

# SIA/AIBF merger proposal

CEO **BRIAN SALTER** says the merger between the SIA and the AIBF is due to be voted on following strong support from members of both organisations.

**F**ollowing the announcement to members in April 2005, the proposal to merge the Securities Institute (SIA) and the Australasian Institute of Banking and Finance (AIBF) has received well-considered feedback and strong support from members of both organisations and the wider financial services community.

A rigorous process of research, analysis and strategic and operational planning has been conducted in tandem with member engagement through various communication channels.

- Our comprehensive *Member Information Package (MIP)* detailing the objectives, member benefits, relative merits and economics of the proposal was mailed to all members on 9 May.
- A dedicated section of our website was developed via: [www.securities.edu.au](http://www.securities.edu.au) with all relevant documentation.
- Member consultation forums have been held in 10 capital and regional cities throughout Australia and New Zealand.
- Several enhancements and changes to the proposal have been made in response to member feedback and are outlined in background comments to the *Notice of Extraordinary General Meeting (EGM) and Explanatory Notes* mailed to members on 3 June.
- The Notice of the EGM provides details of the meeting scheduled for 29 June 2005 at the Securities Institute in Sydney, at which the merger resolution will be determined by member vote. Proxy forms enabling members to cast their vote

by mail or fax are included in the notice package.

The proposal to merge the SIA and AIBF is motivated by three key objectives – sustainability, opportunity and relevance. The opportunity to capture the scale advantages, realise the growth potential and realign the Institute's good work to the contemporary securities and financial services landscape is compelling. If approved by members of both organisations at the EGMs on 29 June, the merger will herald a new era in the Institute's proud history.

## POLICY

### Super choice campaign launch

The SIA has launched its new education campaign focusing on arming industry to be ready for the new 'Super Choice' regime. Included are proactive policy initiatives, projects and seminars which are part of the overarching goal of protecting consumer retirement incomes.

The SIA's education initiative includes:

- a new guide for advisers on Choice;
- a PD Direct online education program; and
- a nation-wide seminar series with ASIC and high profile industry experts.

The seminars have been well received in all regions. The PD Direct education program is available online though currently to corporate customers only. A summary of the Sydney seminar appears in the Policy article, *Countdown to Choice*, on pp23-24 of this issue. Audio tapes of both the Sydney and Melbourne seminars will be available



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shortly. Relevant documents are available on the SIA's website at [www.securities.edu.au/members/members\\_policy\\_submissions.asp](http://www.securities.edu.au/members/members_policy_submissions.asp) under the heading Campaign Super Choice.

### SIA Policy briefings

On 15 March, the SIA met with representatives from all sides of politics and the media to discuss the SIA's retail and wholesale policy priorities for 2005. These include:

- post-FSR implementation issues;
- superannuation and retirement incomes (including Super Choice legislation);
- financial literacy and consumer education;
- anti-money laundering reforms;
- takeovers regulation;
- trade practices reform; and
- corporate governance standards.

A package of recent policy position papers is available on the SIA's website at [www.securities.edu.au](http://www.securities.edu.au) (click on Policy and Advocacy to find the heading Policy Positions).

### 'Super switching'

The SIA recently provided comments to ASIC in anticipation of a 'Guide to Superannuation Switching Advice', and highlighted the risk that employees may not be aware of the benefits in their current fund type. We suggested that the Guide include a checklist for advisers to ensure that employees are made aware of the different fund types and benefits that may not be carried into new fund types, e.g. insurance, indemnities on fund costs, contribution flexibility, liability for risk and the level of service.

### Better Experts' Reports

In a submission to ASIC PPP *Better experts' reports*, the SIA provides some observations about experts and the rationale for experts' reports as well as some comments about the broad policy

issues. Primarily our comments focus on the prescribed tests within the law that apply to the various types of transactions - 'fair and reasonable' and 'best interests'.

The SIA proposes a single regime to enhance the consistency and clarity of experts' reports. In our view, 'fair and reasonable' involves both qualitative and quantitative assessment, and therefore represents two distinct concepts.

### Update on anti-money laundering reforms

On 17-18 March, the SIA hosted the Financial Action Task Force (FATF) Mutual Evaluation Team as part of its assessment of Australia's compliance with the FATF Forty Recommendations (revised 2003). The FATF held meetings with representatives from the Australian Bankers' Association, International Banks & Securities Association of Australia, Investment & Financial Services Association, Insurance Council of Australia and the Securities Institute. A report is due to be submitted to the FATF October Plenary. The Securities Institute continues to strongly support the broad direction of the proposals, as delivering the objectives of safeguarding Australian business and the community

from the impacts of crime (including the laundering of criminal proceeds and the flow of terrorist funds).

To this end, the SIA has also provided a submission to the Attorney General's Department *Issues Paper: Customer Verification*. While providing general support, the SIA nonetheless advocated that customer verification must be proportionate to the potential risks of the business activity, financial product or client profile; and therefore implemented via a risk-based approach. The successful integration of the new AML system must build on the current regime and industry practice, otherwise over-regulation and the cost of compliance may force some participants, particularly smaller businesses, out of the industry.

The exposure draft bill was originally expected earlier in the year, however the SIA now believes that that the bill will be released for public consultation in July.

### Productivity Commission releases final report

On 14 April, the Productivity Commission released its report, *Economic Implications of an Ageing Australia*. The report outlines the significant issues of an ageing population for Australia. The SIA lodged

## MEMBERSHIP

Total SIA current members now number 11, 693, an all-time high for the Institute. This includes a very strong number of new members, totalling 2,639 for the financial year 2004/2005 to end May. Student members currently number 525, while just over 20% of members are currently studying with the Institute.

National Council approved the elevation of 11 Associate members and 6 Fellow members at their April 2005 meeting. We welcome all new members and congratulate all recently elevated and upgraded members, whose names appear regularly in regional newSIA publications, available for members via the members website.

As of 31 May 2005, SIA membership is composed of 356 Fellows (including 15 Life members), 6, 891 Associate members, 3, 921 Affiliate members and 525 Student members.

a submission to the Commission and references were made to the SIA in the final report.

The report recommends a range of policy measures that will be needed to reduce the fiscal pressure from ageing and/or to finance the fiscal gap, including measures to raise productivity and participation in taxation, and more cost-effective service provision, especially in health care.

#### Government consults on FSR

On 2 May, the Hon. Chris Pearce MP, Parliamentary Secretary to the Treasurer, released a package of 25 proposed refinements to improve the FSR framework. The package of proposed refinements is based on industry feedback, including comments provided to the Parliamentary Secretary, Treasury and ASIC by the SIA. Under consideration is the FSR disclosure framework (FSGs, PDSs and SoAs) as well as other areas including the retail/wholesale distinction and staff training. The SIA participated in a 'roundtable' discussion with Treasury and ASIC on 6 May and lodged a high-level submission.

#### PROFESSIONAL DEVELOPMENT

##### PD Direct

A snapshot document, *Super Choice – No 'ifs' no buts'*, is available for members on the SIA's website at [www.securities.edu.au](http://www.securities.edu.au) (click on Policy and Advocacy to find the heading Campaign Super Choice), and provides summary information regarding relevant regulations and legislation.

For corporate clients, the implications for financial advisers with the implementation of super choice are covered in the online PD Direct program, The new Super Choice regime, as well as a section on how to avoid mis-selling Choice. The program includes interviews with ASIC regarding surveillance and

enforcement, mis-selling and churning issues, provides a checklist for advisers and works through scenarios that could eventuate from consumers switching funds.

For further information on PD Direct, please contact your regional Business Development Manager. Contact details are to be found via the SIA home webpage's Employee and Compliance Training link.

#### F&I Week in July 2005

Securities Institute of Australia and Australasian Institute of Banking and Finance will roll out the third annual Finance and Investment Week on 25-29 July 2005. A distinguished line-up of guest speakers will present at over 50 national events including corporate briefings, luncheons, breakfasts, seminars,

industry showcases and special member events. Please check the website for details of events in your region.

#### Education

Graduations were held across the country over March and April for students completing SIA award courses over 2004. There were 74 Masters graduates this year, a record high for this most successful program, from which the first 6 students graduated in early 2001. The national Masters Dux is Christopher Boccalatte ASIA, of ConocoPhillips Australia, based in Perth, WA. Congratulations to all graduates on their achievements. A listing of 2004 Masters graduates is included in this issue, and all national prize winners were listed in the Autumn issue. 

#### THREE SIA MEMBERS HONOURED IN 2005 QUEEN'S BIRTHDAY HONOURS LIST

We are delighted to acknowledge Roslyn Allan AO FSIA and Life member, Allan Edward Moss AO FSIA and John Hartley Poynton AM FSIA on their inclusion in the 2005 Queen's Birthday honours list.

Roslyn Allan was the Securities Institute's Chief Executive Officer in 1980 and became Chief Executive Officer and Managing Director from 1988 to 2000. Under her directorship, the Securities Institute became the most successful and respected specialist provider of tertiary education in Australia's finance and investment sector.

Allan Moss, CEO and Managing Director of Macquarie Bank, has been a member of the Securities Institute of Australia since 1982, and was elevated to Fellow status in 1999. During that time he has actively supported the work of the Institute in a wide variety of ways, including giving presentations at regular professional development events and service on numerous industry committees. He has regularly acted as a spokesperson for the Institute through endorsements in its literature.

John Poynton is a Fellow of the Securities Institute of Australia and has been an active member since 1978, having lectured for several years in the Institute's education programs. He served on the Securities Institute's Markets Policy Group from 1996 to 2003 and has been a member of the Ethics Advisory Committee since 2001. John is a highly respected senior member of the finance and investment industry in Western Australia. He has been a strong supporter of the Institute, especially in the area of markets policy, which has a significant impact on the operations of the finance and securities industry as a whole.

We congratulate all of those honoured for their achievements and particularly for their contributions to the activities and success of the Securities Institute and to raising of standards in our industry.