Resources without making an offer to all shareholders. The AMP, as a shareholder left out of this cosy deal, and faced with the prospect that its money might be squandered, publicly demanded either that Bell's cash be returned to shareholders or that a proper takeover bid be made...according to Leigh Hall, Alan Bond was furious at the intervention."

In 1993, Leigh was awarded Life membership, in recognition of his consistent contributions at a high level to the work of the Institute. In an article in *JASSA*, March 1993, Edna Carew lists characteristics such as his reliability and honesty, his ability to listen, to turn up at meetings well briefed and ready to participate, to keep secrets, and to stand up for what he believes, even in the face of media publicity. The Institute's President, Ian Neal, concurs entirely. "His knowledge and wise counsel will be greatly missed," he says.

Leigh Hall looks back proudly on the effort he put into encouraging a "national spirit" in the Securities Institute. He has truly been a "quiet achiever" in many spheres of public life.

We wish Leigh well in his future endeavours and thank him for his consistent support and guidance of so many aspects of Institute affairs.



Leigh Hall