

REVIEW



THE MEMBERS' MAGAZINE OF THE CHARTERED INSTITUTE FOR SECURITIES & INVESTMENT

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In the **SHADOWS**

Have banks been conspiring to fix the LIBOR benchmark? *page 12*

Material change?
Why EU audit-industry reform may maintain the status quo, p16

American import
How the Volcker Rule could reshape European fund management, p20



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CISI OPINION

The CISI is stepping up its efforts to help young people forge a career in finance

Education, education, education

CHANGE IN EDUCATION is all around us: the prospect of an A-level curriculum being developed by universities; steeper student loans steering young people into jobs or apprenticeships instead of university; colleges and even professional bodies being able to offer degrees in the future; and a stronger focus on freedom from government, yet also greater regulation. These changes provide the CISI with unprecedented opportunities to make a difference. For several years, the CISI has sought to penetrate the schools and universities sector, furthering our charitable objective 'to promote for the public benefit the advancement and dissemination of knowledge in the field of securities and investment'. While 'professionalism' summarises the heart of our mission, 'partnership' best describes the way in which the CISI works. This has led us to achieve international recognition for our qualifications and constructive thought-leadership when interpreting the UK regulatory landscape. This partnership approach is now being successfully applied in education.

For example, by September 2012, the CISI will have 20 universities working with us, planning, delivering or developing undergraduate and postgraduate provision, while new A-level- and GCSE-equivalent qualifications are among initiatives under development.

Moreover, following a CISI Board decision to set aside additional funds for its own education charity – the CISI Educational Trust – from September 2012, the Trust will fund a state secondary school teacher in Leeds for two years (see page 7 for full details). The school will use this resource partly to teach the CISI's

new Certificate for Introduction to Securities & Investment for schools, which combines UCAS points for prospective university entrants with full equivalence to the Introduction to Investment Award used by many firms recruiting staff in the operations sector. Accordingly, school leavers opting not to go to university may have a stronger chance of obtaining work in the sector.

Leeds is England's largest centre for financial services outside London. The CISI will offer the teacher's funding and a partnership of a strong regional committee and the stockbroker Redmayne-Bentley to support a school

While 'professionalism' summarises the heart of our mission, 'partnership' best describes the way in which the CISI works

identified by the Local Education Authority. This will also be assisted by a local university.

By coincidence, the teacher funded by the Trust in Leeds worked part time at Redmayne-Bentley as a teenager, which inspired her own interest in financial services as a career. The Trust will also fund a part-time 'work placement co-ordinator' in London, a need identified from our first pilot work in schools during the previous year. Attracting talent, raising aspirations for a career in the sector and providing a partnership between industry and education is exactly what



the CISI is doing, not just in Leeds but across the sector globally. To achieve this, the Board is establishing a new committee, comprising academics as well as practitioners, to oversee and guide our education strategies. The committee will be chaired by Nick Swales, Chartered FCSI, from supporter firm UBS. Nick is representative of the many CISI members who already combine work with giving their own time to develop the industry's future. He contributes to Newcastle University, chairs an education charity for disabled young people and is a mentor to graduates entering our industry.

A modern Institute

To professionalism as our heart – and partnership as our style of engagement – add technology as our tool for success. Education for the young, as well as for the busy practitioner, needs to balance face-to-face development with online learning, and the CISI will continue to focus on bringing the best of technology to bear in all our work. Taking this as our cue, you can support the Trust's work by switching to our new interactive online *Securities & Investment Review*. We will donate £1 to the Trust for each member who, in this way, supports our vision for the future, in developing our members and improving the employment chances of our young people. Visit cisi.org/sireviewinfo for further details of this initiative and to read about the benefits of accessing the magazine online. ■



BAHRAIN

Islamic finance achievement



Jawad Mandakar ACSI (second from right) is congratulated by, from left, Iain Lindsay, British Ambassador to Bahrain; HE Rasheed Al Maraj; CISI Chief Executive Simon Culhane, Chartered FCSI; and Khalid Al Zayani, President of the CISI National Advisory Council in Bahrain

Jawad Mandakar ACSI has become the highest-scoring candidate in the CISI's Islamic Finance Qualification (IFQ). Jawad, a bank analyst with the Central Bank of Bahrain, achieved this distinction from more than 350 candidates worldwide, with an exam score of 96%.

Presenting him with an award, the Governor of the Central Bank of Bahrain (CBB), HE Rasheed Al Maraj, said: "I congratulate Jawad on this fine achievement. We welcome the collaboration with the CISI in introducing appropriate training programmes that promote the adoption of global best practices and professional qualifications that will enable industry professionals to provide sound financial advice."

Jawad said: "The IFQ enhanced my knowledge about Islamic banking and finance, especially as the course material is very well written and gives information

on theoretical background and practical implementation. Many thanks to the CISI for offering such a useful programme."

"Improving the professional skills of those who work in banks and other financial firms is key to maintaining confidence in the system," said Khalid Al Zayani, President of the CISI National Advisory Council in Bahrain. "Membership of a global professional body such as the CISI gives young Bahrainis a solid foundation for their careers."

The CBB has backed an exam and membership programme, the first of its kind in the world, which will soon see the Kingdom having more CISI members than anywhere else outside the UK. Candidates across a number of the Institute's exams will receive financial support for their training and qualifications, and pay rises funded by a government agency on successful completion of CISI exams.

EVENTS

Annual General Meeting

This year's Annual General Meeting (AGM) will be held at the CISI, 8 Eastcheap, London EC3M 1AE, on **Thursday 6 September** from 10.30am.

A member (MCSI) or Fellow (FCSI) of the Institute may be nominated for elected vacancies on the Board. Board members retiring by rotation may stand for re-election and the Board itself may sponsor candidates for any vacancies arising.

A nomination form, which includes an explanation of the requirements for the

election of candidates to the CISI Board, is available at cisi.org. Alternatively, a hard copy of the nomination form is available from Linda Raven at linda.raven@cisi.org or +44 20 7645 0603.

The closing date for nominations for Board membership is Monday 25 June 2012. CISI Chairman, Alan Yarrow, Chartered FCSI(Hon) is happy to speak to any potential nominee or sponsor before a formal application is made. He can be contacted at alan.yarrow@cisi.org or +44 20 7645 0603.

BENEFITS

Fresh look for membership cards

By now, all CISI members should have received their 2012/13 membership cards.

The new cards feature the CISI's special 20th anniversary logo to acknowledge this year's milestone. The barcode on the reverse side has been enhanced to make the recording of CPD more comprehensive.

An extended unique, alphanumeric reference of up to 15 characters had been added to the barcode for internal use by firms to aid the recording of in-house CPD. This new function is in addition to the CISI continuing to scan members' cards at its educational events and automatically recording CPD hours to attendees' logs.

In addition, following feedback from members, the lettering on the cards has been printed in black to aid identification when used as a name badge at events.

Please replace your current card with the 2012/13 version and bring it to all CISI events to ensure that you receive your CPD hours.



As of 1 May 2012, 2011/12 cards are no longer accepted at events. Members who have not received their 2012/13 cards should contact the CISI Membership department on +44 20 7645 0650 or memberservices@cisi.org

ONLINE

New digital S&I/R

Have you taken a look yet at the new digital magazine format for the online S&I/R?

Members can now read the magazine on their computer, smartphone or tablet as if they have the printed version in front of them. Anyone accessing the online edition or the app version has CPD hours automatically added to their CISI CPD logs.

The CISI will donate £1 to its educational charity for every Institute member who switches to receive the S&I/R exclusively in online format. Visit cisi.org/mycisi to change your preferences.

For further information about the benefits of accessing the S&I/R online, see cisi.org/sireviewinfo



41,150

The number of entries to CISI exams in 2011/12. Of this figure, 21% of exams were taken by candidates from outside the UK



LETTERS

Postbag

Letters to the *S&I*R can be sent by post to Richard Mitchell, Communications Editor, Chartered Institute for Securities & Investment, 8 Eastcheap, London EC3M 1AE, or to richard.mitchell@cisi.org

Dear *S&I*R,

At a time when many associated with financial services are treated as social pariahs, I thought it important to redress the balance, if only in a limited way, by highlighting the work that the CISI East Midlands & Lincoln branch has undertaken to raise money for charity.

As reported in the April edition of the *S&I*R, our region raised more than £800 at its annual dinner in aid of Derbyshire, Leicestershire and Rutland Air Ambulance (DLRAA), which covers a similar geographical area to the branch.

The evening focused on the priceless things in life, with inspirational guest speaker Lars Tharp, of television's *Antiques Roadshow*, keeping all the guests amused. The DLRAA provides a helicopter emergency medical service, which attends hundreds of life-threatening incidents a year, from road accidents to house fires. By giving patients access to expert medical treatment within minutes, it offers them the best chance of recovery.

The service is funded entirely by voluntary donations, so our support is worthwhile and important. Through its branch network, the CISI raises thousands of pounds a year for charities, making a difference to people's lives across the UK. It is heartening to be able to make such a valuable contribution.

Jonathan Wernick ACSI, President,
CISI East Midlands & Lincoln



Dr Carl McQueen (left), and Dr Graham Mayers (right), of the Derbyshire, Leicestershire and Rutland Air Ambulance receive a cheque from Jonathan Wernick, President, CISI East Midlands & Lincoln

EDUCATION

Institute sponsors Leeds teaching post



From left: Lynda Johnson, Head of Bruntcliffe School; Cllr Judith Elliott, Mayor of Morley; Ruth Martin, CISI Managing Director and Keith Loudon, Chartered FCSI, Senior Partner, Redmayne-Bentley, celebrate the partnership

Sixth-form students at Bruntcliffe School in Morley, near Leeds, are being given the opportunity to take a CISI course that could give them a major advantage in the financial services jobs market.

The CISI has agreed to sponsor a teaching post at Bruntcliffe for two academic years, starting with 2012-13. The sponsorship will pay for teacher Sara Hirst, who has experience of working in financial services, to deliver the CISI's Certificate for Introduction to Securities & Investment (Cert.ISI).

Bruntcliffe is the first school outside the London area to receive sponsorship for a teaching post from a professional financial services body. A mixed comprehensive secondary school, Bruntcliffe already offers a range of business-related courses.

The CISI's Cert.ISI is a foundation qualification designed for new entrants to the industry. The course at Bruntcliffe begins in September 2012 and the first group of students will sit the exam in 2013.

A range of UK schools is offering the Cert.ISI, which is in its second year of operation.

The Lord Mayor of Leeds, Councillor Reverend Alan Taylor, has been instrumental in enabling the CISI to link up with Bruntcliffe.

Leeds-based stockbroker Redmayne-Bentley will support the project by providing opportunities for the sponsored teacher to learn more about the kinds of careers available locally.

CISI Managing Director Ruth Martin said: "We're delighted to support this project, which will ultimately offer students that all-important unique selling point required when entering a tough jobs market or applying to university."

Training the trainers



Gary Evans

The CISI is helping teachers to deliver its foundation qualification for school and college students more effectively.

The Institute runs 'train the trainer' sessions twice a year, where teachers learn about the content of the Certificate for Introduction to Securities & Investment (Cert.ISI) course and discuss ways of making it more accessible and interesting to young people.

Nine teachers, from six schools, colleges and training providers that are either running the course or about to introduce it, attended a recent course. Led by expert trainer Lorraine Mouseley, it was held over one and a half days at

the CISI's offices in the City of London. Those attending included Gary Evans, who teaches the course at Hautlieu School, Jersey.

"The Cert.ISI is becoming one of the most sought-after subjects on the Hautlieu School sixth-form curriculum," he said. "First, the course offers a work placement sponsored by Royal Bank of Canada Wealth Management in Jersey and, secondly, nearly all of our students are finding immediate employment in the finance industry at the end of their studies.

"The 'train the trainer' days help me as a teacher to keep on top of my game by ensuring that my lessons and resources are up to date."

The next 'train the trainer' session will take place in July.

✉ If you are interested in supporting the CISI's educational initiatives or would like any further information, please contact the CISI Educational Development team at educationdevelopment@cisi.org

INTEREST GROUP

Bonds and derivatives to be discussed at the CISI



Dr Con Keating



Mark Deacon

A new interest group for CISI members will discuss hot topics related to the bond and derivatives markets. The bond interest group is being launched by the CISI in partnership with the European Bond Commission (EBC) of the European Federation of Financial Analysts Societies (EFFAS).

Its inaugural meeting, on 31 May at the CISI's offices in Eastcheap, City of London, will be chaired

by Dr Con Keating, Head of Research at Brighton Rock Group and a member of the EBC Executive Committee.

Mark Deacon, Head of the Research and Analysis team at the UK Debt Management Office, will speak at the

event about UK debt management and the gilt market. The launch has resulted from the CISI joining EFFAS last year. The group of analysts' societies, representing 27 countries, brings together experts from Europe's equity and fixed-income markets.

CISI Managing Director Ruth Martin said: "The CISI is keen to launch a joint forum with colleagues working in Europe. Whereas our existing professional interest forums already cover issues of bonds in their different ways, the whole focus of this group is Europe."

The 31 May meeting will run from 12.30pm to 2pm, with a light lunch served. Members of the CISI and other EFFAS-affiliated national societies and non-members are welcome to attend.

For further information, visit cisi.org/bondgroup. To book a place or for enquiries, please email bondgroup@cisi.org

PARTNERSHIP

Institute joins worldwide association

The CISI has become a member of the Association of International Investment Analysts (ACIIA). This is an important step forward in the promotion of ACIIA and its internationally recognised qualification, the Certified International Investment Analyst (CIIA), in the English-speaking world.

Since the ACIIA was formed, its membership has grown to 37 associations around the world. Members are spread throughout Africa, Asia, Central and South America, Europe and the Middle East.

ACIIA Chairman Fritz H Rau said: "The ACIIA fully supports the further development and promotion of the CIIA within the UK, and we look forward to a long and prosperous relationship with the CISI in the interests of investment professionals worldwide."

CISI Managing Director Ruth Martin said: "We are very pleased to be joining the ACIIA at this time. Its approach to qualifications recognises the importance of local as well as global relevance. We look forward to working with the ACIIA to further enhance professionalism and competence globally in the area of securities and investment."

42 The percentage of financial services players who feel that prospects for the UK economy are brighter than three months ago, according to a CISI survey. Last summer, only 26% forecast a UK recovery. To take part in the latest survey, visit cisi.org



ONLINE

BEST OF THE BLOGS

1 tinyurl.com/gandelCNN
Stephen Gandel, writing on CNN Money's Term Sheet blog, says that the LIBOR trading scandal is just as important as the sub-prime mortgage and insider-trading elements of the financial crisis, and that the public should know more about it. He says that the technical language used has ensured that the scandal passed the public by, but they should try to grasp it to "understand the real rot on Wall Street".

2 tinyurl.com/alphavilleFT
The *Financial Times'* Alphaville blog runs an intriguing statement from JC Rathbone Associates that attempts to justify why banks might have felt compelled to abuse the rate-setting process. "Those in the real world," it says, "should be grateful for a rare occasion where banks behaving badly has actually produced a positive result." So if the banks hadn't - allegedly - colluded and set artificial LIBOR benchmarks, distressed banks would have substituted their own funding rates into loan arrangements

instead, which would have been completely detached from funding realities.

3 tinyurl.com/whartonLIBOR
If Wall Street and the City were teenagers, wonders Wharton's Knowledge Today blog, would you trust them with the keys to the car? Franklin Allen, a finance professor at Wharton, thinks that, if true, the LIBOR scandal highlights a disturbing trend. "What we are seeing as more and more cases come out is a systematic pattern of unethical and often illegal behaviour in the pursuit of profit at clients' expense," he says. "If this continues, lack of trust will fundamentally change the industry... any kind of sophisticated product will be rejected on the grounds [that it is] trying to rip you off."

See page 12 for more on LIBOR.

Do you have a blog recommendation?

Please send it to the Editor:
louise.reip@wardour.co.uk

SELECT BENEFITS

Movie magic

The CISI Select Benefits Scheme has launched a blockbuster offer for Institute members: significant discounts on cinema tickets. Members throughout the UK can save an average of 38% on the standard price of admission at participating cinemas.

The deal is available at Cineworld Cinemas, ODEON, Empire, Apollo Cinemas, Showcase and 230 independent cinemas across the UK.

To take advantage of this offer, simply set up a secure online account with Select Benefits. Members can then order vouchers to exchange at the cinema box office and up to five pairs of discounted tickets can be ordered each month. Better still, vouchers are valid for a minimum of six months and members can even get discounts on popcorn and drinks at Cineworld Cinemas.



For more information about how to obtain this deal, and other savings, visit the members' area of the Institute website at cisi.org/mycisi

*Terms and conditions apply. See website for further details. Discounts range between 12.88% (Cineworld Isle of Wight) and 66.62% (Apollo Cinemas Piccadilly); average savings of 38% based on standard box-office prices; details correct at time of publication. CISI Select Benefits is managed on behalf of the CISI by Parliament Hill Ltd of 127 Cheapside, London, EC2V 6BT. Neither are part of the same group as a provider.



CLAY 'MUDLARK' HARRIS

Back story on Mark Austin, Institutional Investor Group, Northern Trust

Mark Austin deliberately wears mismatched cufflinks to work every day. In the past, he occasionally wore odd socks. The calculated eccentricity is for his own benefit – to guard against complacency – rather than to show off to others.

“I’ve had a City career built on wits and soft skills,” says Mark, Senior Vice President at Northern Trust’s Institutional Investor Group. It is a career that he happened upon; it was not until he was about 30, close to a decade after his first financial services job, that he decided he “had the makings of a career in the City”.

In retrospect, there were early signs. Mark had written a financial column for his primary school’s magazine. To prepare for each issue, he bought the *Financial Times*.

Later, Mark focused on science, but lost interest and only scraped into Bristol Polytechnic to read biology. He left after two years and did a series of casual jobs, including working as a bicycle courier for seven months. “It’s great for losing weight, but not for much else,” he remembers.

He intermittently temped at Barclays, helping to process privatisation applications, while working in construction. Things took a turn for the permanent when his

agency told him to put on a suit and report to Farringdon, London.

Applications for the TSB privatisation had been scaled down, requiring the return of excess money to investors in the form of cheques – more than one million of them.

To ensure that all had been cashed, Barclays wanted the cheques to be sorted into numerical order. This took about three months and, by the end, Mark was effectively running the team. He stayed in Barclays’ new-

“The back office is not a commodity – it’s a utility”

issues department for two years, resisting a permanent job because he was better paid as a contractor.

He then worked in corporate actions for Henderson Administration (now Henderson Group) for seven years, gaining more experience in operations and becoming deputy head of the back office.

“Henderson was willing to give me a company car, which was great, except I couldn’t drive,” Mark says. He took the car when his partner said that she would drive it.

When Mark moved to Chase Manhattan, he decided to gain new

skills, specifically in sales.

He identifies five categories of management: people, process, sales, relationships and money. He has always felt that people, relationships and sales – rather than process and money – are his stronger points.

Nevertheless, hearing some describe the back office as a “commodity” does not sit well with him. “I always say that it’s not a commodity – it’s a utility,” he says. “Householders pay £240 a year for fresh running water and to have all their waste water piped away. If it went wrong, they’d spend the same amount in a very short time on bottled water just to brush their teeth. That’s the difference between a utility and a commodity.”

Mark worked at Chase for 13 years, ending as Business Management Head for its securities-services business in Europe. He left as part of a wider management change and has now spent six years at Northern Trust.

He stresses the importance of not overly identifying yourself with your job. “You aren’t your salary; you aren’t your title; you aren’t your deal,” Mark says. “You’re what you see when you look in the mirror. Always try to be yourself. Everyone else is already taken.”



Mark Austin

Senior Vice President, Institutional Investor Group, Northern Trust

Do you have a back-office story?

✉ mudlarklives@hotmail.co.uk

Illustration: Luke Wilson



60-second interview

Angela Knight CBE FCSI(Hon) is to step down this summer as Chief Executive of the British Bankers’ Association (BBA) after five years in the role. She is a CISI Honorary Fellow, a recognition awarded to those who have contributed with distinction to financial services and to the Institute.



Q *What has been your biggest challenge at the BBA?*

Dealing with events! They include bank failure and near failure; the eurozone crisis and sovereign debt; banks with government

stakes in them; paying back the cost of failure as an industry; regulatory change, which is locally, European and internationally generated, and retail problems associated with bank charges, payment protection insurance, faster switching and more.

Q *How does the UK banking industry compare with five years ago?*

There is widespread agreement that, when the crisis hit, the industry held both insufficient

capital and liquidity. Since then, change has swept through the industry, driven by regulatory initiatives from the UK and beyond. The industry is much more stable and risks are better addressed. Other proposals to come will reshape its structure, though the lack of international co-ordination means that UK banks risk being both ‘Vickered’ and ‘Volckered’. The industry is being held to account from all directions, becoming more transparent and closer to its customers as a consequence, with a real cultural shift becoming evident.

Q *What must the UK do to remain a dominant player in financial services?*

Given the eurozone’s ongoing problems, the City needs to look further afield for its business.

The Chancellor’s announcement that London will host the first offshore renminbi trading centre sent a clear message that the UK is open for international business.

It is also paramount that our new regulatory architecture is well constructed.

Q *How can the banking industry regain public confidence?*

Trust is something that is quick to lose and takes a long time to get back. The public needs reassurance that these changes will produce real improvements for the economy and the country. At the same time, the industry needs to do its banking well and explain itself well. There is no magic bullet and, realistically, it will take many years of hard work to regain confidence. The industry and the BBA are up for the challenge. Although I’m leaving the BBA, I will remain a supporter of banking, which is one of the UK’s few great industries.

Stuart Turner
Senior Treasury
Dealer, Newedge UK
Financial Ltd



Ask the experts...

TRI-PARTY REPO EXPLAINED

The size of the tri-party repo market in the US alone is \$1.74tn as of February 2012, with US Treasuries (31%) and Agency MBS (36%) making up the majority of the collateral. In an environment where unsecured lending has not really recovered from 2008, repo financing, and tri-party repo in particular, has become key to bank funding.

First, the basics. The repo, or repurchase agreement, is a transaction whereby one party sells securities to another, simultaneously agreeing to buy them back at a future date and at a predetermined price. On maturity, the seller receives back the same amount of equivalent securities and returns the cash, plus interest. The legal title of the security is also transferred throughout the life of the repo, but the seller retains the economic benefit and corresponding market risk of holding the asset. In essence, the repo is a secured loan transaction.

Under the tri-party structure, an agent such as Clearstream, Euroclear or one of the two US clearing banks (Bank of New York Mellon or JPMorgan Chase) will sit between the two repo counterparties and act as a third-party custodian to the underlying collateral. This role reduces significantly the administrative cost to both repo counterparties.

The tri-party structure facilitates access to the repo markets for a wide range of participants that otherwise might not find it easy to do so.

Trade regulations

This trading is conducted under the Global Master Repurchase Agreement (GMRA) and is covered by a separate tri-party agreement. Based on their risk appetite,

participant cash lenders are able to specify to the tri-party agent the types of collateral they are willing to accept – for example, baskets of only the highest-quality sovereign debt, lower-rated corporate bonds, structured finance securities or a basket of equities.

The tri-party agent maintains the pool of collateral in a segregated account for the life of the transaction, marking to market the assets on a regular basis, substituting assets where required, maintaining the correct quantity of collateral and providing the necessary position reports to clients.

The 2008 financial crisis proved to be a double-edged sword for the tri-party repo market. It illustrated the importance of secured financing in a market where unsecured inter-bank lending had broken down; but it also exposed the quality of the underlying collateral and the systemic risk in a market of such magnitude.

In September 2009, the Federal Reserve Bank of New York formed the Tri-Party Repo Infrastructure Reform Task Force to address weaknesses that became evident during the crisis. This February, the Task Force delivered its final report, the key recommendation of which was to eliminate intra-day credit through operational enhancements and more rigorous control processes.

The Fed's conclusion is that, although progress has been achieved, further work is still necessary to achieve its goals, which all means the tri-party repo environment will continue to evolve at pace.

Do you have a question about anything from tax to virtual trading?
✉ richard.mitchell@cisi.org



CPD

'Nuisance shareholdings' addressed



Claire Mackintosh

As part of the CISI's London CPD programme, on 25 May Claire Mackintosh will lift the lid on how ShareGift, the company she founded, tackles the longstanding problem of 'nuisance shareholdings'.

These are small shareholdings that may arise for a variety of reasons and are uneconomic to sell on their own. ShareGift transfers, aggregates and sells parcels of these donated shares, giving the proceeds to a range of charities – more than £15m to about 1,800 beneficiaries to date.

ShareGift has increasingly become an industry-standard mechanism deployed by companies as a charitable solution for fractional entitlements, small shareholdings and residual cash balances, both in share-register-management exercises and within corporate actions.

Other highlights of the programme include an event on 21 June at which Keith Robertson, Chartered FCSI, and Director, Armstrong Financial, will contend that the use of volatility – the standard deviation of variance of returns in financial markets – as synonymous with risk is inaccurate.

Robertson believes that standard deviation is an excellent predictive measure for data, presenting a normal probability distribution.

But, he will argue, there is overwhelming empirical evidence that returns from financial markets are not normally distributed and, therefore, standard deviation has no meaning or usefulness as a predictor.

For further details of the London programme, see page 27 or visit cisi.org/capitalcpd

QUICK QUIZ

Test your industry knowledge



Illustration: Cameron Law

The S&IR's Quick Quiz features questions from CISI elearning products, which are interactive revision aids to help candidates prepare for their exams.

Answers are on page 29.

To order CISI elearning products, please call Client Services on +44 20 7645 0680 or visit cisi.org

Q1. Which ONE of the following is NOT a money market instrument?

A) Certificates of deposit B) Commercial paper C) Treasury bills D) Zero coupon bonds

Q2. Which ONE of the following is the second main stage of money laundering?

A) Integration B) Layering C) Placement D) Positioning

Q3. Which ONE of the following option styles can be exercised only on expiry date?

A) American B) Barrier C) Bermudan D) European

Q4. A particular country is exhibiting an invisible trade surplus and a visible trade deficit. How would the country best be described?

A) In recession B) In balance C) Post industrial D) Manufacturing driven

Fork in the road

The Fed has to decide whether to push ahead with more quantitative easing

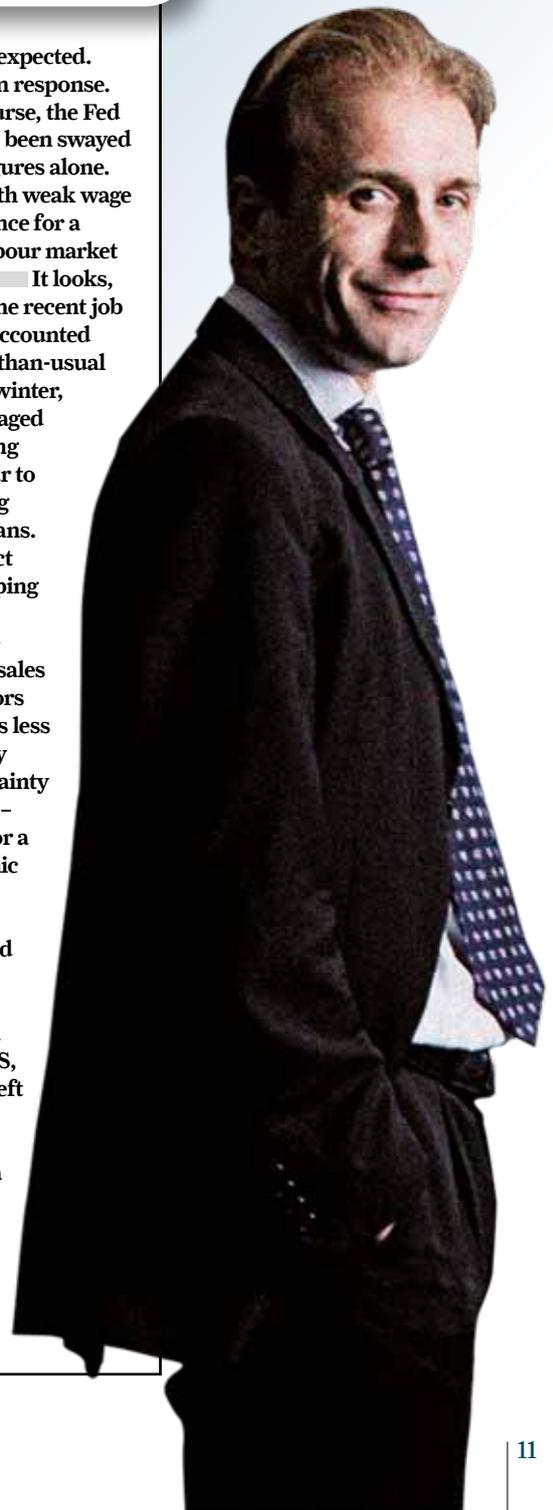
TO QE OR not to QE, that is the question. At least, that's how one of the world's biggest bond investors, Pimco, recently summarised the dilemma facing the US Federal Reserve. The huge amounts of money pumped into the financial markets by the Fed over the past three years, through an extended programme of emergency bond buying, has helped to prevent many economies from sliding back into recession. The decision, therefore, on whether to embark on another round of so-called 'quantitative easing' – or QE3 – matters not just to American homeowners and businesses, but to us all. UK house prices, jobs and the prosperity of millions depend on the correct call. Get it wrong, and the price paid could be immense. Already, financial markets have been scaling back their expectations of further Fed action. Shares and other risky assets have been falling back from recent highs, revealing what Pimco's Executive Vice President Tony Crescenzi characterises as their dependence on "monetary morphine". "Doing nothing could disrobe the recent rally in risk assets and reveal it for what it is, which is an unsustainable rally that will last only if ever-more monetary stimulus is injected into the veins of global investors," says Crescenzi. On the other hand, if the Fed decides to battle against the forces holding the US economy back – namely a lack of credit availability – then "it could fall onto its dagger, committing a classic error in central banking by acting during a turning point and thereby doing too much". At the heart of the

dilemma facing Ben Bernanke, Fed Chairman, is the difference between 'good' inflation and 'bad' inflation. The reason for holding back from further QE is that more stimulus could push people's expectations of inflation to undesirable levels, just as the recovering economy gains real momentum. Actual inflation could accelerate as a result. An estimate of where investors believe US inflation expectations will be in five years for the following five years already puts it at between 2.5% and 3%, according to Pimco, above comparable estimates for when the Fed started QE1, QE2 and 'Operation Twist', the most recent variant. Set against that is the risk that turning off the morphine would deprive the recovery of the confidence-boosting gains in asset prices that have, in large part, sustained it. There is no shortage of threats to growth. As well as a lack of credit, the US housing market remains moribund and wage growth is anaemic. Tax increases and spending cuts are due to kick in next year. All this explains why, for the first time in months, markets are reacting less to what eurozone politicians have to say about the debt there and more to headlines on manufacturing activity, services output and consumer demand. Most watched of all are US jobs figures. And there, the evidence has been mixed at best. After three straight months of solid job creation and a streak of monthly employment gains of more than 200,000, non-farm payroll figures for March fell far short of analysts' forecasts. Just 120,000 jobs were added, compared with

“Get quantitative easing wrong, and the price paid could be immense”

the 200,000-plus expected. Markets sold off in response. Of course, the Fed is unlikely to have been swayed by one month's figures alone. But, combined with weak wage growth, the evidence for a recovery in the labour market is mixed. It looks, too, like some of the recent job increases can be accounted for by the milder-than-usual weather over the winter, which has encouraged consumer spending and acted as a spur to employers to bring forward hiring plans. That positive effect may now be dropping out of the picture. While construction, car sales and other indicators may point towards less need for monetary easing, the uncertainty over employment – which is crucial for a sustained economic recovery – has strengthened the case for more bond buying. Indeed, with fiscal policy being tightened in Europe and the US, it is the only tool left for policy-makers anxious to avoid a Japanese-style era of stagnation. ■

Christopher Adams is the Financial Times' markets editor



Fixing THE GAME?

Regulators around the world are investigating whether banks colluded to fix LIBOR, the benchmark for a range of institutional and retail financial products. **Hugo Cox** investigates

ALLEGATIONS THAT THE London Inter-Bank Offered Rate (LIBOR), the inter-bank lending rate on which a range of wholesale and retail products are based, has been systematically fixed by traders at leading banks are being investigated by regulators on both sides of the Atlantic. Several US regulators, as well as regulatory bodies in the UK, Japan and Switzerland, have approached the major banks whose estimates are used to calculate LIBOR. Allegations include the claim that traders at a number of leading banks co-ordinated efforts to manipulate the rate by influencing

those colleagues responsible for submitting the firms' estimates. LIBOR is meant to measure the average rate at which a leading bank can obtain unsecured funding in the London inter-bank market across ten different major currencies. As a measure of inter-bank borrowing costs, it has become the standard for more than \$350tn of derivatives products, as well as the basis for a range of retail products including mortgages and credit cards (see box). If the allegations prove accurate, some participants are likely to seek damages from the major banks. These could include traders on the

wrong side of LIBOR bets during the period, investors in the debt of major firms whose debt is linked to LIBOR and will have suffered if the rate was set too low, and customers who purchased interest-rate swaps from banks.

The process of calculating LIBOR came under scrutiny during the financial crisis, when allegations emerged that some banks were submitting artificially low rates to exaggerate their creditworthiness at a time when confidence was low and it was difficult for banks to borrow from one another. Because banks' estimates are published daily, following the release of the LIBOR rate, they send a message to the market about a bank's financial health. Peter Hahn, a lecturer in finance at London's Cass Business School who previously worked in financial services, believes that the practice of misstating the rate far predates the financial crisis. "At the banks I worked for," he says, "it was frequently discussed that you always paid less than LIBOR when borrowing in the market."

Weak controls

The British Bankers' Association (BBA) has claimed that internal controls protect the rate from manipulation. Writing in the June 2011 edition of the *S&IR's* 'Ask the experts' column, BBA Chief Executive Angela Knight CBE FCSI(Hon) said: "Trimming ensures that no single contributor can influence the calculation and hence affect the benchmark.



Any submissions that are dramatically different from the mean are outliers and are therefore discarded.” John Ewan, LIBOR Manager at the BBA, says: “Internal controls ring alarm bells if the rate shifts more than five basis points from the previous submission, or if they ‘cross the quote’ – if their estimates have historically been consistently beneath the mean and the latest one ends up above it, or vice versa.” Small shifts could therefore escape detection.

But trimming would not appear to prevent manipulation through small changes in estimates. Internal or external traders wishing to exert influence could select a group of banks that had reliably submitted mid-range quotes over recent weeks – using the figures released by the BBA – and then focus lobbying efforts on shifting all their estimates very slightly in their favour.

Questionable cases

The Canadian Competition Commission alleges something close to this took place between 2007 and 2010 in the case of the yen LIBOR rate, according to papers filed in an Ottawa court last year.

It cites lawyers acting for an unnamed “co-operating bank” (which the *Wall Street Journal* has suggested is UBS) who allege that traders at Citigroup, Deutsche Bank, HSBC, JPMorgan Chase, RBS and UBS – all of which are among the 15 institutions sitting on the yen LIBOR panel – “entered

How is LIBOR calculated?

LIBOR provides a measure of the average rate at which a leading bank can obtain unsecured funding in the London inter-bank market for a given period, in a given currency.

A panel of major banks submits daily estimates of how much it would cost the banks to borrow from one another for 15 different periods – from overnight to one year – in ten different currencies, including dollars, euros, yen and Swiss francs. The resulting 150 rates are calculated by Thomson Reuters and published by the British Bankers’ Association.

Rules published on the BBA website state that “rates must be submitted by members of staff at a bank with primary responsibility for management of a bank’s cash, rather than a bank’s derivative book.” Thomson Reuters runs a range of tests on submitted rates to check for their accuracy and authenticity.

Depending on the size of the panel for that rate, outlying quotes are then discarded and the mean of the remaining quotes is taken. In the case of yen LIBOR, which has 15 banks on the panel, the top four and bottom four quotes are excluded.

The practice of basing LIBOR on estimated borrowing rates, rather than rates at which business has been transacted, has long attracted criticism because of its vulnerability to manipulation. It contrasts with pricing of other benchmark rates that are based on actual transactions. For example, the London Metal Exchange (LME) Official Prices are used as global benchmarks for future and options contracts for metals including aluminium, copper and steel. The LME Official Price is the last bid and offer price quoted during the second

morning trading session; the LME Official Settlement Price is the last cash offer price.

What is LIBOR used for?

About \$350tn of swaps and \$10tn of loans – including the majority of major currency futures, as well as residential mortgages and credit card rates – are now indexed to LIBOR. The difference between three-month LIBOR and short-term US government debt is considered a vital measure of credit risk in the general economy, and is used to calculate the risk of default on inter-bank loans. The Swiss National Bank uses the three-month Swiss franc LIBOR as the reference rate for monetary policy and sets a target range for the LIBOR. The Chicago Mercantile Exchange’s Eurodollar contracts are also based on three-month US dollar LIBOR rates; these are the world’s most heavily traded short-term interest rate futures contracts.

What could be the consequences of manipulation?

The number of retail and institutional products that derive their value from LIBOR show the size of the consequences for retail savers and homeowners, as well as for pension funds, banks and central banks. In a speech at the end of February, EU Competition Commissioner Joaquin Almunia said: “Given the number and the value of transactions in interest-rate derivatives, and the crucial role these products play in the management of risk, any confirmed manipulation of these interest rates would probably imply a very significant cost to the European economy.”

into agreements to submit artificially high or artificially low” quotes. The traders, it is alleged, decided collectively which direction they would shift the rate, before individually approaching internal colleagues on the cash desk responsible for submitting the bank’s number. [redacted] If they did this, it would have breached the Chinese walls within the banks intended to prevent such influence. These should prevent individuals from selling derivatives to hedge funds, or those with proprietary positions that would benefit from either a preview of the rate or an influence on it from shifting the rate. [redacted] In a related case, the Swiss Competition Commission confirmed in February that “derivatives traders working for a number of financial institutions may have manipulated these submissions by co-ordinating their behaviour”, adding that derivatives traders may have colluded to benefit at the expense of their clients. [redacted] Further evidence is provided by allegations from a sacked RBS trader in Singapore in an employment claim against his former employer. Tan Chi Min claims that it was common for RBS employees to request that the LIBOR rate be set at specific rates to maximise profit on their positions. [redacted] According to Hahn, there is no shortage of internal or external stakeholders who would be motivated to influence the LIBOR rate. “The range of products derived

from LIBOR is huge,” he says. “Consider a swap: I am paying a counterpart a fixed rate of interest in exchange for LIBOR. Clearly, if LIBOR goes up, I stand to gain. There is a huge range of these products that are traded between banks and a small number of clients.” [redacted] “Clearly, this is a benchmark to fix,” said Scott O’Malia of the Commodity Futures Trading Commission (CFTC) in a speech at the end of March. The CFTC is examining collusion between derivatives traders and bank treasury departments involved in yen and dollar LIBOR rates, as well as the claim that some banks understated their LIBOR submissions to make themselves appear stronger during the financial crisis. He noted: “The BBA is not a regulator, and the contributor banks are not under its jurisdiction.”

Time to fix?

In response to the growing number of investigations, in late March the BBA started to assemble a steering committee to examine changes to the rate. The BBA told the *S&IR* that this committee currently includes representatives of several banks responsible for setting LIBOR, a wholesale broker group and the Chicago Mercantile Exchange, the futures exchange group. [redacted] This committee will look at implementing a rigorous and comprehensive code for all

contributors. The code could include issues such as which instruments to reference in submitting the rate, who should be consulted and whether there should be restrictions on firms talking to those responsible for setting rates. [redacted] A more extreme route, hinted at by O’Malia, would be to enforce

“Derivatives traders may have manipulated submissions by co-ordinating their behaviour”

regulatory oversight on the participating banks. The process is not currently a regulated activity under the UK Financial Services and Markets Act. [redacted] With a number of claims by traders at several investment banks that no internal rules existed to prevent the fixing of the rate, there seems a real chance that the investigations could result in some sort of formal regulatory change. Some element of reform, concludes Hahn, is long overdue. “LIBOR was created in London 40 years ago to facilitate funding between groups of consortia banks,” he says. “It was created for another purpose, so why should someone’s mortgage rate depend on the cost of inter-bank funding?” ■

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Still coining it?

Proposed European reforms may do little to increase audit quality or loosen the grip of the Big Four firms, writes **Jennifer Bollen**

ACCOUNTING FIRMS FAILED conspicuously to flag up the parlous state of bank balance sheets in advance of the financial crisis. The European Commission responded in November 2011 with sweeping proposals that could lead to a break-up of the audit and consulting arms of the so-called Big Four firms: PricewaterhouseCoopers (PwC), Deloitte, Ernst & Young and KPMG. The Commission's proposed reforms followed widespread concern that banks and financial institutions had received clean audit reports between 2007 and 2009 despite taking huge losses during that period. But the proposals to overhaul Europe's auditing industry have prompted criticism from the biggest accounting firms and opinions about the long-term impact of the new rules are mixed.

Audit Policy: Lessons from the Crisis – the Commission's consultation document, published in September 2010 – followed scrutiny of the audit industry and examination of how improvements to its practices could enhance financial stability. The report raised questions such as how banks could fail just months after sailing through audits. The proposals (see box) include:

- mandatory rotation of auditor to stimulate competition and avoid conflicts of interest
- segregation of auditing practices from non-auditing services such as consulting, creating pure audit-only firms
- greater scepticism of auditors' scrutiny of company accounts
- better communication with stakeholders and the public.

The issue of rotation has sparked heated industry debate. According to the Commission's assessment, the Big Four firms audit 99% of FTSE 100 companies. In most EU member states, they command more than 85% of the work from the major listed companies.

But James Roberts, an audit partner at smaller firm BDO, believes that rotation would maintain the status quo. "Our concern is that mandatory rotation will operate only between the biggest four firms," he says. "Ideally, retendering would be on a comply-or-explain basis, but we suspect it will be mandatory."

Compulsory retendering on a comply-or-explain basis, Roberts believes, would provide clients with a greater choice of service providers. Audit committees would be in a better position to benchmark the services of their current providers against the rest of the market. Stuart Diack, an audit partner at Deloitte, says that mandatory rotation has already been shown to increase the concentration of business of the major players and decrease quality. "There is no evidence that mandatory rotation improves audit quality," he says, "and the limited experiences with it appear to indicate the opposite."

What's the price?

Accountancy firms are reluctant to comment on how reform would affect profits, but many doubt that the Big Four's revenues would suffer. "I do not think the EU reforms will do anything to damage the

Reform in numbers

99% Proportion of FTSE 100 companies audited by the Big Four

48 Average number of years a FTSE 100 client retains an auditor

1896 The year PwC (or its predecessors) began auditing Barclays Bank. PwC has acted as Barclays' sole auditor since 1978

20% Premium paid for an audit carried out by a top-tier firm between 2002 and 2006

700 Number of responses to the Commission's proposed reforms of the Big Four, the highest level of responses of any consultation in the Internal Market and Services area since the consultation on Solvency II in 2008

Source: European Commission impact assessment



large firms competitively,” says Roberts. “Their profitability will be unaffected.” ■■■■■ Creating audit-only firms, meanwhile, may reduce the talent in the profession. Specialists in tax, actuarial and technology roles may find positions that consist entirely of assisting audit teams less satisfying than roles that enable them also to work directly for clients, where their skills are the main focus of an assignment. “The ability to attract and retain talent and skills will suffer,” Roberts says. ■■■■■ “The combination of experience, judgment and specialist skills needed in the audits of complex PIEs [public interest entities] can be found only in a multi-disciplinary environment,” says Mike Ashley, Head of Quality and Risk at KPMG. ■■■■■ One of the most powerful auditors in Europe, Ian Powell, Chairman and Senior Partner of PwC, goes further. He believes that many of the proposed reforms would, if adopted, seriously dent the industry’s ability to deliver quality audits and would “likely have serious unintended consequences for business and the wider capital market”.

The wood for the trees

While the questions of rotation and segregation have grabbed the headlines, more fundamental questions are perhaps being ignored. ■■■■■ Stella Fearnley, Professor in Accounting at Bournemouth University, believes that reform of accounting standards, particularly mark-to-market (or fair-value) accounting practices, should be the priority. “Until we get that right, we are not going to get accounts telling us the right story,” she says. ■■■■■ According to BDO’s Roberts, there are three weaknesses with mark-to-market accounting. Firstly, he says, many assets have no ready market to value against, meaning that models are subject to broad value ranges. Secondly, valuation movements that bear no relationship to underlying commercial success can distort income statements. Thirdly, by the time they are published, market valuations are typically several months out of date. ■■■■■ It has been widely asserted that mark-to-market accounting was a significant factor in the fraud at Enron, because it allowed the company to book estimated future profits as current gains, inflating its balance sheet and clouding the true figures. ■■■■■ Senior

UK regulators agree. Last December, Andy Haldane, Executive Director of Financial Stability at the Bank of England, said that fair-value accounting tended to over-emphasise return in the boom and under-emphasise risk in the downturn. Haldane called for a distinct accounting regime for banks in the UK.

The next crisis?

While there is much support for the European Commission’s belief that the 2008 crisis highlighted the shortcomings of the European audit industry, Roberts is unconvinced that the new rules in their current form will help to prevent another one. ■■■■■ He believes that reform gave legislators an opportunity to attack excessive concentration of business in the hands of a few auditors, the appearance of independence and the content of the audit service itself. “Regrettably, [legislators] have missed the target in each of these areas,” he says. ■■■■■ The Commission’s green paper said that huge losses revealed by banks between 2007 and 2009 had raised questions about how auditors

In most EU member states, the Big Four firms command more than 85% of the audit work from major listed companies

could give the institutions clean audit reports for those periods. ■■■■■ “The proposals have strayed far away from the stated objective to help prevent a future financial crisis, which the Commission highlighted, appropriately, as the principal concern,” agrees Diack. ■■■■■ Diack’s concern represents a widespread sense of missed opportunity. Clearly, there is a need to improve the role and perception of auditors as objective service providers in the eyes of industry and the wider public. And auditors appear to agree with the Commission’s aim of improving auditing standards. But the shake-up, as currently proposed, could bring a new set of problems. ■

European Commission proposals

Mandatory rotation

The Commission’s proposals include requiring audited companies to rotate auditors every six years. This would entail regular tenders for a new auditor, in which a minimum number of firms must participate, including at least one non-Big Four firm.

The European Commission concedes that mandatory tendering will increase costs for the audited companies, without necessarily leading to the mandating of a different auditor, and that audit firms would likely invest less in the tender processes.

James Roberts at BDO believes that rotation will erode quality: “A concern for companies may well be that, as accounting firms know they are going to lose a client a relatively short time after being appointed

auditor, they will put their best resources into winning new work, rather than servicing existing work.”

A House of Lords report published last year echoed the proposal and the UK’s Competition Commission launched an investigation into the country’s auditing market.

Audit-only firms

The Commission believes that the introduction of ‘pure audit’ firms would help to improve audit quality. It has proposed forcing firms that generate a third of their total audit revenues from public interest entities to become pure audit providers. The proposals are aimed at the large auditors – those which generate more than half of their fees from clients with a capitalisation of more than €1bn.

The Commission has also proposed that pure audit providers should not be part of a group that includes non-audit service providers, such as consulting firms, and that no more than 5% of the pure firm’s voting rights be held by any firm providing non-audit services if the firm is open to non-partners.

Scepticism and fraud prevention

The impact study highlights that auditors currently have no obligation to ensure that a company’s accounts are free from misstatements. EU rules also do not explain how the auditor must carry out an audit – for example, there is no requirement for the auditor to use scepticism, and requirements concerning the scope of an audit are unclear.

Proposals to tackle this include requiring the auditor to state whether historical financial information is untrue and requiring scepticism when analysing fair values and future cash flows.

Communication

The Commission said that there was a lack of communication between auditors and supervisors regarding weaknesses at audited companies – particularly in the financial sector.

There is currently no requirement for auditors to regularly engage with supervisors of banks and insurance companies beyond the obligation to report breaches of rules in certain cases. In response, the Commission has proposed regular dialogue with the audited companies.

Hugo Cox talks to Professor Carol Alexander, Henley Business School at Reading academic and a champion of better financial risk management

Teaching CAUTION

CAROL ALEXANDER, ARGUABLY the UK's leading financial risk guru, is on the warpath over the exchange-traded notes (ETNs) that are heralding a dangerous new era of volatility trading among pension funds. The career academic, currently Chair of Risk Management at the International Capital Market Association (ICMA) Centre, Henley Business School at Reading, fears that poor understanding of the notes' risks could precipitate the next pension-fund blow-up. "Returns on these ETNs are impossible to forecast without access to privileged information. It is no use holding them as long- or even medium-term investments, because their expected returns are almost always negative," she says. "This is going to affect people's pensions unless funds are warned." It is no surprise, Alexander believes, that pension funds are not alert to the risks inherent in ETNs, which are debt securities that are underwritten by a bank and traded on an exchange. Several forays into the commercial world, including a period as a fixed-income trader (see box), have left her convinced of the paucity of understanding of risk and the relative scarcity of risk-related qualifications among professionals at major firms. Alexander has been a longstanding champion for improved standards and became Chair of the Professional Risk Managers' International Association (PRMIA) in 2010. "We need senior risk analysts to be as highly qualified as surgeons," she says. "They should be trained in mathematics and then required to take a formal professional qualification." Regulators, meanwhile, are struggling to collect the position-level data needed to better anticipate systemic risk. "This is a huge requirement that has not been adequately thought through from a policy perspective," Alexander says. She adds that a better approach would be to draft rules forcing greater risk accountability onto senior management. After the corporate scandals at Enron and WorldCom, the Sarbanes-Oxley Act in the US introduced personal liability for senior

"We need senior risk managers to be as highly qualified as surgeons"

management and boards when accounting procedures fail. "This personal liability should be broadened to include market risk and credit risk," Alexander explains, although it is hard to see how investment losses that are not fraudulent could be the basis of a criminal case. Back on the subject of ETNs, Alexander explains how, in recent years, investors have piled into volatility products, which are marketed as a tool for diversification. These have replaced traditional channels, such as commodities, which have shown increasingly close correlations with other asset classes since 2008. "The problem is that anyone can buy them," she says. "Banks are issuing indexing products that have

over-the-counter derivative-type characteristics." Because ETNs are exchange traded, they are available to retail and pension investors, who would otherwise have little access to over-the-counter derivatives. The ETNs she is talking about are based on futures written on the VIX, the Chicago Board Options Exchange Market Volatility Index. The so-called 'fear index' uses options prices to measure the market's expectation of the S&P 500's volatility over the next 30 days. The products are being pushed hard by banks looking to refocus their efforts from over-the-counter derivatives business, which has become more expensive as regulation has increased, to index products. The trend began when Barclays released the first of its iPath ETNs in February 2009; there are now more than 30 products, with an estimated \$3bn market cap.

Reasons against

Alexander's objections to ETNs are twofold. "Roll costs mean that the long-term value of tracker ETNs is zero," she says. The roll cost arises because the ETNs buy VIX futures of the two maturities that straddle the target maturity. Each day, a little is rolled from the shorter maturity to the longer. One characteristic of VIX futures is that the shorter maturity has a much lower price than the longer one. So ETNs are constantly selling a low-priced future and buying a high-priced one. These positive roll costs erode ETN performance severely. More troubling is the high volatility that VIX ETNs display. Some have shown volatility levels of 400% – the equivalent of an annualised move of four times the value of the index. "This means that performance returns are almost impossible to forecast, so their hedging value is very limited," Alexander says. She had been blowing the whistle on ETNs for years – one paper on the subject, with her PhD student Dimitris Korovilas, was released in 2010 – when one of the most popular products blew up in February this year. The Credit Suisse-managed VelocityShares Daily 2x Short-Term ETN lost half its value in just two days, having earlier diverged by nearly 90% from the index it was meant to be tracking after the bank stopped issuing shares. This demonstrated both the wild levels of demand and the high volatility in these products. Investors had flocked to the ETNs due to worries that this year's equity rally might suddenly end. The tendency of the now-huge VIX futures ETN market to lead rather than follow the prices of VIX futures has attracted comment from the US regulator, the Securities and Exchange Commission. More than 30 million shares traded hands on the first day VelocityShares fell to earth, giving the note similar liquidity to Microsoft. As a result of the collapse, the Securities and Exchange Commission is looking at how ETNs are marketed. For Alexander, however, as long as firms are not incentivised to increase the quality of their risk management, the industry will continue to act after the horse has bolted. ■

Academic heart

An influential PhD supervisor 50 years her senior gave Carol Alexander the confidence she needed to pursue an academic career. The satisfaction of teaching has remained the central appeal of her job ever since.

“The prospect of working with my PhD students is what gets me out of bed in the morning,” she says. Her CV includes a long list of credits of recent PhD students, including senior investment and strategy posts at the world’s leading banks and asset managers.

But her career path changed suddenly in 1987. A combination of personal and global events drew her away from the esoteric academic world of algebraic number theory, in which she worked as a lecturer at the University of Sussex.

Alexander’s first child was born a month before the 1987 stock-market crash; soon after, she and her husband separated.

“The two events caused a complete re-evaluation of my motivation. It was now up to me alone to provide a stable environment for my child,” she says. She also felt a desire to provide an application for her mathematical research. The financial system seemed a good candidate.

Applying her pure-maths background to the world of quantitative finance took her into the commercial sector three years later, with a consulting role at merchant bank Hill Samuel. After a stint as a bond analyst at Phillips & Drew (now part of UBS), however, she took only two brief full-time positions in the industry – at Nikko Securities and software provider Algorithmics.

“The mindset in most financial institutions is not compatible with mine: most individuals have not learned that great wealth, fame or power do not buy you happiness – indeed, quite the reverse,” she explains.

Her commitment to the social and intellectual precepts of academia does not blind her to the current shortfalls of its application. Asian students attending UK universities is a particular concern.

“Many excellent Chinese students are coming here, but end up learning only about aspects of financial markets and instruments that derive directly from the US economic establishment,” she says. The risk is that this will store up problems in the fast-growing Asian financial industry. “We need tailor-made programmes for these students that teach them how to manage activities that suit their market and avoid importing the finance culture of the US.”



CV snapshot

- 2010** – Chair, Professional Risk Managers’ International Association (PRMIA)
- 1999** – Chair of Risk Management and Director of Research at the International Capital Market Association (ICMA) Centre, Henley Business School at Reading
- 1998** – Director, Head of Market Risk Modelling, Nikko Securities, London
- 1996** – Academic Director, Algorithmics Inc.
- 1985–98** – Lecturer in Mathematics and Economics, University of Sussex
- 1982** – Bond Analyst, Phillips & Drew, London
- 1980** – PhD in Algebraic Number Theory, University of Sussex
- 1976** – BSc in Mathematics with Experimental Psychology (first class), University of Sussex



A rule TOO FAR

Designed to curb risky proprietary trading at US banks, the Volcker Rule has the fund management industry up in arms. **Annabelle Palmer** investigates its unintended consequences

THE VOLCKER RULE, named after former Federal Reserve Chairman Paul Volcker, is part of the Dodd-Frank Wall Street Reform and Consumer Protection Act. It requires US banks to discontinue proprietary trading activities by 21 July 2012. Under the Rule, banks are prevented from engaging in proprietary trading (taking principal positions in underlying assets). Short-term trades could be conducted only for hedging or market-making purposes. Banks are complying with this element of Volcker by creating hedge funds and setting up shop in other jurisdictions. However, for the fund management industry, Volcker does not stop there. Banks subject to the Rule are also banned from managing any investment products – other than US mutual funds – or distributing them using the bank’s brand and seeding them with the bank’s capital. The justification is that the underlying activities of certain funds are risky, so US banks, which receive federal guarantees, should not be involved with them. As currently drafted, however, these rules would apply to any bank with a single branch, agency or commercial lending subsidiary in the US, or those with US residents as investors

in its funds. This has significant ramifications for the global fund management industry. Affected banks with asset management arms will need to narrow their focus so that they only sponsor funds marketed to clients with savings or deposit accounts, or trust clients, and completely remove hedge funds and private equity funds from their remit. US banks believe that this will put them at a competitive disadvantage. “A US bank sitting in Europe cannot engage in activities that its competitors across the street can,” says Scott Cammarn, Special Counsel with law firm Cadwalader. As Cammarn explains, if its competitor is a European bank with interests in the US, that bank would be similarly hobbled. By contrast, those European asset managers that are not part of a bank that does business in the US would be free to target the customers of the US banks that are suddenly finding themselves hamstrung because of the Volcker Rule. Alan Brown, Chief Investment Officer at fund manager Schroders, points out that while smaller, so-called independents could stand to benefit from the business that can no longer be undertaken by these banks, there would be limited capacity

for independents to soak up and acquire the businesses of the largest asset managers. As US mutual funds are not considered to be ‘covered funds’ under Volcker, a maelstrom of concern has emerged as foreign equivalents have not been granted the same privilege.

An unintended consequence?

In the US, whether an entity is a hedge fund or not is determined by the Investment Advisers Act of 1940. However, funds such as UCITS, Canadian mutual funds or Japanese investment trusts do not qualify for exemptions under the 1940 act, and so fall within the definition of a hedge fund or private equity fund. As such, banks subject to Volcker are prohibited from sponsoring or investing in them. Many feel that it is unfair to treat such funds the same as hedge funds. Europe’s UCITS funds, for example, are widely considered to be the structural and economic equivalent to US mutual funds and are heavily regulated within their countries of origin. “It makes no sense to regulate and prohibit sponsorship of a UCITS fund merely because

of the way that the 1940 act defines it to be,” says Cammarn. He believes that it is wrong that a foreign bank with branches in the US can no longer advise or sponsor a fund regulated under its home country law. ■■■■■ The European Fund and Asset Management Association (EFAMA) has been campaigning against the covered funds notion, arguing that the proposed rules represent an inappropriate extraterritorial application of US jurisdiction and will exacerbate the negative impact of Volcker

“A US bank sitting in Europe cannot engage in activities that its competitors across the street can”

on its members. ■■■■■ The association predicts a huge burden for fund managers. ■■■■■ “It is a big concern for those UCITS funds owned by European banks with US operations. It will have an impact on who can provide services to whom, and could lead to major restructuring of many firms’ businesses, including costly rebranding,” says Jarkko Syyrila, Deputy Director General of EFAMA. “It is one of the biggest headaches for our members at the moment.”

A costly oversight

It is hoped that US regulators, charged with interpreting and applying Dodd-Frank, will be allowed to create exemptions for the fund managers. If they do not, some banks might be tempted to get out of the business of asset management altogether, says Brown at Schroders. ■■■■■ Deutsche Bank is in the process of doing just that. It has cited “recent regulatory changes” as one of the reasons for doing so although, when the *S&IR* approached the bank, it declined to comment further on whether the Volcker Rule was a key issue. ■■■■■ Cammarn says that some banks are also questioning whether to maintain branches in the US. “There are some banks that are specifically choosing not to open a branch in the US because they are afraid of what will happen to it. People are very cognisant that there is now a real downside to establishing a branch in the US – and that downside is the Volcker Rule,” he says. ■■■■■ Marilyn Selby Okoshi, a partner at law firm Katten Muchin Rosenman, says that her clients are also uneasy. “I’ve had clients say they might not be able to offer fund products in the US,” she says. “Some say that they don’t need to be a bank in the US, or that they may reduce their US headcount and do their fund

management business completely offshore.”

■■■■■ The Federal Reserve’s extended consultation period closed on 13 February 2012, by which time it had received 16,000 letters. ■■■■■ Cammarn says that there is disagreement within Congress as to what was really intended. No justification for this unequal treatment is offered in the proposed rules, and many believe that the capture of bank-owned fund managers was a result of bad drafting and is not intentional.

■■■■■ “The Volcker Rule as applied to private fund management is one of the worst pieces in Dodd-Frank. It has not been thought out enough and has internal inconsistencies and circularity issues,” says Okoshi. ■■■■■ One inconsistency is the apparent risk the Rule poses to liquidity. In a

provision known as ‘Super 23A’, the Volcker Rule prohibits banking entities from entering into Federal Reserve Act Section 23A ‘covered transactions’, including loans, guarantees or purchases of securities or assets with any hedge fund or private equity fund for which it serves as sponsor, investment manager or investment adviser. This will avoid the credit risk of banks and their affiliates from providing implied guarantees or backstops.

■■■■■ But there is no geographic limit stipulated for rule Super 23A. So, for a Singaporean bank with a branch in the US that chooses to advise a fund in Singapore, none of its entities anywhere in the world can provide credit support to that Singaporean fund. ■■■■■ “The Super 23A provision is applied globally in a way that none of the other Volcker provisions are,” says Cammarn. “It regulates the investment advisory and credit-support functions of foreign banks everywhere in the world. I don’t think it was intended to do that, but that’s the way Congress wrote the provision.” ■■■■■

It remains to be seen whether a rule designed to prevent US banks from engaging in risky behaviour ought to cover the remote risks that could emerge from foreign banks advising, managing or providing credit support for foreign funds. But many in the industry remain confident that regulators will listen to reason. European banks with large asset management operations will be hoping they do. ■■■■■ Brown at Schroders concludes: “I would like to think that regulators will listen to reasonable arguments, because you don’t want to get into the position where a J.P. Morgan entity needs to sell off its investment management arm just because it would fall under the definitions of the Volcker Rule. I find it hard to believe that that is what the US authorities would want to see happen.” ■



Winds of CHANGE

Timing

It is likely to be 2015/16 before Mifid 2 and Mifir are implemented, although the European Commission hopes that it will take place in 2014.

The next six months will be critical in shaping this legislation. If you want to comment on this legislation, you can make your voice heard at the European Parliament and Council in Brussels either by contacting them directly or through a relevant trade body.

A likely timetable

Now

Markus Ferber, Rapporteur of the Economic and Monetary Affairs Committee (ECON) of the European Parliament, finalises his report on Mifid 2 and Mifir, having called for comments and held a public discussion

2012

ECON discusses report and agrees changes to Commission's texts. Council prepares its own version separately

2013

Negotiations between the Parliament, Council and Commission on final texts (the 'trialogue')

2013/14

All three formally approve the texts and they are published in the *Official Journal*

2014

The European Securities and Markets Authority consults on and publishes detailed technical standards under both laws (level 2)

2015/16

Ideally, 18 to 24 months' implementation time by local regulators and firms of Mifid 2. Mifir has automatic application

What can firms expect from the revised Markets in Financial Instruments Directive? The S&I asked **Christopher Bond**, Chartered MCSI, for his verdict

BACK IN NOVEMBER 2007, the EU implemented the Markets in Financial Instruments Directive (Mifid). It had the clear aim of breaking down barriers to investors making cross-border transactions outside their national markets in the EU. The traditional national exchanges' monopolies have been broken beyond the imagination of the European Commission. For example, more than 50% of FTSE 100 trades are now made on electronic platforms outside the London Stock Exchange.

The G20's regulatory response to the global financial crisis – and to changing technology – has made financial stability and improving the transparency and regulation of markets and firms the key drivers. To achieve this in the EU, the Commission has reviewed the Mifid framework. Last October, it adopted proposals for a revised directive, dubbed Mifid 2, and a new regulation, Mifir, to cover derivatives trading, broker-crossing networks, third-country access rights and high-frequency trading (HFT). These two draft laws are subject to review by both the European Parliament and the Council of Ministers and, therefore, are likely to change as a result of negotiations between the two bodies. Changes will include amendments to the Commission's drafting in the report of the Rapporteur, Markus Ferber, to the Economic and Monetary Affairs Committee (ECON) of the European Parliament. These are likely to be influential to the outcome.

Mifid 2 explained

Will the scope of Mifid increase?

Yes, in several ways. There will be a new regulated trading venue – the organised trading facility (OTF) – where clients' orders will be systematically crossed. Some exemptions from authorisation will be removed – in commodity derivatives where the 'own account', 'commodities dealers' and 'ancillary business' exemptions have been restricted or removed, for example, and in HFT (see later). There are new powers over commodity derivative markets and product intervention. Custody and safekeeping, for which there is an unclear definition, becomes a mainstream

regulated activity and structured loans a regulated investment.

Will client classification be affected?

Mifid recognises three types of clients: professional, retail and eligible counterparty (ECP). The greatest regulatory protection is afforded to retail clients. The Commission reviewed current classification of clients, but retreated from some of its more radical proposals. For example, it has dropped its earlier plan to re-categorise some professional investors as retail clients. The distinction between retail and professional clients remains (only local government authorities are regarded as being in either category). The ECP category continues and clients will now benefit from greater rights to fair dealing and information about complex products.

How about conduct of business rules?

There will be limited change under Mifid 2 itself, but the European Securities and Markets Authority (ESMA) is tasked with making detailed rules and ensuring consistent implementation throughout the EU, so expect more amendments to follow. Execution-only will continue to be permitted and the definition of 'complex' instruments has been slightly expanded to include leveraged (but not synthetic) exchange-traded funds (ETFs). The best-execution rules will be tightened for firms' policies and client information will be increased for issues such as which trading venues are actually used.

What changes does Mifid 2 make to the access of third-country firms to the EU?

The Commission proposes that branches of such firms should be permitted only if they are from an 'equivalent' jurisdiction. If they are, they will have a passport to do business across the EU. Without an EU branch, such a firm may market only on an unsolicited basis to ECPs, but certainly not to retail. The position of professional clients, which include some buy-side institutions, remains unclear. The ECON draft would extend the ban to report-up professional clients, but not other professionals.

How does Mifid 2 fit with the FSA's Retail Distribution Review (RDR)?

Mifid 2 accepts that there should be restrictions on product providers giving benefits to intermediaries. However, there are big differences between what it and the RDR propose. These differences include to whom restrictions apply (Mifid restricts only independent advisers), what investments are covered (Mifid says all investments), legacy-trail commission (no exemption under Mifid), whether providers can facilitate payments to advisers (no exemption), and payments to platforms (permitted under the RDR but not under Mifid). Brokers are concerned that they will no longer be able to receive research. The RDR starts in 2013, a long time before Mifid 2 (see timeline), so firms may need to make big changes again when Mifid 2 is implemented. The FSA believes that the Commission will agree either to change Mifid or allow the UK to 'gold plate' it, but some doubt its negotiating strength.

How does Mifid 2 regulate high-frequency trading?

Many proprietary traders will be authorised as members of central counterparties (CCPs) or trading venues. This will provide the regulator with substantial and continuing information on strategy, tick size and order/execution ratio. Traders must provide continuous quotes, even in tough markets, have robust internal controls over orders to prevent programme glitches (note the Pipeline disciplinary case in US) and police clients with direct market access – including preventing excessive orders and market abuse. The Rapporteur would also ban direct market access by non-members of a venue. There are fears that the buy-side could be caught if it slices a large order into small parts. In the meantime, HFT is affected by exchanges' actions and the Rapporteur's report on limiting the failed/executed order ratio, and would also be affected by the proposed financial transaction tax.

What does Mifid 2 propose for exchanges and market makers?

The rules relating to regulated exchanges will now apply to multilateral trading facilities and the new category of trading venue, the OTF, a development designed to catch broker crossing networks and some dark pools (the position of voice trading and of retail service providers is unclear). There is also a wider definition of 'systematic internalisers' (SIs) – where a firm acts as principal using its own money on a systematic basis – in which case it has a duty to quote continuously in normal size. Physical exchanges are fighting against OTFs and are in favour of SIs.

What are Mifid 2's price-transparency proposals?

These are radical and will require business models to change. Pre-trade transparency

is increased from more liquid equities to all equities admitted to trading on a market and equity-like investments, such as depository receipts. Bonds and structured finance products admitted to trading – or those with a prospectus – are included for the first time, as are derivatives that meet these conditions, or are 'clearing eligible' under the related rules set out in the European Market Infrastructure Regulation (EMIR). ESMA will co-ordinate the work of national regulators on granting waivers using its liquidity (including under stressed conditions), size and type-of-order conditions. There are broadly similar post-trade price-transparency requirements,

Price transparency proposals are radical and will require business models to change

where national regulators and ESMA hold the power to delay the publication for large orders. There will also be a consolidated tape of equity prices covering all venues.

How will transaction reporting change?

The first big change is that each end customer is now identified. Second, the volume and speed of transaction reporting will increase. There are comparable reporting requirements for over-the-counter (OTC) and on-exchange derivatives under EMIR.

When must OTC derivatives be traded on-exchange?

The requirement for OTC derivatives to be settled through a CCP is a G20 commitment for financial stability.

The Commission has interpreted this commitment to also require trading in derivatives to take place on a regulated market, rather than OTC. Mifir contains the general mandatory trading requirements, while ESMA is tasked with developing detailed criteria. These include average frequency and size of trades and the number and character of active market participants. Trading on a market normally requires CCP clearing.

What new powers does Mifid 2 have for commodity derivatives?

This is another controversial issue. National regulators and ESMA will have power to impose or approve a market's request for position limits, and for there to be position transparency and transaction reporting on and from a market. There are also substantial systems and controls under Mifid 2, in addition to CCP clearing requirements under EMIR, and increased capital requirements.

What are the new product intervention powers?

Both ESMA and the national regulators wanted these powers. The Commission's compromise is that both should have them, but ESMA has the overriding voice if it decides that the conditions it has specified under Mifid 2 are not met. ESMA recently reviewed ETFs, structured products, foreign-exchange contracts and UCITS. ■

Christopher Bond,
Chartered MCSI,
is Senior Adviser on Regulation
to the CISI



Alderman Alan Yarrow, Chartered FCSI(Hon), CISI Chairman and Sheriff of the City of London, introduces the new initiative



Jo Morgan from IMI answers a question from the floor during the panel session. She is flanked by Debbie Ramsay (GoodCorporation) and Simon Culhane, Chartered FCSI (CISI)



Raising THE STANDARD

Investing in Integrity is a new charter mark for all organisations wishing to demonstrate their commitment to doing business the right way

THE CISI IS well known for its products and services designed to promote the highest standards of integrity, both within and outside its membership. So far, however, these efforts have been aimed primarily at individuals. Investing in Integrity, launched by Alderman Alan Yarrow, Chartered FCSI(Hon), CISI Chairman and Sheriff of the City of London, represents something of a departure from this route in that it is aimed at businesses and other organisations.

The programme was developed in partnership with the respected Institute of Business Ethics (IBE). GoodCorporation, a company recognised globally as a leader in the audit of corporate responsibility and business ethics, is carrying out the external-assessment element. Investing in Integrity has been in development for a long time in order to refine the end result. This included a full pilot of the audit process undertaken by a number of major corporations. As a result, the launch event at Mansion House in the City included the presentation of a certificate to IMI plc, a FTSE 100-quoted engineering company that is the first firm to successfully complete the accreditation process. "Doing business the right way - the IMI

A key element is a questionnaire completed by a broad range of the organisation's workforce

way - is at the heart of everything we do," said Martin Lamb, Chief Executive of IMI Group. "We welcomed the Investing in Integrity initiative as an independent way of checking that we are living up to the high ethical standards we set ourselves right across our global organisation."

The two-stage accreditation process involves the organisation first undertaking a self-assessment questionnaire. This asks 38 questions about its ethical policies, practices and procedures. The questionnaire is submitted using an online form and scored to provide feedback and comparisons against a benchmark compiled from all participants.

Assuming that the result is satisfactory, the organisation is then invited to subscribe to Investing in Integrity as a precursor to undertaking stage two. This consists of a review and audit by GoodCorporation, which looks at how effectively the organisation's ethical policies, practices and

procedures are embedded in its operations.

A key part of this assessment is a further questionnaire, completed by a broad range of the organisation's workforce, to establish that what the applicant says it does is carried

out in practice. The assessment outcome is then presented to and considered by Investing in Integrity's assessment committee and, in the event of a positive outcome to the stage-two assessment, accreditation lasts for a period of five years. This is subject to an annual certification by the accredited subscriber that there has been no material adverse change in the policies, practices and procedures that were subject to audit and confirmation that it knows of no event that



might call into question its suitability to remain accredited.

The launch event included speeches from CISI Chief Executive Simon Culhane, Chartered FCSI, and Philippa Foster Back, Director of the IBE. In their capacity as directors of Investing in Integrity, they explained why the scheme had been established and what is involved in seeking accreditation. Jo Morgan, Head of Compliance at IMI plc, followed with a presentation about the importance of the charter mark award to the group and how the accreditation exercise had been valuable to the company. A panel comprising representatives of Investing in Integrity, Good Corporation, IMI and Balfour Beatty – another pilot scheme participant and ongoing subscriber – then answered questions from the audience. Several European journalists and a camera crew from China Central TV news attended the launch event. A video clip of the Chinese TV footage can be viewed (together with a translation) at the Investing in Integrity website – investinginintegrity.org.uk – where more information about the scheme can be found.

Since the launch, Carillion plc, the FTSE-quoted major support services and construction company, has indicated an intention to seek the Investing in Integrity charter mark, leading to the obvious question: “Where are the financial services companies?” ■



From left, Andrew Hayward, Balfour Beatty; Philippa Foster Back, Institute of Business Ethics; Jo Morgan, IMI; Debbie Ramsay, GoodCorporation; Simon Culhane, Chartered FCSI, and Andrew Hall, both the CISI

Too close for comfort? THE VERDICT

Within the small country of Campanula, Cesar and his wife Miranda are highly influential figures. Cesar is a senior civil servant in the Ministry of Finance, while Miranda is Finance Director of L Gordo, a company that exports large quantities of raw materials upon which the country depends as a significant source of foreign currency.

At Miranda’s suggestion, in view of economic uncertainties in Camanula, L Gordo sells forward its anticipated foreign-currency receipts over the next 12 months. This leads to a run on the country’s currency and suggestions from the opposition party that the Government is in the pockets of big business.

Cesar and Miranda deny any discussion of confidential government information but both come under severe pressure in their roles. They consider four courses of action to help resolve the crisis while preserving their own reputations for integrity.

This was the dilemma posted in the March edition of the *S&R*. Readers were invited to vote in an online poll for what they would do.

The CISI response

The dilemma produced an interesting variety of responses and the view of slightly more than half of the respondents (57%) was that neither Cesar nor Miranda should resign, since each had a clear conscience. In an ideal world, that seems entirely appropriate, but in the somewhat unstable environment of Campanula, that may not be a realistic option.

Almost one-third (30%) of respondents said that Cesar should resign, since he could not prove beyond reasonable doubt that he was not the source of the information that caused the currency movements. This can also be viewed as an appropriate course of action.

There was somewhat less support (9%) for the idea that they should both resign and leave the country. The least popular option (4%) was for Miranda to resign for the good of her employer.

Readers may have recognised that this dilemma was based upon the resignation of the Chairman of the Swiss National Bank earlier this year, as a result of currency dealing by his wife some weeks before the Swiss National Bank imposed moves to limit appreciation of the Swiss franc. In that instance, although the circumstances were different in that his wife’s actions had absolutely no impact on the value of the Swiss franc, the Chairman said that he could not provide conclusive evidence that he had been unaware of the trade and that the intense public scrutiny was compromising his credibility.

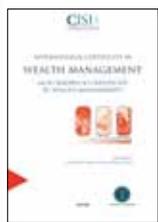
In Campanula, political considerations seem particularly intrusive, leading Miranda’s employer to be ‘leant on’, for undertaking a transaction which appeared completely justified on the grounds of economic uncertainty, regardless of the relationship between Cesar and Miranda.

Comments left by readers are always entertaining but suggest that some readers are determined to shoehorn the circumstances of the dilemma into the terms of the FSA handbook, rather than identifying a sensible resolution to the actual situation.

Need to read

The latest publications and study aids supporting CISI qualifications

NEW WORKBOOK AND EARNING EDITION



International Certificate in Wealth Management

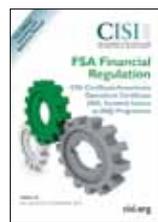
The International Certificate in Wealth Management (ICWM) will help candidates find appropriate solutions to clients' needs. A new edition of the ICWM workbook and corresponding elearning product (covering exams from 11 August

2012) is due out in May, and will include:

- the financial services industry and economic background
- fiduciary relationships
- financial assets and markets
- investment funds
- determining client needs
- investment planning.

Price: £100 for link pack (combined workbook and elearning product)

NEW WORKBOOK AND EARNING EDITION



FSA Financial Regulation

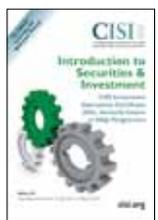
This unit will ensure candidates understand the regulations and legislation that underpin the financial markets and the conduct of investment business. A new edition of the FSA Financial Regulation workbook and corresponding elearning product (covering exams from 21

November 2012) is due out in May and will include:

- the regulatory environment
- the Financial Services and Markets Act 2000
- associated legislation and regulation
- European Union directives
- the FSA's Conduct of Business/Client Assets Sourcebooks
- complaints and redress.

Price: £100 for link pack (combined workbook and elearning product)

NEW WORKBOOK AND EARNING EDITION



Introduction to Securities & Investment

A new edition of the CISI's *Introduction to Securities & Investment* workbook and corresponding elearning product (covering exams from

21 July 2012 to 20 July 2013) is now available.

Topics covered include:

- the economic environment
- financial assets and markets
- equities, bonds and derivatives
- investment funds
- financial services regulation

They fulfil the syllabus requirements of both:

- the Introduction to Investment Award
- the Investment Operations Certificate (formerly known as the Investment Administration Qualification) programme, unit 1.

Price: £100 for link pack (combined workbook and elearning product)

NEW WORKBOOK AND EARNING EDITION



International Investment Management

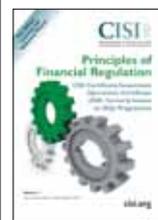
The International Certificate in Investment Management is the appropriate competence-based qualification for investment professionals engaged in

managing investments, dealing in/advising on securities or derivatives and undertaking activities as a broker fund-adviser. A new edition of the *International Investment Management* workbook and corresponding elearning product (covering exams from 1 August 2012 to 31 July 2013) is due out in May, and will cover areas including:

- economics
- financial mathematics and statistics
- industry regulation
- asset classes
- financial markets
- accounting.

Price: £100 for link pack (combined workbook and elearning product)

NEW WORKBOOK AND EARNING EDITION



Principles of Financial Regulation

The Principles of Financial Regulation unit is part of both the IOC, formerly known as the IAQ, and the Certificate programmes. It aims to ensure

that candidates have an understanding of the regulations and legislation that underpin the financial markets and the conduct of investment business more appropriate to the wholesale sector. A new edition of the *Principles of Financial Regulation* workbook and corresponding elearning product (covering exams from 1 December 2012) is due out shortly and will cover:

- the regulatory environment
- the Financial Services and Markets Act 2000
- associated legislation and regulation
- the FSA Conduct of Business/Client Assets Sourcebooks.

Price: £100 for Link Pack (combined workbook and elearning product)

ONLINE TOOL

Professional Refresher



The CISI's Professional Refresher elearning tool enables you to remain up to date with regulatory issues and changes, maintain

compliance and demonstrate continuing learning.

The product now consists of more than 40 modules, including:

- anti-money laundering
- corporate actions
- investment principles and risk
- financial crime
- professional taxation
- training and competence.

Price: Free for all CISI members; otherwise, it costs £150 per user. Visit cisi.org/refresher for further information.

ONLINE TOOL

CISI bookshop



The CISI online bookshop enables you to purchase workbooks, publications and elearning products quickly and efficiently.

The 'add to basket' facility allows you to see what you are buying at a glance, and there is information on what each product covers and the exams to which it applies. The 'checkout' facility is easy to use and secure.

Go to cisi.org/bookshop

External specialists

The CISI relies on industry practitioners to offer their knowledge and expertise to help create and maintain its exams, workbooks and elearning products. There are several types of specialist: authors and reviewers for workbooks and elearning products, item (question) writers, item editors and exam panel members. All of them receive a number of benefits to thank them for their involvement.

There are currently about 300 external specialists who have volunteered to assist the Institute's qualifications team, but more are required.

The CISI would particularly welcome applications from specialists to help with developing its regulatory titles, *Corporate Finance Regulation*, *FSA Regulation & Professional Integrity* and *FSA Financial Regulation*.

To register your interest, please contact Iain Worman on +44 20 7645 0609 or download the application form available at cisi.org/externalspecialists

Diary

Events to attend over the coming months



CISI annual dinner

6 SEPTEMBER

Guildhall, Gresham Street, London, EC2

Bookings are now being taken for the CISI's premier social event of the year, its annual dinner, which will celebrate the Institute's 20th anniversary. Please email flagship@cisi.org for further details.

Conferences

20 JUNE **Annual Conference: Navigating the Turning Tides of Global Finance**

Glaziers' Hall, 9 Montague Close, London, SE1

CISI members can attend this conference for just £200 (non-members £400). For further details, visit cisi.org, call +44 20 7645 0680 or email clientservices@cisi.org



CONFERENCE SPONSORSHIP

To consider taking up one of the sponsorship or exhibition opportunities at a conference, please contact Hannah Steele on +44 20 7645 0648 or email hannah.steele@cisi.org

London CPD events

21 MAY **Communications Skills for Client-Facing Managers**

America Square Conference Centre, 1 America Square, 17 Crosswall, EC3

23 MAY **Regulating the Regulators**

Gresham College, Barnard's Inn Hall, Holborn, EC1

25 MAY **ShareGift – Saving and Profiting from Charitable Donations**

Computershare, Vintners' Place, EC2

28 MAY **The Coming LEI (Legal Entity Identifiers) Revolution**

SWIFT, The Corn Exchange, 55 Mark Lane, EC3

1 JUNE **Futures Versus ETFs**

BlackRock, Drapers Gardens, Throgmorton Avenue, EC24

8 JUNE **Passive and Active: European Active Bond Fund Analysis**

BlackRock, Drapers Gardens, Throgmorton Avenue, EC2

19 JUNE **The Rivals: India – Is the Growth Story Intact?**

TBC

21 JUNE **Getting to Grips with Risk in a Fat Tail World**

America Square Conference Centre, 1 America Square, 17 Crosswall, EC3

25 JUNE **Good Governance and Effective Shareholder Engagement**

Morningstar UK, 1 Oliver's Yard, 55-71 City Road, EC1

27 JUNE **Looking After Your Data in a Cloudy World**

Watermen's Hall, 16-18 St Mary-at-Hill, EC3

For further information about London CPD events, visit cisi.org/capitalcpd

To book:

cisi.org/eventscal clientservices@cisi.org +44 20 7645 0680

Professional courses

Venue: London unless otherwise stated

30 MAY **Investment Principles & Risk (PCIAM)* (Edinburgh) £300**

30 MAY **Investment Principles & Risk (IAC)* (Edinburgh) £500**

30/31 MAY **Investment Principles & Risk (LSE)* (Edinburgh) £900**

12 JUNE **Securities*** (Manchester) £500**

19 JUNE **Investment Principles & Risk (PCIAM)* £300**

19 JUNE **Investment Principles & Risk (IAC)* £500**

19/20 JUNE **Investment Principles & Risk (LSE)* £900**

26 JUNE **Securities* (Birmingham) £500**

28 JUNE **Securities* £500**

2 JULY **Pensions & Retirement Planning* £500**

4/5 JULY **Derivatives* £900**

12 JULY **Introduction to Financial Markets £500**

16/17 JULY **Understanding Regulation & Compliance £900**

19 JULY **Securities* £500**

*This event fulfils the requirements for qualifications gap-fill between existing CISI exams and the new Retail Distribution Review exam standards

**This event fulfils the above criteria and requirements for qualifications gap-fill for CII exams – Advanced Financial Planning Certificate and Fellow/Associate (life and pensions route only)

Branch events

14 MAY **Sports Mental Game Skills for Business**

Yorkshire: Priory Street Centre, 15 Priory Street, York

14 MAY **Sports Mental Game Skills for Business**

Yorkshire: Doubletree by Hilton Hotel, 2 Wharf Approach, Leeds

17 MAY **Annual Dinner**

Liverpool & North Wales: Crowne Plaza, St. Nicholas Place, Princes Dock, Liverpool

17 MAY **Golf Day**

Birmingham & West Midlands: Kings Norton Golf Club, Brockhill Lane, Alvechurch, Birmingham

18 MAY **Bank Debt and Regulatory Changes**

Old Government House Hotel, St Ann's Place, St Peter Port, Guernsey

30 MAY **Ethical Investment**

Liverpool & North Wales: Deutsche Bank, Royal Liver Building, Pier Head, Liverpool

31 MAY **Transparency: ETFs Under the Microscope**
Scotland: Glasgow

31 MAY **Transparency: ETFs Under the Microscope**
Scotland: Edinburgh

31 MAY **Annual Dinner**

Birmingham & West Midlands: Hyatt Regency, 2 Bridge Street, Birmingham

13 JUNE **India – Growth Story**

West Country: Exeter

15 JUNE **Absolute-Return Funds**

Guernsey: Old Government House Hotel, St Ann's Place, St Peter Port, Guernsey

5 JULY **Annual Dinner**

East Anglia: Norwich Cathedral Refectory, Norwich

12 JULY **Annual Dinner**

Yorkshire: Doubletree by Hilton Hotel, 2 Wharf Approach, Leeds

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Member and Fellow discounts

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The following discounts are applicable only to one workshop per year:
Affiliates 30%; Students 20%.

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Retail Distribution Review roadshows

The CISI is again running a series of events across the UK to help practitioners comply with the RDR



14 MAY Northern Ireland

Radisson Blu & Park Inn, 3 Cromac Place, Ormeau Road, Belfast

15 MAY East Midlands & Lincoln

Lincoln

15 MAY East Midlands & Lincoln

Leicester

17 MAY South Coast

Executive Business Centre, 89 Holdenhurst Road, Bournemouth

24 MAY London

America Square Conference Centre, 1 America Square, 17 Crosswall, London

24 MAY East Anglia

NW Brown, 36 Unthank Road, Norwich

24 MAY East Anglia

NW Brown, Richmond House, 16-20 Regent Street, Cambridge

28 MAY West Country

Charles Stanley, Southernhay West, Exeter

With the deadline for retail investment advisers to comply with the RDR less than eight months away, the CISI is staging a series of roadshows around the UK to help practitioners to meet its requirements.

For further information, visit cisi.org/rdrroadshows

DINNER

Charity benefits from Jersey event

The CISI's Jersey branch raised nearly £3,500 for charity at its annual dinner, which was attended by 240 industry professionals. Television presenter and comedian Clive Anderson was the guest speaker at the sell-out event.

Money collected from a raffle went to the Jersey branch of Parkinson's UK, which supports local people and their families who live with the disease. Sponsors donated raffle prizes, including £500-worth of travel vouchers.

Branch President Ben Shenton, Chartered FCSI, gave an entertaining speech at the dinner, held at the L'Horizon Hotel & Spa, which included an update on CISI activities in Jersey. Institute Chief Executive Simon Culhane, Chartered FCSI, outlined developments within the CISI.

Guests included Michael Birt, Bailiff of Jersey and Senator Philip Ozouf, Treasury and Resources Minister, States of Jersey.



Guest speaker Clive Anderson, seventh from left, with attendees. They include Jersey branch President Ben Shenton, Chartered FCSI, third from left; Michael Birt, Bailiff of Jersey, fifth from left; CISI Chief Executive Simon Culhane, Chartered FCSI, sixth from left; and Senator Philip Ozouf, Treasury and Resources Minister, States of Jersey, eighth from left

Professional interest forums

Data-management events



John Hakim

Keeping up to date with changes in data management is a growing challenge for those working in IT.

The CISI's IT professional interest forum (PIF) will tackle these industry changes at its next meeting on **14 June**, with two experienced consultants in data management, John Hakim and Roy Chandarana, giving their views. Brian McNulty MCSI, Chief Executive, DBFS Ltd, will chair the forum.



Roy Chandarana

Brian said: "Organisations that have successfully implemented a centralised and coherent data architecture should see a quicker turnaround in their priority-change projects during these challenging economic conditions. This PIF session aims to provide us with an insight into how this can be successfully achieved."

On **27 September**, Julia George, Chartered FCSI and Director, Julia George Associates, will chair a session of the forum covering a series of questions. These will include:

- Does your firm's board understand the risks inherent in its legacy systems, the full costs of replacement and its likely impact on the organisation's workforce, and the true value of current systems and their data?
- How should this drive decisions about supplier strategy and outsourcing choices?
- Do the risk and IT functions work well in educating and advising the board?

To join the 300 members already signed up to the mailing list of the compliance PIF, or to book a place at one of its events, please email itforum@cisi.org

The compliance forum is one of seven PIFs run by the CISI. The others cover compliance, corporate finance, Islamic finance, operations, risk and wealth management. Each of these discussion groups meets at least once a quarter in London to debate current issues and hear presentations from industry speakers. Events are generally held at midday, with a light lunch provided and opportunities to network. Fellows, Members, Associates and Affiliates of the Institute can attend meetings for free as a CPD benefit. Students may attend one event of each forum annually. For more information about forthcoming meetings, visit cisi.org/pifs

FUNDRAISING

Memorial concert

A **classical** music concert will be staged on 24 May in memory of Robert Brown, a Fellow of the Institute who died of pancreatic cancer in 2008. The event will take place at Cadogan Hall, near Sloane Square in London, and is in aid of Pancreatic Cancer UK, which funds research into the fifth most common cancer in the UK - and supports patients and their families.

The concert will feature the City of London Sinfonia, Holst Singers and leading soloists and will include a repertoire by Tchaikovsky and Mozart. A similar event in 2009 raised more than £37,000 for the charity.

Robert worked in investment management for more than 35 years, latterly at Evercore Pan-Asset Management, which he jointly founded.

For details of the concert and a linked charity auction, see robertbrownconcert.org.uk

Membership admissions and upgrades

MCSI	Gresham Financial	University College London	Family Investments	Swift Advances
ACA Compliance	Nicholas Gresham-Thompson	Donald Lawrence	Sharon Roberts	Nadine Niblett
Martin Lovick	Guernsey Financial Services	VSA	Five Pillars	Thesis
Adam & Co	Commission	James Pinner	Leonard Kar Hwa Chu	Heidi Pannell
Kam Au-Yeung	Emma Bailey	Others	Hargreave Hale	VTB Capital
Ajman University of Science and Technology	Heartwood	Nikhil Ahuja	David Marks	Ewan James-Lee
Ikram Choudhary	Scott Ingham	Andrew Barclay	Hartmann Capital	Walker Crips
Asset Value Investors	Charles Tottenham	Wen Fu	Adam Tash	Mark Rushton
John Kidd	HSBC	Amina Mujtaba	HB Markets	Other
Baillie Gifford	Silvia Angarano	Chi Shing Tang	Oliver Barnes	Alexander Derricott
James Easton	Anthony Higson	Olusoji Thomas	Heartwood	Nicolas Liaigre
Bank of America	Craig Jones	Paul Vernon	Alan Nicholson	Lorice Mirkin
Merrill Lynch	Vasiliki Skoura	ACSI	Henderson Rowe	Sharmin Shabnam Rahman
Gerard Bradley	Investec	A J Bell Securities	Simon Moriarty	Jimmy Tse
Barclays	Pavi Brokenshar	Nigel Lambert	James Robson	FCSI(Hon)
Richard Clark	Jason Paul	AES	John Paul Whick	London Stock Exchange
Duncan Gourlay	Thomas Quicke	Russell Hammond	HSBC	Xavier Rolet
Bestinvest	John Ross	Al Hilal Bank	Lalinda Fernando	Chartered FCSI(Hon)
Sally Merritt	Robert Travis	Tuan Latiff	Victoria Martin	Rathbone
BNP Paribas	J&E Davy	Anderson Sinclair	Kirsty Powell	Andrew Pomfret
James Hunt	Christopher English	Ross Anderson	Ingenious Media	Chartered FCSI
James Ong	Jefferies	Anson	Michael Hanlon	Brewin Dolphin
Brewin Dolphin	James Bull	Stuart Phelan	International Asset Monitor	Charles Berry
Rebecca Fletcher	Stuart English	Arbutnot Latham	Alexander Babbe	Charles Stanley
Neil McPherson	John O'Driscoll	Marisa Jude	Investec	Tina Cook
Beth Pearson	Angelo Paulino	Aspect 8	Rebecca Burn	Investec
Caroline Temple	Killik	Brian Potter	Robert Kay	Marion Mulcahy
Mark Wallis	Torgeir Flonaes	AXA	JM Finn	Matson Driscoll & Damico
BRI	Simon Howland	Alison Keating	Frederick Woodhead	Iain Potter
Michelle Routledge	Nicholas Mitchell	Baillie Gifford	Julius Baer	Rathbone
British Airways	Landmark Group	Gillian Massie	Kelly Campbell-Staines	David Bassett
Alan Trott	Anurag Malhotra	Bank of America	Kyte Group	Randolph Churchill
Brooks Macdonald	Lombard Odier Darier Hentsch	Merrill Lynch	Sarah Fahy	The Premier Group
Simon Broomfield	John Bulbeck	Behzad Alimoradian	Lombard Odier Darier Hentsch	Jonathan Liece
Cameron Brown	Merrill Lynch	Noam Attar	Alexander Tulloch	The Share Centre
Brown Shipley	Taraneh Ahrabian	Jaakko Kinanen	Lycetts	Sheridan Admans
Scott Powell	Maitane Fernandez De Mendiola	Victoria Lawson	Emma Ayling	UBS
Butterfield Bank	N.C.D.UK	Stephen Lien	Merchant Capital	Christopher Houlding
Simon Brooks	John Fisher	Christophe Michotte	Paul Sutton	Chartered MCSI
Capita Trust	Old Mutual	Jack Mortensen	Natixis	1st Port
Max King	Gregory Williams	William Newton	Salima Fajal	Nicholas Palmer
Capital International	Oriel	Federica Nocera	NFU	BlackRock
Jacques De Villiers	Dalia Joseph	Ozden Sayin	Gina Honour	Ray Nairn
Cavendish	Phillip Securities	Ronak Shah	Northern Trust	Brewin Dolphin
Ronald Bullivant	Loh Hoon Sun	Scott Soutter	Danielle McIver	Robert Bramham
Cazenove	PrimePartners	Louis Touati	Pegasus	Robert Daily
Alexia Zavos	Quek Peck Lim	Mithil Vengurlekar	Yvonne Staples	Gareth Jones
Charles Stanley	Proximity	Evgenia Zaytseva	Pershing	Max Ormiston
Nicola Easson	Louise Collard	Barclays	Kashan Arshad	Gregory Sellers
Robert Hale	Quilter	Sufyan Ahmad	Plurimi	Meirion Davies
David Hamilton Stubber	Helen Sullivan	Linda Asafo-Agyei	Atul Ahuja	Brown Shipley
Thomas Scarborough	Ramsey Crookall	Shane Buxton	Quilter	Matt Westlake
Cheviot	Nicholas Platten	Neil Mitchell	Michael McGowan	CISI
Alexander Pollen	Redmayne-Bentley	Daniel Scull	Rathbone	Robert Cronin
Citi International	Thomas Mackay-James	Berenberg Bank	Jonathan Brock	Collins Stewart
Jahanmehr Javaheri	Royal Bank of Canada	Nicholas Anley	Stuart Furzer	Piers Cavill
Clariden Leu	Michael Reed	Blacksquare	Victoria Yung	Cunningham Coates
Frances Martin	Royal Bank of Scotland	Ben Raven	Redmayne-Bentley	Ciaran Preshur
Matthew O'Keefe	Stacey Colwell	BNP Paribas	Onochie Eneh	JM Finn
Collins Stewart	Roy Smith	Gregory Lawson	Reliance Mutual Insurance Society	Richard Gibbs
Russell Wynn	RWC	Brewin Dolphin	Paul Meades	J.P. Morgan
Coutts	Ian Weston	William Keogh	Royal Bank of Canada	Shahid Akhtar
Danielle Auld	Savoy	Richard Spencer	Alex Charalambous	Roger Harrold
Mark Hopwood	Anthony Fildes	Brown Shipley	Par Hakan Enoksson	Lumiwa
Jonathan Ogle	Seven	Robert Stephens	Ian Horn	Michael Collins
Credit Suisse	Victoria Haselgrove	Canada Life	Adam Wereszczynski	Rathbone
Allen Chilten	SG Hambros	David Sutton	Royal Bank of Scotland	Justin Armet
Roberto Demartini	Kadir Alp	Cazenove	David Pott	James Campbell-Gray
Bryan Fletcher	Neil Bruce	Lee Cooper	Seven	Kieran Lamb
Marianna Leskiv-Briggs	Kim Cornwall	Cenkos	Hazel Paton	Graham Quinney
Anthony Richardson	Andrew Dalton	Andrew Mauger	SG Hambros	Mandy Smith
David Boole & Co.	Sandra Silvia Garcia Basciano	Central Bank of Bahrain	Darren Bailey	Raymond James
Gavin O'Neill	Iain McCarthy	Jawad Mandakar	Ann Clarke	Stuart Hutton
Defaqto Media	Donald Percival	Citigroup	Andrew Costard	Redmayne-Bentley
Syed Bilgrami	Christopher Thomson	Gary Jason Chan	Andrea Steel	Philip Carpenter
Deutsche Bank	Jeremie Vuillard	Chun Zhao	Skandia	Matthew Frampton
Lauren Osborne	Matthew Watkinson	Credit Suisse	Michael Barker	Turcan Connell
Richard Yeoward	Smith & Williamson	Oliver Prendergast	Smith & Williamson	Peter Forrester
EFG	Taiwo Fayose	Dunham	Kevin Murphy	Other
Felicity Benson	Richard Smith	Stephen McGarey	Speechly Bircham	Tanweer Zia
Ernst & Young	Speymill Deutsche Immobilien	Christopher Smith	Jessica Arrol	
Janet Ojo	Nigel Caine	EDF Trading	Vanessa Walters	
Friends Provident	The IMS Group	Christopher Sorrell	Spixworth	
John Pattie	Daniel Sharpe	EFG Harris Allday	Justin Stephen Paul Lowes	
Gazprom	Thesis	Jasmin Begum Ayub	Standard Chartered Bank	
Svetlana Betina	Paul Morley	EFG Private Bank	Adrian Koch	
Gibraltar Asset Management	Manish Shah	Robert Crofton	Standard Life	
Alaric Stanton	UBS	Stuart Hart	Peter Balderstone	
	Sarah-Louise Duggan			

This list includes admissions and upgrades from 22 February to 26 March 2012

Hurlley burly



Left: Terry Hall (green helmet) makes a tackle
Above: Terry is in the centre of the front row

Terry Hall MCSI is enjoying success in his adopted homeland of Switzerland in a sport you would not associate with the country. **Lora Benson** reports



Terry Hall MCSI

HEARD THE ONE about the Canadian-born Englishman working in Switzerland with a passion for an Irish sport? It's not a joke, but a description of Terry Hall, Deputy Global Money Laundering Reporting Officer for Man

Investments in Pfäffikon, near Zurich, which he joined in 2008. In his spare time, Terry plays the Irish sport of hurling and is part of a team that are the current holders of a title contested by sides from across Europe.

A friend who was originally from Dublin introduced Terry to the sport just three years ago. "I was invited along to an open training session to give it a try," he says. "At the time, my knowledge of the game was limited to televised snippets of matches I had seen when I was younger. "I was immediately hooked. Hurling combines the best elements of a number of other sports: the speed and physicality of rugby, the hand-eye co-ordination of cricket and the tactical and positional awareness of football. "Every player has a stick – a 'hurley' – and uses this to hit the ball, called a sliotar, either as a pass to another player, or as a shot to score points. This can be done either with the ball in the air or on the ground. Players can also pass the ball with the flat of their palm – a hand-pass – or kick the ball. "While it's relatively simple to pick up the basics of hurling," says Terry, "it requires a high level of skill to master."

Terry plays for the Zurich Inneoin GAA Club, which won the County Europe

Hurling Championship last year. Teams from countries including Belgium, Luxembourg, France, Holland and Hungary compete for the title over a number of tournaments. Last year's championship came down to the final tournament in Leuven, Belgium, when Zurich edged out Den Haag of Holland to claim the crown. Terry, who has a defensive role in the side, says: "I felt that over the season we were the most consistent team and fully

"Hurling combines the best elements of a number of other sports"

deserved to win the championship. This year, we are looking to defend our title and move one step closer to the County Europe record of three consecutive championships, which is also held by our club." The club was formed ten years ago by a group of friends who had spent time in Ireland and fallen in love with the sport while living there. Its name, Inneoin, derives from the Gaelic for 'anvil'.

A diverse base

The club has developed to embrace a mix of cultures and nationalities, which Terry sees as a major strength. "Most hurling teams in Europe are predominantly made up of Irish expats, whereas our club has focused on developing local interest," he says. "As well as Irish and English players, we have several Swiss members and others from countries including Finland, Germany, Scotland, France

and Kosovo. Everyone is welcomed to the club and the sport – there's a real community feel." The fact that the team competes so effectively against sides dominated by born-and-bred Irishmen is a source of pride and inspiration for Terry. "The Irish expats I compete with have often been playing since they were old enough to hold a hurley, and many of the technical elements of the sport are second nature to them," he says. "I have had to work hard to reach a level where I can be competitive; not only for a place in my own team, but also to contribute when I am on the pitch. The same is true for any non-Irish player."

Because of the long Swiss winter, there are no outdoor training facilities available between October and April. During this period, practice is restricted to one indoor session a week. "This is a real challenge for our club, as the season usually starts in late April, meaning that we only get a few weeks of full-scale training on grass before the first competitive tournament," Terry says. "Most of the other clubs, in more temperate countries, can access pitches much earlier and get more opportunities to train. Once the pitches are open and the weather improves, we hold training sessions twice a week, with most club members putting in additional work on both skills and fitness during their own time." Terry's new season was due to begin shortly after this edition went to press, with a fixture in Holland. ■

Got an interesting hobby? Contact Lora Benson with your story at lora.benson@cisi.org. If it is published, you will receive £25 of shopping vouchers.



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