26 August 2014

Submitted via email to fsi@fsi.gov.au

Dear Panel members

CFA Societies Australia’s Submission to the Financial System Inquiry Interim Report

The CFA Institute is a global thought leader in the areas of ethics, capital market integrity and practice excellence.

As a member-based organisation with representation across the full range of financial services sectors, the CFA Societies Australia believes its submission on this consultation very importantly represents an independent voice without conflicts of interest. The CFA Societies Australia thanks the Inquiry for the opportunity to highlight and share our beliefs and resources in this context and to contribute to making Australia’s financial system of the absolute highest standards in terms of its ethics, integrity and practice.

This submission is structured into the following sections:

- Detailed response to Terms of Reference
  1.1. Funding – SME and Corporate Bond Market
  1.2. Stability - Corporate governance
  1.3. Consumer outcomes - Effective disclosure
  1.4. Consumer Outcomes – Quality and scalable financial advice
- Short Background to the CFA Institute

In summary, the CFA’s submission makes the following key points:

Funding – SME and Corporate Bond Market

- The Small and Medium Enterprise (SME) sector of the economy is one that contributes to the growth of new industry and the broader economy through new revenue generation and the creation of new jobs. The CFA Societies supports the Inquiry’s policy option to develop an SME database of information to assist in loan and equity provision. The Societies also encourage further policy options. One policy option is to include exemptions on certain classes of debt raising for investors more familiar with the company. Another policy option is to support capital constraints for bank lending to SME’s by encouraging securitisation. Enhancement of SME loan securitisation should include RBA repo eligibility and Australian Office of Financial Management support in underwriting subordinated tranches of SME loan securitisation deals.
Australia’s corporate bond market development can be enhanced with priority on two key
measures, namely the transparency of market transactions and easier availability of bond offer
documentation. Transparency of market pricing will encourage more trading activity, liquidity
and investor participation by institutions. A central government repository of free-available
new bond issue information will also assist institutions, sophisticated investors and interested
retail investors undertake more informed due diligence on their investment decisions and help
level the knowledge gap between an issuer and an investor. Both of these along with other
policy options should help deepen the quantity and enhance the quality of the Australian
corporate bond market.

Stability - Corporate governance

- While Australia has robust corporate governance frameworks and practices in place they have
  been developed at different times, by different authorities, employing different language. This
  has led to unnecessary inconsistency and ambiguity.
- The regulatory requirements on boards should be harmonised across governing body types
  (e.g., private companies, public companies, life companies, superannuation trustee companies)
  to the extent practicable by defining the core responsibilities of all boards and, where
  appropriate, clearly set out any additional responsibilities for a particular type of governing
  body. In doing so, it must be ensured none of the additional responsibilities of a particular type
  of board are in outright conflict with the core responsibilities of all boards. This process should
  also move to simplify and streamline unnecessary complexity and differences that currently
  exist.

Consumer outcomes - Effective disclosure

- Discussion on disclosure requirements and their effectiveness needs to consider the role of
  professional intermediaries and not just the needs of the average investor. Effective disclosure
  can create a broader eco-system of information and research around a class of security that can
  address issues of consumer protection, engagement and literacy. The CFA supports limiting
  requirements on point of sale disclosure documents to key product features expressed in plain
  language. In addition, there needs to be better minimum standards for ongoing disclosure of key
  information from managed investment schemes. Layered, electronic disclosure should be
  embraced for both point of sale and ongoing disclosure requirements.
Consumer Outcomes and Conduct Regulation

- As a global provider of educational services and a standard-setter for ethical practices, the CFA Institute is a strong advocate of the importance of education within the financial services sector. Having an adequate minimum standard of education with relevant qualifications is a prerequisite for a well-functioning financial system. In this submission, the CFA Institute supports the:
  - adoption of a national minimum education standard for any individual who provides financial advice services
  - adoption of a set of recognised organisations or institutions that provide accredited education services
  - requirement that the study of ethical practices within courses be stipulated

Should the Inquiry wish to discuss any aspects of this submission, the CFA Societies Australia would be very pleased to respond to any questions or to arrange a meeting with relevant local members and/or CFA Institute staff.

Please direct all enquiries to Michaela Francis, Executive Director, CFA Society of Sydney at exec@cfas.org.au.

Yours sincerely,

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President  President  President
CFA Society Sydney  CFA Society Melbourne  CFA Society Perth
Detailed response to Terms of Reference

1 Funding – SME and Corporate Bond Market

FSI observation: There are structural impediments for small and medium-sized enterprises to access finance. These impediments include lack of standardised information, regulation and taxation.

The Small and Medium Enterprise (SME) sector is a key source of new jobs and one of the dynamics behind national economies transitioning to future growth industries and broader economic growth. The sector needs better access to finance and requires additional Government support to overcome relevant structural impediments.

The CFA Societies Australia agree with the Inquiry’s policy option to address structural impediments such as facilitating the development of an SME finance database to reduce information asymmetries between lenders and borrowers. However, the Societies would recommend policy options be developed that go further to address other structural impediments.

Additional policy options to be considered include:

- Exemptions for certain classes of debt-raising within the SME sector. For example, loans sourced from families of SME companies, angel investors and institutional investors.
- SME lending in the bank and non-bank sectors can be encouraged by developing policy that addresses bank capital requirements. Policy options could include bank securitisation of SME loans and the role of the Australian Office of Financial Management (AOFM) in underwriting subordinated tranches and support for repo eligibility similar to the support given to the RMBS market post GFC.

Recommendation: Bond Market development

Views on policy options in relation to the development of the corporate bond market should be shaped by the following principles:

- Supportive of the economic and social development of Australia
- Clear, tiered, consistent and easily accessible disclosure
- Transparent pricing and trading and cost effective regulatory compliance for market participants
- Investor protection with clear paths to assess and remedy investor concerns
- Higher levels of professionalism through minimum ethical and competency standards based on a combination of self-regulation through professional bodies and selective regulation
- Greater emphasis on the fiduciary duty of market participants where there is a relationship with investors
Better information drawn from studies by global supra-national bodies and institutions like IOSCO and BIS and from the most recent regulatory changes for financial market security and product disclosure as in New Zealand

With regard to the specific policy options raised by the Inquiry, the CFA Societies:

- agree listed issuers already subject to continuous disclosure requirements be allowed to issue ‘vanilla’ bonds directly to retail investors without the need for a prospectus. The types of listed companies should be limited to those with a size and possibly some industry constraints to protect retail investors. We also believe broader categories of bonds should be allowable under streamlined disclosure, noting the disclosure regime for bonds in New Zealand financial markets laws and regulations undertaken through the Financial Markets Conduct Act 2013.

More specific policy options for the Inquiry to consider include:

- Streamline corporate bond disclosure requirements, whether continuous or periodic, for larger and smaller offerings. The nature of disclosure should be determined by the existing disclosure required for the entity or alternatively prescribe by regulation a cost effective minimum standard of ongoing disclosure. The FSI may be informed by the draft regulations of the New Zealand Financial Markets Conduct Act 2013.

- A central government register of initial offer documents for the wholesale and retail bond market. This should include filings for supporting additional documents and ongoing periodic disclosure documents for larger offerings. This will help ensure investors are better informed at the primary issue stage and also in the secondary market purchase of corporate bonds. Examples in the US and New Zealand should be assessed for their effectiveness.

- Smaller offerings of corporate bonds by size and number of investors could be accommodated with simple but sufficient minimum standards. For example, by using a simplified Term Sheet and Product Disclosure Statement with minimum requirements consistent with retail bond offerings.

- Provide incentives to corporate bond issuers through tax or other measures to assist in shifting larger bond issuers back to the Australian bond market from overseas markets.
- More efficient access to corporate bonds by retail and middle market investors through smaller minimum parcels in the Over the Counter (OTC) market and ease of exchange trading of bonds. This is as an alternative to the current situation where certain OTC bonds are divided on application into smaller amounts, but the cost to the end investor is increased through higher yields for the same bond in institutional OTC parcels.

- Transparency of pricing through multiple measures including OTC trade reporting, deeper dual OTC and listed exchange development, and the development of electronic trading platforms. The Inquiry can be informed by the US OTC reporting system ‘TRACE’ which requires OTC corporate bond trades to be reported (refer to the website http://www.finra.org/industry/compliance/markettransparency/trace/corporatebonddata/)

- Alternative credit ratings by a government agency could be considered where it is not viable for commercial rating agencies. This could assist retail investors and also institutions such as insurers who don’t have internal rating capabilities and who use ratings to measure regulatory capital on investments. The US NAIC ratings are an example of a government rating agency. We believe this would be better than the current no rating for some retail bonds.

- Credit ratings should be made more widely available to investors. Currently retail investors do not have access to rating information; institutional investors do have access to ratings information. Liability concerns may be preventing agencies making ratings available to retail investors. Government policy should assist in alleviating this concern with ‘safe harbour’ measures for ratings disclosure and provided certain disclosure requirements were made in addition to the rating

Observations on positive and negative factors impacting the growth of the Australian corporate bond market are:

- Demand is expected to grow from both long-term structural and short-term cyclical factors. These include demand for retirement income as demographics shift towards an older population with more sizeable superannuation balances, combined with global demand for higher yielding investment grade bonds. Short-term factors include foreign issuers who issue in the Australian markets when yields and hedging costs are favourable.

- Most participants have been reliant on the same Australian Fixed Income Index as their benchmark. An impediment to the development of longer duration credit is the structure of the market benchmark, which until recently was administered by UBS. Fixed income investment managers have benchmarked their Core Australian Fixed Income mandates almost exclusively against the UBS Composite Bond Index. In 2014, Bloomberg is taking over the pricing and analytics services of the UBS family of fixed income indices, including the UBS Composite Bond Index. Improvements include pricing by a composite source rather than a single broker vendor.
Longer duration has been more difficult to achieve in the Australian bond market, due mostly to slow take up by active fund managers who are not prepared to take on tracking error risk relative to the dominant prevailing benchmark index. One reason is that some larger bond investors go offshore, particularly to the US 144a and US private placement markets. US investors routinely seek longer tenors in sizeable volume, most commonly of 10, 12 and 15 years maturity. Pricing has been more competitive in the US market depending on the basis swap back to Australian dollar. Particularly in the infrastructure sector, issuers have been seeking longer tenor.

Liquidity of corporate bonds is declining due to lower broker/dealer inventories. Capital standards have made it more onerous for banks to hold corporate bonds on their balance sheet to assist in market-making activities as a Principal. Bank brokers prefer to facilitate trades as an Agent, which does not incur capital charges. However, this approach exacerbates illiquidity in times of market stress. A solution could be to allow corporate bonds to be repo eligible with the RBA in stressed market environments. An IOSCO (November 2011) Report ‘Development of Corporate Bond Markets in the Emerging Markets’ notes some countries have supported setting up electronic platforms to encourage more liquid corporate bond markets.

Investors may not understand the risk involved in different classes of bond. It would be helpful to define the nature of a bond in legislation or regulation, the broad classes of bond (‘vanilla’ and otherwise) and where they sit in the capital structure of an issuer.

We note the regulatory capital regimes of ADI’s and insurers have different capital charges, which creates bias in certain classes of bond to have a different risk view depending on the type of investor.
2 Stability - Corporate governance

FSI observation: To contribute to the effectiveness of the financial system, sound corporate governance requires clarity of the responsibility and authority of boards and management. There are differences in the duties and requirements of governing bodies for different types of financial institutions and, within institutions, substantial regulator focus on boards has confused the delineation between the role of the board and that of management.

The CFA Institute believes the purpose of good governance is to support boards and management to clearly understand and perform their responsibilities. At its core, corporate governance is the arrangement of checks, balances and incentives an entity needs in order to minimise and manage the conflicting interests between shareholders, their representative board of directors and management. Its purpose is to prevent one group from expropriating the cash flows and/or assets of one or more other groups.

Fortunately, Australia generally has robust corporate governance frameworks and practices in place. However, one difficulty in the overall system is that, across different types of governing bodies, these corporate governance frameworks have been developed at different times, by different authorities, employing different language. This has led to unnecessary inconsistency and ambiguity.

Therefore, the prudential requirements on boards should be:

1. Harmonised across governing body types (e.g., private companies, public companies, life companies, superannuation trustee companies) to the extent practicable by defining the core responsibilities of all boards and, where appropriate, clearly set out any additional responsibilities for a particular type of governing body. In doing so, it must be ensured none of the additional responsibilities of a particular type of board are in outright conflict with the core responsibilities of all boards.

2. Simplified by streamlining unnecessary complexity and differences. For example:
   a. Composition of boards of directors; e.g., executive directors vs non executive directors vs independent non executive directors, status of the chair of the board, etc
   b. Requirements for an audit committee and its composition, including the status of the chair
   c. Provide a clear definition for what it means to be an independent non-executive director
   d. Rationalise different language used for similar purposes; e.g., responsible person vs responsible manager vs executive officer, those for whom remuneration disclosure is required, etc
   e. Term lengths for directors on boards
3. Be clarified to clearly delineate between the governance responsibilities and rights of boards, management and shareholders.

The CFA Institute believes good corporate governance leads to better results for companies and for investors. It is therefore of paramount importance that the governance frameworks put in place by the relevant government bodies and regulatory authorities in Australia be clearly understood and implemented with certainty in all market conditions.

The CFA has conducted extensive research on the roles and responsibilities of boards across various entities. A selection of these documents appears below for future reference. For more information please refer to the following documents:

**The Corporate Governance of Listed Companies: A Manual for Investors**
Second edition 2009, CFA Institute Centre for Financial Market Integrity

**Code of Conduct for Members of a Pension Scheme Governing Body**
2008, CFA Institute Centre for Financial Market Integrity
[http://www.cfainstitute.org/ethics/codes/pension/Pages/index.aspx](http://www.cfainstitute.org/ethics/codes/pension/Pages/index.aspx)

**Investment Management Code of Conduct for Endowments, Foundations and Charitable Organizations**
2010, CFA Institute

**Visionary Board Leadership, Stewardship for the Long Term**
2012, CFA Institute
3 Consumer outcomes - Effective disclosure

The CFA supports:
- a review and update of the current disclosure regime
- limiting requirements on point of sale disclosure documents to key product features
- increasing focus on ongoing disclosure of key information
- increasing use of electronic disclosure
- increasing use of layered disclosure
- increasing consideration of the needs of professional intermediaries in determining disclosure requirements

Disclosure practices for managed investment schemes require review and change to facilitate further protection for consumers and continued growth in an important sector of the financial system.

While the focus on point of sale disclosure is appropriate, there has been insufficient consideration of ongoing disclosure requirements, which can be as effective in assisting investors and their advisers in selecting appropriate investments. In a similar manner, determining disclosure needs based purely on the requirements of an average investor does not adequately cater for the needs of analysts and advisers looking to research the securities. Disclosure should not only help investors understand a product but it should also lay the foundation for comparison, analysis and research of that pool of securities. By way of example, the extensive disclosure requirements of listed security markets in Australia has enabled the development of a number of relevant sites containing a rich level of content and which also underpin the extensive research of the securities. While investors are not reading every ASX announcement, they still benefit from accessing third party research that relies on this disclosure framework.

In the CFA Institute report ‘Packaged Retail Investment Products, Investor Disclosure Considerations’ (September 2013), essential elements of point of sale disclosure were broken down into three core areas: costs; risks and performance. The draft regulation on PRIPs in Europe expands on these areas and proposes pre-defined section headings in key information documents follow a set order:

1. Name of the investment product and its manufacturer
2. “What is this investment?” which includes the nature and main features of the product (such as the type of product and its objectives)
3. “Could I lose money?”, which includes information on any guarantees or capital protection and whether the product is covered by a financial compensation scheme
4. “What is it for?”, which includes any recommended minimum holding period, the expected liquidity profile of the product, and the possibility and conditions for divestment prior to maturity
5. “What are the risks, and what might I get back?”, which includes a summary indicator of the risk and reward profile of the product and warnings in relation to any specific risks
6. “What are the costs?”, which includes both direct and indirect costs to be borne by the investor and summary indicators of these costs
7. “How has it done in the past?”, which includes past performance information, if relevant, in regard to the nature of the product and the length of its track record

The CFA believes these are common sense questions that should be addressed in a point of sale document. The offer document provided to investors should focus on the most important elements of these factors with additional, lengthier disclosure provided by reference on a layered basis.

Ongoing disclosure for managed investment schemes varies greatly from firm to firm and from segment to segment. For example, we note many managed investments provide return and asset allocation data on a regular basis, but far fewer provide insightful commentary on the performance of their products. Equally, while all managed investment schemes produce annual financial statements, the information contained in these documents and their availability varies.

The following are examples of information that should be readily accessible on managed investment schemes on an ongoing basis:
- Annual Financial Statements
- Annual Reports – including detailed commentary on performance against objectives
- information on the portfolio manager(s)
- Periodic Portfolio Holdings
- Details of the directors of the responsible entity

In addition changes to any of the following factors should be readily identifiable:
- investment team
- investment philosophy and process
- organisational structure

A layered and electronic approach to the disclosure of this information would be the preferred method of implementation. While every investor may not review this material, they would benefit from the availability of additional third party analysis.

We also note that this information represents a sub-set of the information typically disclosed by asset managers to institutional investor, asset consultants or research houses. For an example of typical questions asked by these firms please refer to Model Request for Proposal—Equity: A Template for Small Institutional Investors, http://www.cfapubs.org/toc/ccb/2008/2008/6. More of this important information would be accessible to end investors under a layered and electronic approach to disclosure.
4 Consumer Outcomes - Quality and scalable financial advice

FSI observation: Affordable, quality financial advice can bring significant benefits for consumers. Improving the standards of adviser competence and removing the impact of conflicted remuneration can improve the quality of advice. Comprehensive financial advice can be costly, and there is consumer demand for lower-cost scaled advice.

The Inquiry has asked whether there is a need to raise minimum education and competency standards for personal advice (including particular standards for more complex products or structures, such as SMSFs) and introduce a national examination for financial advisers providing personal advice.

In summary, the CFA Institute supports the:
- adoption of a national minimum education standard for any individual who provides financial advice services
- adoption of a set of recognised organisations or institutions that provide accredited education services
- inclusion of the study of ethical practices within courses should be stipulated.

As a global provider of educational services, the CFA Institute is a strong advocate of the importance of education within the financial services sector. An understanding of the foundations of economics, finance and ethics is a crucial ingredient to understanding the forces that drive financial markets. This provides the basis for anyone working in financial markets, particularly those providing financial advice to individuals or institutions. Having an adequate minimum standard of education, with relevant qualifications, is a prerequisite for a well functioning financial system.

Apart from the need for adequate education, maintaining up-to-date knowledge of financial markets and instruments is an ongoing need, particularly given the increasing complexity of products available to investors. The combined effect of an ageing population, with the need to move from pre- to post-retirement, as well as the rapid growth of Self Managed Superannuation Funds (SMSF’s) highlights the importance of this aspect of the financial system.

With regards to the current Australian system, while there is a need to allow the initiatives recently introduced under the Future of Finance reforms to have an impact, the CFA Institute believes that the competence, knowledge and skills requirements currently outlined in RG146 need to be revised. The proposal to ensure a consistent standard of evaluation is commendable.
There are challenges in implementing an effective system. For example, the challenge with a single national examination framework is to ensure that the material tested is appropriate and relevant. A national examination framework will ultimately not improve the quality of advice to Australians unless it focuses learning and standards in the right areas. A uniform framework (even with modules) would struggle to do this effectively for all the different types of roles within the finance industry, unless it is developed around the building blocks of investing – such as market structure, investment analysis, the economic environment and ethical principles – as well as the building blocks of technical advice. The RG146 and the tone of the CP153 are structured more around industry occupations, rather than these fundamentals. This makes relevance very difficult. For example, retail sales professionals within funds management organisations are also generally required to be PS146 compliant.

The CFA Institute believes that it might be worth considering building a national exam around the basics of investment and technical fundamentals to ensure a higher level of understanding of risk. The application of these ideas within the different occupations of the industry could be addressed partially within the national examination, or ultimately within those organisations themselves. Ensuring appropriate skills associated with the provision of personal advice could be sufficiently covered in the proposed mandatory monitoring and supervision period for new advisers.

Having said that, the CFA Institute recognises the strong benefit of a single examination framework for ensuring consistency and raising the bar in terms of the required quality. The FSI has suggested that an ‘accredited adviser’ approach could be adopted. CFA Institute supports this proposal, which should include recognised finance courses that are well grounded and managed, perhaps including Graduate Diplomas in Finance, Masters of Finance programmes and the Chartered Financial Analyst qualification. As an example, the New York Stock Exchange (NYSE) exempts those who have passed CFA Level I and Part I of the NYSE Supervisory Analysts Qualification Exam (series 16) from Part II of this two-part exam [http://www.cfainstitute.org/ethics/recognition/Documents/rpr_factsheet.pdf]

In addition, the Claritas qualification has been established to provide people working in finance-related roles to gain a better understanding of financial markets, without having to go to the extent of the full CFA qualification.

As noted above, the CFA Institute is a global provider of educational services, through the CFA and Claritas qualifications. As a global oriented, non-profit and independent organisation (with members from across the full range of financial sector), the CFA Institute is well placed to provide advice in this area. In particular, the CFA Institute has provided specific comment to ASIC on practical issues related to operating a national examination for financial advisers, and would be pleased to share the additional detail should the Commission of Inquiry have further questions on this response.
As a final comment, the CFA Institute strongly advocates the inclusion of ethics as a consideration in the examinable material. We believe this is critically important. Ethical practices instil public trust in markets and support the development of markets. Sound ethics are fundamental to capital markets and the investment profession. Clients are reassured that the investment professionals they hire operate with the clients’ best interests in mind, and investment professionals benefit from the more efficient and transparent operation of the market that integrity promotes.

The adherence of investment professionals to ethical practices needs to be built into educational courses from the beginning. Serving the best interests of the investing clients and employers lies at the heart of what collectively must be done to ensure a sense of trust and integrity in the financial markets. The drive to achieve such a lofty collective objective must ultimately start in education and in the workplace through adoption of codes of ethics that reflect best practice in the industry, regular education and training on those codes, and incentive structures that emphasise, encourage and reward ethical behaviour. It is imperative top management inculcates a strong culture of ethics among all staff members who are involved directly or indirectly with client relations, the investment process, record keeping and beyond. In such a culture, all participants can see clear evidence of how extremely important ethics are when woven into the fabric of an organisation, or, in other words: all participants in the process will know ethics genuinely matter.

Regulation alone will never fully anticipate and eliminate unethical behaviour. Some individuals will try to and may well be able to circumvent the regulatory rules. Only strong ethical principles, at the level of the individual and the level of the firm, will limit abuses. Although important, knowing the rules or regulations to apply in a particular situation is not sufficient to ensure ethical decision-making. Individuals must be able both to recognise areas that are prone to ethical pitfalls and to identify those circumstances and influences that can impair ethical judgment. Therefore, instilling the importance of ethics is a fundamental and critically important aspect to any training and assessment framework whether sponsored by employers, regulators, or professional associations.

Recognizing this, CFA Institute vigorously enforces the Code of Ethics and Standards of Professional Conduct and the rules and regulations of the CFA Program. CFA Institute members and CFA Program candidates are subject to professional conduct enrolment/admission criteria and must comply with the Code and Standards. Additionally: Members must annually complete and sign a Professional Conduct Statement, disclosing any allegations of professional misconduct. Candidates must submit a Candidate Professional Conduct Statement as part of each exam registration.
Comment on Industry Self-Regulation

The Commission of Inquiry has also asked for comment on the topic of industry self-regulation.

The CFA Institute has undertaken research into this topic, and in August 2013 published a position paper titled “Self-Regulation in the Securities Markets: Transitions and New Possibilities” (found at [http://www.cfapubs.org/toc/ccb/2013/2013/11](http://www.cfapubs.org/toc/ccb/2013/2013/11)). The paper found that while some countries question the utility of self-regulation in today’s complex markets environment, others recognize its potential to help in the development of economies across borders. Although traditional forms of self-regulation warrant re-examination, the effective use of “front-line” regulators, such as self-regulatory organisations, offers great potential in our interconnected financial markets.
Short Background to the CFA Institute

The three Australian chapters of CFA Institute (the CFA Societies of Sydney, Melbourne and Perth) are part of the CFA Institute; together they operate as the CFA Societies Australia. CFA Institute is a global, not-for-profit professional association of more than 122,000 investment analysts, portfolio managers, investment advisors and other investment professionals in 145 countries. More than 112,000 members are holders of the CFA designation. The CFA Institute membership also includes 140 member societies in 62 countries and territories. In Australia, the CFA has over 1,900 members, who are engaged in a wide variety of senior roles across investment management and advice. Most CFA members are holders of the Chartered Financial Analyst® (CFA®) designation.

The mission of CFA Institute and, of CFA Societies Australia locally, is to ‘lead the investment profession globally by promoting the highest standards of ethics, education, and professional excellence for the ultimate benefit of society’. It is a leading voice on global issues of fairness, market efficiency, and investor protection through its deep understanding of global best practice and the ability to leverage a large global network of charter holders and global resources.

CFA Institute offers a range of educational and career resources, including the Chartered Financial Analyst (CFA) and the Certificate in Investment Performance Measurement (CIPM) designations, as well as a new program called the Claritas Investment Certificate. The Institutes educational programs, independent research and codes and standards all have a deep foundation in ethical principles and professional standards, which we believe are fundamental to building trust and confidence in the capital markets and the investment profession. The CFA Institute has an ongoing program of work under the Future of Finance initiative that addresses many of the areas under consideration by the Inquiry. Locally, this is reflected in the CFA Societies Australia work towards building a better Future of Finance available at http://www.cfa-australia.com.au/

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1 For more information on CFA Institute’s education programs please visit http://www.cfainstitute.org/programs/Pages/index.aspx