

Report and Accounts 2010/11



professionalism

integrity

excellence



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The composition of all committees is as at 31 March 2011



CISI ANNUAL REPORT

Chairman's Statement

The world is a more dangerous place today. The risks are no less, but broader and deeper, regulations are in danger of swamping the industry, reputations are still easy to lose and difficult to enhance and revolution is back in fashion. The Institute is, however, I am pleased to say, in rude health, nurtured by Simon Culhane and his energetic management team. It has been a year of investment and maintenance, using the recovery as an opportunity to increase the robustness of our IT platform and develop it for the services we shall be offering you, the members, going forward. We are strong advocates of repairing the roof when the sun shines.

These are exciting times for your Institute and with the imminent arrival of the Retail Distribution Review and the requirement for mandatory continuing professional development, we are focusing on making sure we can ease the introduction of new processes for you by using the new platform to facilitate the logging of study hours and attendance at seminars and conferences. If you haven't used our new phone App or watched CISI TV, I urge you to try them; you will not be disappointed.

We couldn't manage to deliver relevant products without the support of the 750 members who give freely of their time for the benefit of all, and we are all very grateful to them.

Clare Gore Langton, Chartered FCSI(Hon), Chris Scott, Chartered FCSI and Sir David Brewer FCSI(Hon) stepped down from the CISI Board during the year. Clare had served on the Board since the Institute began and for many years chaired our Membership Committee with enthusiasm and commitment; she continues to support us as Chair of the CISI Educational Trust. Chris has been a strong supporter and valued adviser to the Institute for many years, particularly in the Jersey branch, and continues to serve on our Membership and International Committees. David has provided invaluable insight into the Far East and China and was first Chairman of our International Committee. We thank them all for their valued contribution.

Fionnuala Carvill, Chartered FCSI (Guernsey Financial Services Commission), Robert Barnes, Chartered FCSI (UBS Investment Bank) and Nick Parkes, Chartered FCSI (Novitas Partners) joined the Board at the Annual General Meeting in September 2010 and we look forward to a long association with them.

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



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





Simon Culhane, Chartered FCSI, Chief Executive

Chief Executive's Report

Whether success is defined by the number of people taking exams, or who become personally Chartered or, in financial terms, the level of surplus, 2010/11 was a successful year for the Institute, its members, and a recovery from 2009/10.

The CISI is growing organically and providing a vital service to both its members and the public. However, although it is a Charity, the Institute does not receive external grants or funding from any government. Therefore, it was pleasing that the Institute recorded an operating surplus of £870,000 (2009/10 £761,000), before it made a £100,000 donation to the CISI Educational Trust. During the year income increased by 19% to £10.8million (2009/10 £9m) although expenses were 25% greater.

There were a number of significant milestones: one, in January 2011 when the UK Financial Services Authority (FSA) concluded the professionalism strand of its long running Retail Distribution Review (RDR). The outcome has a number of implications for the Institute, mostly positive.

The FSA will require, from January 2013, that all individuals working in the private client and retail sectors have a higher minimum qualification than at present, with the standard rising in difficulty from a Level 3 (roughly an A level) to a Level 4 (roughly first year degree standard).

Individuals will also need to complete 35 hours of continuing professional development (CPD) each year and obtain a Statement of Professional Standing which, amongst other facts, will require advisers to have abided by a recognised code of conduct. This, effectively, encourages membership of a relevant professional body,

The CISI has played a major role in the process; particularly in ensuring that its Private Client Investment Advice & Management (PCIAM) paper – a single exam – was suitable for the transition for both investment and discretionary managers.

There has been much comment about the merits of this initiative, not all positive, but 87% of the 500 CISI members attending our RDR regional information meetings, believed that the FSA will achieve its objective to increase professionalism in the industry.

It is therefore no surprise that the Institute is receiving significant interest from both new and established firms who are keen, and occasionally surprised, to learn what the CISI offers.



The collage features three main documents:

- PCIAM GAP-FILL:** A document titled "PCIAM GAP-FILL" with a red banner stating "DETERMINED BY THE FSA AND APPROVED BY THE FSA AS A SINGLE EXAM TO BE USED TO FILL THE GAPS BETWEEN THE QUALIFICATIONS OF THE RETAIL DISTRIBUTION MANAGERS". It includes a pie chart showing 95% completion.
- The Financial Services Authority Retail Distribution Review (RDR):** A document with the CISI logo and the text "Moving from Proposals to the Final Rules on Professionalism (Policy Statement 11)".
- STATEMENT OF PROFESSIONAL STANDING:** A certificate for John James Smith, dated 1 April 2011 to 31 March 2012, issued by the CISI and FSA. It states: "This is to certify that John James Smith is authorized to practice as a Retail Investment Adviser having passed the Certificate in Private Client Investment Advice and Management, the international competence through CISI and has achieved the FSA, RDR and the FSA Code of Conduct." It includes the CISI and FSA logos and the date "8 Feb 2012".

The FSA push for greater professionalism fits well with the Institute's core objectives, which are:

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

Exams

The Institute certainly benefited from the modest recovery in the UK financial services industry (which still looks fragile in 2011) but also because of its long running strategic aim to offer its qualifications globally.

In terms of UK exams, 2010/11 was a significantly better year with entries up 23% to 32,400 from a ten year low of 26,300. When the international figures are included, over 41,500 exams were taken last year, exceeding the objective of 37,000.

In the UK, firms who had previously scaled back or frozen their recruitment in the downturn, bounced back and graduate recruitment was up by over 35%, although the outlook for 2011 is much more cautious and we are predicting a small decline.

International

The CISI's international business has done well this year with exam growth up by 33% meeting its previously stated strategic aim of having over 20% of its exams being taken abroad but falling just short, at 8,500, of its target of 8,700. This year the target is to break the 10,000 exam barrier and for the exams to be recognised in 20 countries.

However, although the Institute is now providing thousands of qualifications outside the UK, in Singapore, India and the Middle East, it has mothballed its Chinese office because it was proving very difficult to obtain regulatory approval, despite the best endeavours of Government Ministers, UK Ambassadors and successive Lord Mayors.

Despite that setback, the CISI has been welcomed in many other places including Oman, Qatar, Poland, Malta, Gibraltar and some of the Caribbean countries. Furthermore in March 2011, the Institute opened an office in Sri Lanka; this is also the home of its second global operations centre which has been established to service the international offices.

I was very keen to achieve Chartered status as I regard it as a recognition of one's standing and professionalism within the industry.

*Peter Land, Chartered FCSI,
Divisional Director, Brewin Dolphin*



The Rt. Hon. The Lord Mayor, Alderman Michael Bear presenting an award to Deepa Chandrasekhar ACSI, winner of the DIFC Rules & Regulations award



Simon Culhane, Chartered FCSI with Dr Bernice Buttigieg and Bruno Lecuyer, FinanceMalta





Chartered Member congratulations in *Financial Times*

Becoming individually Chartered recognises my commitment to attaining excellent standards of competence, knowledge and skills, and to ethical behaviour.

Tracy-Ann Brehaut, Chartered MCSI,
Executive Manager to Directors,
Financial Strategies Nelson Limited,
Nelson, New Zealand



The late Lord George FCSI(Hon)

Membership

As the Institute is a Chartered body, individuals are able to apply to become personally Chartered, which involves demonstrating that they have attained the highest level of qualifications, maintained those skills by continuous learning as well as upholding the highest standards of integrity.

The Institute was delighted that over 3,500 members achieved this pinnacle of professionalism and took out full page advertisements in both the *Financial Times* and local papers to record this achievement.

Membership is where the Institute provides real value and there have been many significant enhancements this year as it invests significantly in technology; this is the way forward, particularly for the next - and indeed, many of the current - generation.

Therefore, in late March the CISI launched a "Publications App" which provides users with the ability to receive, electronically, the Institute's monthly journals and key publications such as the quarterly *Regulatory Update* and *Investment Management Review*.

The CISI has greatly increased the number of Professional Refresher topics which, as the name suggests, offer members the opportunity to refresh a particular topic and take a quiz. As elearning gains in popularity, this free members' benefit is increasingly in demand.

Keeping with the IT theme, at the end of the financial year, the Institute launched its own web-based CISI TV which brings video-casts of over 30 of its lectures and seminars plus a huge range of other relevant material, straight to an individual's PC or mobile device. Perhaps one of its major attractions is that, if the member wishes, their viewing can be logged automatically on their CPD record.

Trust & Integrity

The Institute has always been a leader with its work on Integrity and over 5,000 people have now taken its unique Integrity test, *IntegrityMatters*. It was delighted that the FSA has made Integrity a cornerstone of its drive for greater professionalism.

The Institute's Code of Conduct has been updated with some fairly minor revisions, as has that of the Worshipful Company of International Bankers'. These codes are now identical and the Institute refers to them as the Lord George Principles, in honour of the late Lord George, who as both a former Master of the Company and Honorary Fellow of the Institute, was instrumental in developing the code.



Public Service

Whilst the CISI's primary function is to provide education for the public, the Institute is conscious that it has a public service obligation and, as well as general education, the Institute has continued its commitment to provide wider general access, regardless of means.

People

This Institute is practitioner led in all its activities, be they qualifications, CPD speakers, running local committees, advisory councils or the Board of Trustees. The Institute is exceptionally fortunate that these 750 volunteers care passionately enough about the Institute and their industry to give their expertise and skill freely and generously. Without their practical and intellectual assistance, which is a major strategic advantage, the CISI could not operate anything like as effectively as it does.

Another group of people to whom the Institute owes a debt of gratitude is its staff, who have risen magnificently to the many challenges throughout the year and have helped to create an Institute which one member recently complimentarily described as "relevant, practical, efficient and highly effective." Our goal is to continue to be just that.

**Simon Culhane, Chartered FCSI,
Chief Executive**



Brokerage Day 12 July 2010



Iain Worman of the CISI with Sola Mulenga, CISI Portfolio Construction Theory panel at an external specialists' event



The CISI Regional Presidents, January 2011



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

ATTAIN COMPETENCE

Trends in existing qualifications

In terms of volumes, 2010/11 was a good year of recovery, with 41,633 exams taken globally, up 26% from 32,688 in 2009/10. The Institute offers two main suites of qualifications; for front office staff (Certificates) and operations (Investment Administration Qualification (IAQ) / Investment Operations Certificate (IOC)). Over 21,000 front office exams were taken during the year (up 32%) whilst the number of operations exams rose by 16% to 15,500.

The most notable development was the continuing growth in international sittings, up 33% to 8,500, particularly for operations. Over 21% of all CISI exams are sat outside the UK.

In recognition of the increasing global reach of our qualifications we have re-branded the IAQ to become the IOC. This title is more easily understood and appeals to a wider range of job functions, employers and regulators internationally.

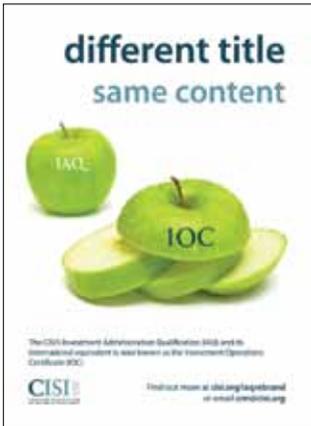
The CISI has built on the success of the Islamic Finance Qualification (IFQ) in 2009/2010 by publishing a Sharia'a compliant workbook and exam in 2010/2011 which has also been translated into Arabic.

Retail Distribution Review

2010/11 was a year in which much of our development qualifications work took place in response to the FSA's Retail Distribution Review (RDR). In line with the professionalism strand of the RDR, we have raised the level of the qualification required by retail investment advisers from Qualifications and Credit Framework (QCF) Level 3 (broadly an A level) to Level 4 (first year undergraduate).

The new Investment Advice Diploma (IAD) was launched during the year, covering the FSA's core subjects with additional specialist papers in Securities, Derivatives and Private Client Advice.

The IAD is listed by the FSA as an appropriate exam for all RDR activities as well as Managing Investments.



IAQ to IOC campaign poster



Nicola Levett of the CISI and Judith Ullock, Chartered MCS1 of Redmayne Bentley, Leeds at an RDR event



Delegates at the RDR Open Day



The RDR has had the most visible impact on existing advisers needing to obtain a higher level qualification. They have the opportunity of either using the new exams developed specifically to meet the new RDR exam standards, or to use pre-existing qualifications if they were at Level 4 or higher; using pre-existing qualifications, such as the London Stock Exchange exams, entails filling the gaps between their existing qualifications and the RDR standards using structured learning activities.

Among the current options available to advisers, the CISI's Certificate in Private Client Investment Advice & Management (PCIAM) has been an extremely popular choice, consisting of a single three hour narrative paper with a strong focus on portfolio construction – the bread and butter of the wealth management community.

The number of candidates entered for PCIAM increased from 109 in 2009 to 683 in 2010, and in response to demand, the Institute has doubled the number of exam sittings. Candidates entering the exam have achieved a high pass rate, and the performance of older advisers is in no way inferior to that of younger candidates, the experience of senior advisers coming to the fore in this very practically focused exam.

In 2010 the CISI was also the first Awarding Body to be approved by the FSA and Ofqual to offer an alternative assessment – an interview based version of the PCIAM exam with the same level of difficulty and depth, specifically aimed at senior advisers, seeking an alternative to the written paper.

Although the benchmark level for retail advisers is QCF Level 4, many firms and individuals aspire to a higher level qualification, and have chosen the CISI Masters. In 2010 the CISI both raised the standard of the Masters to Level 7 and ensured that it was RDR compliant so that those seeking career development in wealth management would have access to a high level appropriate qualification.

In parallel with the strong strategic impetus created by the RDR for the UK retail stream, we continued to offer a large and diverse range of qualifications for the wholesale and back office markets and, increasingly, for the international market.



Simon Walker of the CISI speaking to Anthony Kynaston, Chartered MCSI from Ash-Ridge Asset Management



Paul Pickford, Chartered FCSI gained the highest distinction in PCIAM

The breadth of the syllabus was a bit daunting at first, but has undoubtedly enhanced many areas of my knowledge which will be of practical use in the future.

Paul Pickford (the prizewinner for PCIAM in February)



Stuart Wemyss (Head of Global Client Operations, Line Manager; George Mathison; Ross Mathison (Joint IAQ/IOC winner and Intro Winner); and Mike Tumilty, Director of Operations, all from Standard Life Investments





Students with Nick Seaward, Chartered FCSI at launch of Cert.ISI, Langley Park School for Boys, Beckenham July 2010

Certificate for Introduction to Securities & Investment

This Certificate qualification was launched in July 2010 and provides students in full time education with an introduction to financial services and the opportunity to gain up to 60 UCAS points – the equivalent of an A/S level - through an extended project to support their application to University.

The qualification is being piloted in six schools including two state comprehensive schools and the CISI has sponsored a teaching post in these two schools to support this pilot. Further schools and colleges have registered for the next academic year.

Both students and teachers have been given access to free learning resources and training and the CISI is working on an Interactive Learning Manual for students, which will be available in September 2011. Each school has also been given an annual prize of £50 for the best performing student.

CISI individual members and firms have supported schools by hosting visits, delivering careers talks, providing financial support and offering work placements. The Institute has also been helped by the active support of its Regional Committees. The development panel for this new award, chaired by Andrew Carter, Chartered MCSI from Towry, has held numerous meetings and we are most grateful for its contributions.



Andrew Carter, Chartered MCSI with students from Chatham Grammar

Awards Ceremonies

The increase in the international reach of the CISI was once again demonstrated at the Institute's 18th Annual Awards Ceremony at the Mansion House on 28 February 2011, which was hosted by the Rt Hon. The Lord Mayor, Alderman Michael Bear.

This year, over 350 people attended the ceremony and there were 89 awards spanning 50 prize categories. Ten of the prize-winners were from outside the UK. For the first time, there were winners from the Netherlands, South Africa, China and Bahrain. Dubai and India each had two; Lebanon and Spain also featured.

In the UK there was a strong regional presence with 12 award winners from Scotland and winners also from the North West, the North East, Yorkshire, the South West and the Channel Islands.

Winners came from a range of firms. Bank of New York Mellon secured seven prizes spread between five employees whilst Morgan Stanley and Standard Life each had four awards for their prize-winners.

Separate awards ceremonies were held in Singapore and Scotland.



Mark Roelands of BNY Mellon, the winner of four awards at the Annual Awards Ceremony



Speaker Margaret Wallace FCSI, Ruth Martin (CISI Managing Director), with award winners at the Scottish Awards Ceremony



Exams Board

Each exam subject has a panel of practitioners who generously volunteer their time. There are 34 panels reporting into five Qualification Boards which are governed by an Exam Board whose members are listed below. We are most grateful to them and the many others who help us ensure that our qualifications remain relevant, practical and authoritative.

List of Exam Board Members as at 31 March 2011

Sir David Howard FCSI(Hon), Chairman	Charles Stanley
Simon Andrews	FOA
John Barrass	APCIMS
Tony Blunden FCSI	Chase Cooper
Frank Canosa, Chartered FCSI	Representing BBA
Andrew Carter, Chartered MCSI	Towry Law Financial Services
Liz Field	Financial Skills Partnership
Neal Franklin, Chartered FCSI	BNP Paribas
John Gaskell, Chartered FCSI	ICAEW
Lynne Hill, Chartered MCSI	Lynne Hill Consulting
Sandra Jacobs	Royal Bank of Scotland
Marcus Johnson, Chartered FCSI	NW Brown
David Kanolik MCSI	IMA
Lisa Kent	Morgan Stanley
Clare Minchington	ACCA
Martin Mitchell FCSI	Representing workbook authors and consultants to the CISI
Victoria Nye	IMA
Denis O'Connor FCSI	AFME
David Punt, Chartered FCSI	Baker Tilly
Clive Shelton, Chartered FCSI	IFDS
Andy Sheppard, Chartered FCSI	Representing the Association of Foreign Banks
Richard Solomon FCSI	Royal Bank of Scotland
Richard Wastcoat	FSP Board Member and CISI Director
Sir Stephen Wright	TheCityUK



Sir David Howard FCSI(Hon)



David Kanolik MCSI



Clive Shelton, Chartered FCSI with Leona Welch, winner of the Introduction to Investment Award





Lynne Hill, Chartered MCSI with Tony Blunden FCSI and Bruce Dickinson

External Quality Assurance and Recognition

During 2010, the FSA took back responsibility for the list of Appropriate Exams, previously held by the Financial Services Skills Council (from 2011 called the Financial Skills Partnership (FSP)). The CISI now liaises directly with the FSA on matters relating to its listed exams, but still works closely with the FSP which acts as a gatekeeper for qualifications to be listed on the UK's Qualifications and Credit Framework (QCF).

The other key regulatory relationship is with Ofqual and during the year, the CISI focused on the development of its self-assessment processes, establishing a panel of independent individuals to help it critique and improve its processes. This is chaired by Lynne Hill, Chartered MCSI, a member of the Exam Board.

The third major UK body with which the Institute works is UCAS, which awards a Tariff for qualifications intended to equip young people to enter UK universities. UCAS is currently undertaking a comprehensive review of the way in which it awards Tariff points and the CISI has provided feedback of our experiences entering the school qualification – the Certificate for Introduction to Securities and Investment – into the Tariff system. The review is due to be concluded by the end of 2011. The results for the first set of students undertaking the CISI's extended project component of this qualification will be released during 2011 in time for the 2011/2012 academic year. These students will be the first to be able to use their Tariff points in their applications to university.



The Importance of Accredited Training Providers (ATPs)

Accredited training providers (ATPs) continue to play a key role for the CISI. In providing high quality training and expertise to candidates, they are the CISI's distributors and partners when developing new products or considering how to enter new markets.

Their professionalism and expertise in promoting CISI exams and engaging with the Institute to provide feedback on our qualifications and the candidate experience is invaluable. The Institute works hard with its ATPs to ensure that only those training providers who can demonstrate their training is of the highest quality are formally accredited and awarded the CISI quality kite mark.

The process of accreditation includes an approval visit to the provider, an observation of training, scrutiny of the trainers' profile and completion of an annual review. We continue to support our ATPs by organising 'train the trainer' sessions and providing tutor slide packs for the subjects they teach.



Ruth Martin, CISI Managing Director, with Tim Burrows, Executive Director, Kaplan, Paul Shaw, CEO, 7City, actor Brian Blessed and Carl Lygo, CEO, BPP

The CISI currently has over 80 ATPs around the world including 16 in the UK. During 2010, we accredited 20 new providers internationally including our first providers in the Cayman Islands and Nigeria. The CISI would like to thank all its ATPs, particularly those in the UK who have worked closely with us planning how best to meet the requirements of the Retail Distribution Review.

Day in the City

In October, the CISI helped to facilitate a 'Day in the City' for students of two South London comprehensive schools. Students from both schools were given careers talks by industry practitioners at the CISI in the morning and then visited Commerzbank trading floor and also TheCityUK in the afternoon.

FIG Student Convention

The CISI sponsored the first Financial Industry Group student convention in November. The event was held at the National Skills Academy for Financial Services in Norwich and ten local schools and colleges and ten local employers visited to learn more about careers in financial services.

The Brokerage Citylink

The CISI continues to work with another charity, The Brokerage Citylink, whose aim is to bring together employers in the City, its fringes and Docklands with the potential local workforce. It seeks to raise the ambition and employability of young people and unemployed adults from the inner city and enable firms to access a diverse workforce.

As part of its City of London Business Traineeship Programme, it looks to find a work placement for between six and 13 weeks for academically bright students from inner city schools, who have completed their A levels.

For some of those students unable to find a work placement through The Brokerage programme, the Institute holds a one-day Introduction to Financial Markets course in its London office in July, with the training provided by Julia Kirkland, Chartered MCSI.

The Institute has also hosted a separate workshop for Brokerage students giving guidance on producing a CV as well as looking at interview techniques.



CISI member Hamish Rowan-Hamilton addressing students as part of the 'Day in the City' course



Marjorie Eade, Director of the Financial Industry Group (FIG) with John O'Keeffe and Clare Everett of the CISI



Students at the Financial Industry Group convention



Students from The Brokerage Citylink attending a course at the CISI





Centres of Excellence

The CISI continues to work closely with its seven Centres of Excellence – Cass Business School, the ICMA Centre at Reading University, the University of Edinburgh, Xfi at the University of Exeter, BPP Law School, Imperial College Business School and Glasgow Caledonian University.

Successful students on a recognised Masters in Science degree course at the Universities will be able to apply for their relevant exemption once they have become student members of the Institute and have passed the *IntegrityMatters* module.

The Institute has also delivered its Integrity Workshop to students at Exeter and Imperial College Business School.

CISI Educational Trust

The CISI Educational Trust incorporates the Stephen Cooke Scholarship programme, which this year granted one Premier Scholarship Award worth £5,000, (open to competition by all Centres of Excellence) and one General Scholarship, available to each Centre of Excellence.

This year saw applicants from Cass, ICMA, Exeter, Imperial College Business School, BPP Law School and Glasgow Caledonian receive £22,500 worth of Scholarship Awards from the CISI Educational Trust fund.

The Premier Scholarship was awarded to Nicolas Greilsamer, from Cass Business School. All students were presented with their awards at the Annual Awards Ceremony.

In March 2011, at the end of the financial year, the CISI Board made a significant further donation of £100,000 to develop the work of the Trust, focusing in particular on developing transferable skills across the sector; in training teachers and tutors in schools and colleges.

Academic Membership

As part of the Institute's ongoing commitment to work with and support educational establishments, the CISI offers free membership to academics. This allows them to keep up to date with what is happening in this sector and to impart this knowledge to their students as part of their teaching.



Alan Ramsay FCSI(Hon) presenting a Stephen Cooke award to Chardin Wese Simen of Reading

I am proud to have been accepted as a Chartered member of an institution that is recognised within the industry for its high standards in education, integrity and professionalism.

Helen Barclay, Chartered MCSI,
Team Leader, Investor Services (UK)
at Aberdeen Asset Management,
Aberdeen



Claude Greilsamer, HSBC and Nicolas Greilsamer speaking to the Rt. Hon. The Lord Mayor, Alderman Michael Bear at the CISI Awards Ceremony



Public Benefit

While the Institute's primary function is to provide education for the public, it is conscious that it has a public service obligation and, as well as general education, the CISI has continued its commitment to provide wider general access, regardless of means.

The CISI continues to:

- Publish a careers guide to banking, securities and investment: Inside Careers is available free to schools, colleges and careers guidance offices.
- Provide free reference copies of its foundation workbooks to libraries throughout the UK.
- Work with members and firms in schools and colleges to provide information, mentoring and support for students working towards CISI qualifications or considering a career in financial services. For example:
 - › Handelsbanken offered work experience to students at Langley Park School for Boys and Kelsey Park Sports College;
 - › Lloyds offered work experience to students at Chatham Grammar School for Boys;
 - › Royal Bank of Canada offered financial sponsorship and work experience for students at Hautlieu School, Jersey;
 - › Frank Moxon, CF Chartered FCSI (Hoyt Moxon Ltd) and Chris Harris-Deans, Chartered FCSI (Charles Stanley, Exeter) offered financial backing to students studying for the Certificate for Introduction to Securities & Investment in East Anglia and the West Country;
 - › Brewin Dolphin staff advised students at Chatham Grammar School for Boys and King Edward Grammar School, Birmingham;
 - › Deutsche Boerse staff mentor students at Shorefields Technology College;
 - › BNP Paribas and Citibank are running their City apprenticeship programme for students living in the City fringes; and
 - › Work continues with the Brokerage City Link to provide an insight into careers in the City to students.
- Offer reduced membership and exam packages to full time students and the financially disadvantaged in the UK and abroad.
- Work with schools and colleges, running free 'train the trainer' events to prepare teachers to teach courses that will allow students to sit our exams.
- Host visits to the 'Financial City' for students.
- Provide free and paid CPD events to members and the general public to raise awareness of good practice and ethical dealing within the securities and investment industry.
- Work with other professional and charitable bodies, offering our knowledge and expertise to help advance appropriate projects.
- Run CISI Charity Days: Employees can take a CISI Charity day each year to work for a charity or on a community project of their choice.
- To provide scholarships administered by the CISI Educational Trust for various competitions in the field of securities and investment.
- Provide funding for a newly qualified teacher to teach finance at two comprehensive schools in Kent.



Frank Moxon CF, Chartered FCSI at the Chartered Members' Reception





External specialist Kevin Rothwell,
Chartered FCSI



External specialist Natalie Schoon, ACSF



Publications

During the year there was significant and increased demand for the range of learning resources offered by the CISI to support revision for its exams. In response to this, the CISI reviewed its quality assurance, placing even more emphasis on external review and advice.

During 2010/11, over 11,000 workbooks were purchased and many new titles were developed, with particular focus on the higher level qualifications. Workbooks were launched for the new IAD qualifications, including FSA Regulation and Professional Integrity, Investment, Risk & Taxation, Derivatives, Securities and Private Client Advice.

We also launched Financial Markets, Portfolio Construction Theory and Applied Wealth Management for the CISI Masters in Wealth Management suite.

Internationally, we developed titles in regulatory issues for Oman and Qatar and a new edition of Global Securities.

The most popular titles during 2010/11 were Introduction to Securities and Investment, FSA Regulatory Environment, Global Securities Operations, Islamic Financial Qualification (IFQ) and Operational Risk.

eLearning

The Institute also provides elearning revision modules for its main exams and during the year over 10,000 candidates used the elearning suite, an increase of 40% on the previous year.

A number of new subjects were added, including:

- Corporate Finance Regulation
- Corporate Finance Technical Foundations
- International Certificate in Wealth Management
- FSA Regulation and Professional Integrity
- Investment, Risk and Taxation
- Securities
- Derivatives

In addition, we have embarked upon a year-long, three-stage question review programme to increase the difficulty level, so that all the questions in revision aids are of exam standard by late 2011. Our thanks go to all of the reviewers, advisers and authors who worked with us during the year.



Training Directors' Forum

The Training Directors' Forum is the only one of the Institute's forums where membership is not mandatory, as most of its participants have a professional background in HR/Training. It has been renamed to clearly distinguish its constituency and is now known as the Training and Competence Interest Group. It is chaired by Sandra Jacobs, from Royal Bank of Scotland in succession to Liz Field.



Sandra Jacobs

International Work

Five years after opening its first international office, the CISI's international work continues to develop through its offices in Dubai, Mumbai, Singapore and, from March 2011, Sri Lanka.

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

Richard Wastcoat, Chairman	Formerly Fidelity Investments International
Alan Yarrow, Chartered FCSI(Hon)	CISI
Chris Scott, Chartered FCSI	Quilter
Robert Gray	HSBC
Peter Lee	Morgan Stanley
Graham Ward	Independent Commission for Aid Impact



Richard Wastcoat, CISI Board Member with Dr. Sarath Amunugama, Senior Minister for International Monetary Co-operation at the launch of the CISI in Sri Lanka

We also appreciate the longstanding guidance given by Sir David Brewer FCSI (Hon), who stepped down as Chair during the year.

We saw very positive growth worldwide in the last year with 8,493 exams taken outside the UK, an increase of 33% over the previous period. This represented over 20% of the total CISI exams for the year.

This encouraging rise demonstrates again the increasingly global nature of the securities and investment industry and the growing demand in many centres for the Institute's services in helping people attain and maintain competence and to act with integrity. As in the UK, the CISI's international agenda has been given impetus by the continuing trend of increased regulatory supervision and the need to respond to public concerns about competence and skills levels.



Peter Caruana QC, First Minister, Gibraltar with Marcus Killick, FCSI, Chief Executive, Financial Services Commission in Gibraltar



CISI CEO Simon Culhane, Chartered FCSI with David Gerald, CEO, Securities Investors Association Singapore, Sarah Croft, Director, UK Trade & Investment and award winners at the Singapore Awards Ceremony





Dinesh Saparamadu, Chairman of SLASSCOM and Arwa Tapia MCSI, CISI Country Head – Sri Lanka and India, with the Memorandum of Understanding



Petros Florides, Chartered FCSI, Charles Charalambous ACSI and Theophanis Theophanous MCSI of the Cyprus Committee



Global Investment House, Kuwait, IAQ achievers October 2010

In developing overseas markets, the Institute follows two main approaches, by:

- › Working closely with host country regulators and authorities, complementing national regulatory requirements rather than competing with them, and helping to build competence levels and sustainable capacity by partnering with strong local education and training partners
- › Following major clients as they develop their business outside the UK, particularly in asset servicing and wealth management across Europe, the Middle East, South East Asia and the Far East.

In a global financial services industry, it has been increasingly evident that the value of the work carried out by the CISI in the UK, both in qualifications and membership, could have application and relevance for individuals and businesses internationally.

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

A prime example of this co-operation exists in the UAE where the qualifications regime run in collaboration with the Securities and Commodities Authority gathered real momentum. By the end of its first full year in operation – it was launched in October 2009 – almost 1,400 exams were taken by individuals seeking to become qualified under the first mandatory qualifications and licensing regime for the UAE.

In Oman, the Muscat Securities Market launched a regulation exam developed initially with the Capital Market Authority. This will underpin a qualification regime that includes other CISI international exams.

In Qatar, the regulatory exam developed with the Qatar Financial Centre Regulatory Authority was introduced in May 2010. The CISI is also building relationships with the other regulators, the Qatar Financial Market Authority and the Qatar Central Bank. We were very pleased to be invited to take part in a workshop on education, qualifications, training and business ethics sponsored by QCB, which formed part of the Lord Mayor of the City of London programme in February 2011.

In Bahrain, the CISI National Advisory Council continued to support plans to introduce CISI individual membership for risk and private client professionals, as part of a major initiative driven by the Central Bank of Bahrain.

The Central Bank of Lebanon has extended the scope of the licensing regime in its jurisdiction to include, among other CISI qualifications, Risk in Financial Services.

In India, our team has continued with a very active programme of raising awareness and development, concentrating on relationships with the regulator and with a wide range of multinational and local clients. Extensive links have also been formed with training providers and tertiary education Institutes. A programme of regular CPD events has been developed to provide professional development opportunities throughout the country.

The CISI opened a new office in Sri Lanka in March 2011 which will fulfil two separate functions. It will cater for the growing demand from a large number of local young people who are turning to professional qualifications as an alternative to an over-subscribed higher education system. It will also provide a customer support centre to service the needs of the fast growing numbers of international exam candidates and members.



Singapore has continued to develop well, with an increasing number of clients taking CISI qualifications not just in Singapore itself, but also regionally. We held our third annual Awards Ceremony last September, where the guest supporter was David Gerald, Chairman of Securities Investors Association (Singapore), with 15 successful Singapore candidates being recognised for their achievements.

Singapore is also continuing to develop relationships outside traditional financial services, particularly in the vibrant higher education sector. There has also been a concerted effort to explore the viability of other collaborative partnerships in the Philippines. Closer to Singapore, there has been strong interest in the Islamic Finance Qualification (IFQ) in Malaysia, with direct support from the regulator.

Following encouragement from practitioners in Gibraltar and the island's regulator, Marcus Killick FCSI, the Institute set up a National Advisory Board headed by Mark Maloney, Chartered MCSI and as well as running events is able to offer its qualifications, and testing, on the Rock. The Institute has also received support from the Department of Education which provides a discretionary grant and from the Chief Minister, who officially welcomed the Institute to Gibraltar.

There have been many other countries where the CISI has been helping firms, especially large international banks, to implement qualifications that are recognised globally. This could be as part of an induction programme for new entrants, or to develop and demonstrate the knowledge of more experienced employees.

The CISI international strategy envisages continued significant growth in terms of exams, and an increase in our number of international members. Our objectives are challenging but achievable as we move further towards becoming a truly global organisation.



CISI CEO Simon Culhane, Chartered FCSI, and Richard Wastcoat, International Committee Chairman with the Institute's Sri Lanka team



CISI Managing Director Ruth Martin presents a certificate of accreditation for the Morgan Stanley Derivatives Academy programme to Uday Shah MCSI, EMEA, and Oliver Stuart, Morgan Stanley

Computer Based Testing

The Institute used a third party, Prometric, which provides secure invigilation and testing to deliver its exams across its global network. Prometric is subject to a service level agreement and we are delighted with this year's performance.

As the Institute expands, we are looking to bring our qualifications to poorer areas in developing and low GDP countries where Prometric does not have an office. Therefore, we needed to find an alternative way to deliver our exams and have created the CISI's Secure Internet Testing (C-SIT) which utilises a secure and encrypted internet feed.

This allows C-SIT test centres to be established in a matter of days and the only requirements are a simple internet connection and a basic PC or laptop, bringing access to our exams in even the remotest of locations. A simple scheduling and booking system allows candidates to sit their exams in some cases within minutes of making the request.

Quality, service and above all, the security of our question banks were an important part of this project and all have been achieved by working closely with key stakeholders and our programme developers.



Operations

The opening of a new Operations office in Colombo, Sri Lanka, has enabled us to focus on the quality and service we offer our clients and members. The Colombo office provides an efficient and personal service to candidates and members from Singapore, Middle East, Far East, India and the local market, as well as providing extra support to the London office.

The location of the Sri Lanka office and its extended opening hours means the Institute can provide direct contact for clients which was not possible previously because of the time difference with the London office. The Colombo Operations office is open from 8am to 6pm Sunday to Friday so international clients are experiencing a significantly increased opportunity to contact Client Services staff directly.

Furthermore, as the Colombo office is open at least five hours before the London office, response times to email enquiries have reduced from many days to a matter of a few hours. This is the beginning of our drive to improve our levels of service to our clients and members, whilst also improving the quality of our work.

Recent improvements in the processes for the production and dispatch of exam certificates have successfully reduced the time it takes for candidates to receive their award certificates. This will now be rolled out for unit certificates and CPD certificates will soon be processed in the same way. Certificates are now routinely printed and dispatched within seven days of the exam sitting.

CISI Branch Committees

Within the UK, the Institute is fortunate in that it can rely on a network of hard-working committees whose primary role is to support the provision of learning opportunities through speakers and seminars for CISI members. Run by local volunteers and with dedicated support from the CISI, the committees have held 139 events attended by just over 4,000 CISI members and guests.

We have replicated aspects of this successful model in our international network of National Advisory Councils. During the past year, we have supported the formation of councils in four new locations – Switzerland, Cyprus, Malta and Gibraltar. These councils, formed of senior and influential industry figures, are of immense importance in supporting the international work of the CISI, providing invaluable local expertise and knowledge.



CISI staff at the Sri Lanka EDEX Expo

It helps to attain and maintain high standards of competence, behaviour and integrity to fulfil the demand for qualified and competent candidates to support India's growing financial industry.

*Manohar Lal, Chartered MCSI,
Assistant Professor, ITM Institute of
Financial Markets, Mumbai, India*



*Guernsey Annual Dinner Award Winner
Kathryn Bowley, Guernsey Financial
Services Commission with Fionnuala
Carvill, Chartered FCSI*



*Richard Bennett, Assistant Director, CISI, John Parrott and
Glyn Edwards, Chartered MCSI at the Liverpool Annual Dinner*



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

Branch Committees

Region	President	Firm
Birmingham & West Midlands	Gordon Harvey, Chartered FCSI	Williams de Broë
Bristol & Bath	Nolan Webber, Chartered FCSI	Rathbone Investment Management
East Anglia	Marcus Johnson, Chartered FCSI	NW Brown Group
East Midlands & Lincoln	Jonathan Wernick ACSI	JW Compliance
Guernsey	Justin Oliver, Chartered FCSI	Collins Stewart Asset Management
Isle of Man	Lillian Boyle, Chartered FCSI	Non-executive Director
Jersey	Richard Sayers, Chartered FCSI	Enhance Investments
Liverpool & North Wales	Glyn Edwards, Chartered MCSI	Blankstone Sington
Manchester & District	Simon Chatterton, Chartered FCSI	S & T Asset Management
North East	Christine Hawdon, Chartered FCSI	Brewin Dolphin
Northern Ireland	Annabel Montgomery, Chartered FCSI	Cunningham Coates
Scotland	Stephen Barclay, Chartered MCSI	Morgan Stanley
South Coast	Peter Jones, Chartered MCSI	Charles Stanley & Co
West Country	Paul Lewis, Chartered FCSI	Charles Stanley & Co
Yorkshire	Alan Fleming, Chartered FCSI	JM Finn & Co



Stephen Barclay, Chartered MCSI



CSI Managing Director Ruth Martin with Ronnie Corbett and Richard Sayers, Chartered FCSI at the Jersey Annual Dinner

Being a Chartered Fellow is the one constant in our global securities and investment community that represents the highest level of professionalism and integrity.

Tuck Seng Low, Chartered FCSI, Chairman, Global Wealth Solutions, Baar, Switzerland



Terry Elliott OBE, Councillor Judith Elliott The Right Worshipful, the Lord Mayor of Leeds, Alan Fleming, Chartered FCSI, Yorkshire President, Sarah Helliwell, President, West Yorkshire, ACCA UK with Kevin Moore, Chartered MCSI, Director Global Business Development, CISI





Mark Maloney, Chartered MCSI



Khalid Rashid Al Zayani with HMA Jamie Bowden

National Advisory Councils

Country	President	Firm
Bahrain	Khalid Al Zayani	Al-Zayani Investments
Cyprus	Charles Charalambous, Chartered MCSI	Deloitte Investment Services
Gibraltar	Mark Maloney, Chartered MCSI	Gibraltar Asset Management
Greece	Filimon Antonopoulos MCSI	Marfin Financial Group
India	P Ravikumar	Invent Assets Securitisation & Reconstruction Pvt
Ireland	Peter Keane, Chartered FCSI	
Malta	Alex Bustos-Baez, Chartered MCSI	AFEX Associated Foreign Exchange
Singapore	Paul Hedges, Chartered FCSI	HSBC
Sri Lanka	Nihal Fonseka	DFCC Bank
Switzerland	Laurence Rose FCSI	Altaira Wealth Management SA
UAE	Richard Stockdale, Chartered FCSI	QCo Holdings

Corporate Supporters

The backbone of being a corporate supporter of the CISI is a public commitment by the firm to uphold the highest standards of integrity, competence and professionalism. By the end of the year, we had expanded our number of corporate supporters to 74 and the level continues to increase.

In practical terms, we offer our corporate supporters a wide range of benefits, largely in the area of continuing professional development.

Many corporate supporters choose to run the CISI interactive 'Integrity at Work' event as part of a professional ethics programme that includes individuals taking the CISI online test, *IntegrityMatters*.

Corporate supporters endorse and adhere to the CISI Code of Conduct and the Institute recognised their commitment and support in an advertisement in the *Financial Times* for the keynote CISI Annual Lecture in September 2010.

Being personally Chartered reflects a commitment to my professional development, which is something that is actively promoted and fostered within Charles Stanley as a whole.

Wyn Thomas, Chartered MCSI, stockbroker at Charles Stanley, Bristol



MAINTAINING COMPETENCE

The growing importance of continuous professional development (CPD) has been a key feature during the year, together with the ability of longstanding and experienced members who have completed their CPD and applied to become personally Chartered.

The 2010 members' survey revealed the top three benefits most valued by members are: CPD events, the CPD scheme and the *Regulatory Update*. This is the first time that the CPD scheme has appeared in the top three, reflecting both Chartered status and the requirements of the RDR.

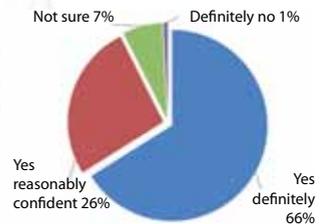
During January 2011 the final rules (PS11/1) for the professionalism strand of the RDR were released, which mandate 35 hours of CPD for retail advisers covered by the UK's FSA. This aligns well with the Institute's scheme and will affect a significant proportion of members in the Associate, Member and Fellowship grades.

Demonstrating CPD will become a necessary and regulated part of the new Statement of Professional Standing (SPS) that each retail adviser, authorised by the FSA, will now need to obtain, on an annual basis. The CISI has been updating its own scheme ready for the changes to be implemented by 2012.

Mandating CPD and its monitoring is perhaps the most significant strategic change for the management of professionalism in firms in the last decade. To help members, the CISI ran a series of information briefings across the country and it was clear that CISI firms and members are prepared for the changes.

Results from an anonymous survey of more than 400 respondents showed a clear focus on CPD, with 92% of respondents confident that they will achieve the 35 hours of appropriate CPD in order to apply for the first SPS by 31 October 2012, even though the rules from the regulator cannot prescribe specific hours until after the rule comes into force in January 2013.

The requirement for these retail investment advisers to complete 35 hours of relevant CPD on an annual basis is the same as that for members using the CISI CPD scheme. It is also the same requirement for our personally Chartered members and the CISI, therefore, remains confident that its members will be well equipped for the new RDR prerequisites.

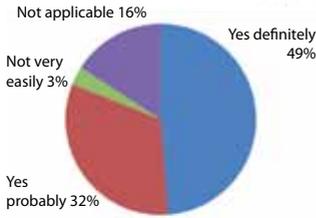


Do you feel confident that you can achieve the 35 hours appropriate CPD in order to apply for an SPS by 31 Oct 2012?



Delegates at a Compliance professional interest forum





Do you believe you will be able to satisfy the SPS requirement by 01 January 2013?

Being an individually Chartered member demonstrates my commitment to excellence, integrity and professionalism, and it gives clients a great degree of confidence.

Michael Chan, Chartered MCSI, International Trader, Rampart Treasury Services Limited, Hong Kong



CISI TV

During the year we have been upgrading the CPD log for members to incorporate the RDR changes and improve general usage and the new version will be released during 2011. To support firms we have released an improved Super-user facility which will enable firms to easily monitor the CPD activity of their staff.

The SPS at the heart of the professionalism strand of the RDR will be issued by Accredited Bodies. The CISI has applied to become an Accredited Body and provisionally we should hear in June, with the official announcement in September 2011.

The vast majority (81%) of respondents feel they will be in a position to satisfy the SPS requirement by January 2013.

New Benefits

We continually review the many CPD benefits we offer members and with the requirements to meet an increased number of members globally, we were pleased to launch a number of further additions, particularly online.

At the end of the financial year, we launched CISI TV which hosts webcasts and podcasts of our most popular CPD events as well as other investment content. CISI TV is an exclusive benefit to members and while catching up on Institute events they can earn reflective CPD hours which are automatically recorded directly to members' CPD logs.

Each recording will be categorised in professional interest sectors including; Compliance, Corporate Finance, IT, Operations, Risk & Wealth Management.

We have also launched a CISI App which is available on all smart phones, including Apple, Blackberry and Android. The App pulls down key CISI publications, such as the monthly journal, the *Securities & Investment Review*, the quarterly *Regulatory Update* and the *Investment Management Review*. This means that users can read CISI publications electronically or they can be stored for reading when, for example, travelling by train or air. Perhaps the most attractive parts of the App are the ability for members to rate articles they have read and for their time spent reading to be automatically recorded on their individual CPD log.

Both CISI TV and the CISI App allow much greater access for members who live outside London to CISI publications.



New Membership Cards

As part of our continued improvement to the service we provide for our members, we have upgraded and added value to the membership cards. Each card carries its own unique barcode which will be scanned when members attend future CISI CPD events and the CPD hours allocated for the event will be automatically added to the members' personal CPD log. The cards have also been designed to double as a name badge and are in three different colours depicting the level of CISI membership held.



2011 Membership cards

Professional Refresher eLearning Modules

A major investment was made during the year to increase the number of modules contained in our Professional Refresher elearning tool from 15 to 27. Like most other benefits, this is free to members. New modules added throughout the year were:

- Corporate Actions
- Personal Taxation
- Investment Principles & Risk
- Sovereign Wealth Funds
- Integrity & Ethics
- Market Abuse (Global)
- Regulations & Ethics
- Anti-Money Laundering (Global)
- UK Bribery Act
- Exchange-Traded Funds
- Central Clearing



Professional Refresher

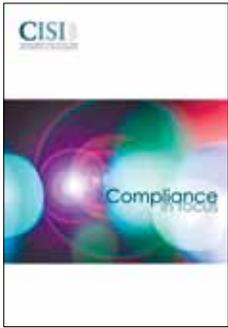
LinkedIn

In June we launched an official CISI LinkedIn group, which has nearly 2,000 members. The group was created with the aim to facilitate discussions between CISI members on professional issues which may affect them or be of interest to them. It was also hoped that members would use the forum to engage with their global counterparts.

It's reassuring for my clients in Wales to know that they have access to the skills and experience of a Chartered practitioner

*Matthew Rainbird, Chartered MCSI,
Investment Manager, Hargreave Hale,
Bangor*





Compliance Institute

In February 2011, we were pleased to welcome 164 former members of the Compliance Institute which merged with the CISI. The Compliance Institute chose the CISI as its preferred partner partly because the Institute offers a large number of benefits geared towards compliance professionals including the *Regulatory Update*, Compliance Professional Interest Forum and compliance-related CPD events.

Membership Statistics

On 2 November 2010, the window of opportunity closed for existing senior members to apply to become personally Chartered before new criteria were introduced. There was a significant rush at the end of the period and in the last ten days we received over 1,200 applications. At the end of March 2011, there were 3,746 individually Chartered members (1,927 Chartered FCSI and 1,819 Chartered MCSI); these represent the pinnacle of professionalism and all Chartered members must maintain their annual 35 hours CPD requirement to continue to be personally Chartered.

Members are still able to become personally Chartered, although the rules governing the award of personal Charter reflect higher level qualifications, demonstrable CPD over a longer period as well as compliance with ethical standards through *IntegrityMatters*.

To celebrate the achievement of Chartered members, we hosted a reception with over 200 attendees at Fishmongers Hall in London in March. We also placed adverts to congratulate members in the Financial Times as well as local press in Liverpool, Birmingham, Scotland, Jersey, Guernsey and Bristol.

The 2010 members' survey demonstrated that members feel the Institute is value for money with 84% of respondents stating that they would pay the membership dues themselves if their firm no longer did.

Membership overall continues to grow, despite an uncertain economic environment, although there are fluctuations with growth at the senior levels but a reduction at the entry level. However, we believe that the impetus of the RDR and the improvement in our membership offering, particularly overseas, will see a return to growth in 2011/12. At the end of March there were 41,819 members including 25,449 student members.

Setting aside those individuals who are given complimentary membership while they pursue CISI benchmark exams, at the end of March 2010 there were 18,418 members. The comparable figure for the end of March 2011 is 19,678 members, a growth of 6.4% (this includes students enrolled for higher level qualifications such as the CISI Diploma & Masters).



Prashant Basanagoudar, Chartered MCSI, Maura Keane, Chartered MCSI, Tony Bronk, Chartered MCSI, and Charles Cattell, Chartered MCSI at the Chartered Members' Reception



Hartmut Klein, Chartered FCSI speaking with CISI Chairman Alan Yarrow, Chartered FCSI(Hon) at the Chartered Members' Reception

Category	As at 31 March 2010	As at 31 March 2011
FCSI (including Chartered)	3,624	3,830
MCSI (including Chartered)	6,207	6,614
ACSI	5,232	5,047
Students	20,202	25,449
Affiliates	818	879
Total	36,083	41,819



Students

There has been a significant growth in student membership which has increased by 21% compared to a drop of 22% last year. This was due to an upturn in qualifications being taken. Student membership commences at the outset of registration for a CISI qualification and is extended until the student completes the full award.

The 'Understanding of Finance & Investments Programme' continued to offer students exclusive opportunities to attend sessions including:

- What are Securities?
- What is a Hedge Fund?
- What is Private Equity?
- What is Sovereign Wealth Fund?



Kris Heck, trainer of 'What are ETFs?'



Paul Hedges, Chartered FCSI

Membership Committee

We are most grateful to the following who served on the Membership Committee:

- | | |
|--|--------------------------------|
| Chris Harris-Deans, Chartered FCSI, Chairman | Charles Stanley & Co Ltd |
| Robert Barnes, Chartered FCSI | UBS Investment Bank |
| Philip Bell, Chartered FCSI | Williams de Broë |
| Donald Brown, Chartered FCSI | Brewin Dolphin |
| Paul Hedges, Chartered FCSI | HSBC |
| Alexandra Kelly, Chartered FCSI | Powerchex |
| Phil Langton MCSI | RBS |
| David Loudon, Chartered FCSI | Quilter |
| Rodney Margot, Chartered FCSI(Hon) | City Trust Ltd |
| Frank Moxon CF, Chartered FCSI | Hoyt Moxon Ltd |
| Nicholas Parkes, Chartered FCSI | Novitas Partners LLP |
| Chris Scott, Chartered FCSI | Quilter |
| Nicholas Swales, Chartered FCSI | UBS Wealth Management (UK) Ltd |



Donald Brown, Chartered FCSI



The Chartered Members' Reception at Fishmongers Hall



Professionalism and integrity in the workplace are important attributes and I believe Chartered membership of an organisation such as the CISI provides a reinforcing framework for those values.

Ali Hassan, Chartered MCSI, Director for Supervision, Dubai Financial Services Authority

Professional Interest Forums

One of the key membership benefits, the Institute's professional interest forums (PIFs) are special interest discussion groups which meet normally on a bi-monthly basis to hear from senior industry figures on relevant issues and to engage in open discussion on areas of common concern. They are a unique opportunity to share ideas and concerns in a confidential setting.

There are currently seven PIFs covering: Compliance, Corporate Finance, Islamic Finance, IT, Operations, Risk and Wealth Management. The Islamic Finance Forum was launched in January 2011 in conjunction with the Institute of Islamic Banking and Insurance; its first two meetings had over 50 attendees.

The forums are open to all members and are free of charge. Students may now attend one event held by each forum per year. Attending forums counts towards 'Active' learning under the CISI CPD scheme.

The PIFs serve a valuable role on behalf of specialist practitioners as the voice of specific professional interests and this includes responding to relevant consultation papers where appropriate. For example, in April 2010 the Risk Forum responded to the Basel Committee's consultative proposals to strengthen the resilience of the Banking Sector and in January 2011 the Compliance Forum responded to FSA GC11/01 on assessing suitability.

The Corporate Finance Forum held its second annual dinner in November 2010. A small number of members and guests enjoyed a pleasant evening with guest speaker Anthony Hilton, Financial Editor, *Evening Standard*.

We would like to thank the Chairmen and their committees for their ongoing commitment to the PIFs.

Compliance Forum Committee

Julian Sampson, Chartered FCSI	Chairman	Fulcrum Compliance
David Moland, Chartered FCSI	Deputy Chairman	Arbuthnot Latham
Tina Wishart, Chartered FCSI	Deputy Chairman	Williams de Broë
David Blackmore FCSI		DB Risk & Compliance
Tony Bronk, Chartered FCSI		BDO Investment Management
Tracy Harvey-Bussell, Chartered MCSI		Compliance Network
Stuart Latto, Chartered FCSI		Apax Partners
William Macdonald, Chartered MCSI		Craigcrook Management Services
Elizabeth Nelson MCSI		Société Générale Securities Services
John Pearson, Chartered FCSI		Toronto Dominion Bank
Nicola Peters		RBC Dexia
Andy Sheppard, Chartered FCSI		



Nicola Peters, Elizabeth Nelson MCSI from the Compliance Forum



Stuart Latto, Chartered FCSI, Peter Brown, Chartered FCSI & John Pearson, Chartered FCSI from the Compliance Forum



Corporate Finance Forum Committee

Frank Moxon CF, Chartered FCSI	Chairman	Hoyt Moxon
Debbie Clarke CF, Chartered MCSI	Deputy Chairman	CV Capital
Francis De Zulueta FCSI	Deputy Chairman	Alpine Risk Services
Stewart Appleby, Chartered MCSI		Crédit Agricole Commercial Finance
Nicholas Bealer, Chartered FCSI		Cornhill Capital
John Bridges MCSI		IAF Capital
Peter Freeman MCSI		Loeb Aron & Company
Clive Garston CF, FCSI		Davies Arnold Cooper LLP
Mauro Tortone, Chartered MCSI		P27 Advanced Investment Strategies



Debbie Clarke, Deputy Chairman of Corporate Finance Forum

Islamic Finance Forum Committee

Mohammad Shafique	Chairman	IIBI
Mark Andrews		Risk Reward
Christopher Bromby, Chartered FCSI		Symvan Securities
Muhammad Ismail		Sony
Ammar Khan MCSI		Mazaars LLP
Mohammad Khan		PwC
Fiaz Mansha		Gatehouse Bank
Nigel McFarlane MCSI		Blue Sea International
Mohammad Saeed, Chartered MCSI		Transworld Services
Natalie Schoon ACSI		BLME



Corporate Finance Dinner

IT Forum Committee

Mark Seaman, Chartered FCSI	Chairman	Fusion Experience
Brian McNulty MCSI	Deputy Chairman	DBFS
Andrew Brown ACSI		RBS Global Banking & Markets
Julia George, Chartered FCSI		Julia George Associates
Markus Krebsz, Chartered MCSI		Consultant
Gavin Lonsdale, Chartered MCSI		Goldman Sachs
Kevin Sloane MCSI		Linedata Services
Martin Watkins, Chartered FCSI		Euroclear SA/NV



Mohammad Shafique





Frank Reardon, Chartered FCSI

Operations Forum Committee

Frank Reardon, Chartered FCSI	Chairman	JM Finn
Alan Burr, Chartered FCSI	Deputy Chairman	Burr & Company
Peter Gregory FCSI	Deputy Chairman	The Share Centre
Wayne Beighton ACSI		HSBC
Richard Crews, Chartered MCSI		Lloyds of London
Robert Forbes, Chartered FCSI		Jupiter Asset Management
Matthew Glass, Chartered FCSI		CME Clearing Europe
Garo Karabekian MCSI		HSBC
Paul Leahy, Chartered MCSI		Fox-Davies Capital
Hamish Rowan-Hamilton		Veridicus
Gary Wright MCSI		BISS Research
Derek Young, Chartered MCSI		FSA

Risk Forum Committee

Dennis Cox FCSI	Chairman	Risk Reward
Atula Abeysekera, Chartered FCSI	Deputy Chairman	Cazenove Capital Management
Christopher Forster, Chartered FCSI	Deputy Chairman	FSA
Roger Bach, Chartered FCSI		Henry Investment
Andrew Brown ACSI		RBS Global Banking & Markets
Peter Brown, Chartered FCSI		CCL Partnership
Alan Burr, Chartered FCSI		Burr & Company
Maria Cobby, Chartered MCSI		Barclays Wealth
Sophie Dupre ACSI		Schroders
Markus Krebsz, Chartered MCSI		Consultant
Robert Sherlock FCSI		AXA Investment Managers
Tina Wishart, Chartered FCSI		Williams de Broë



CISI Trainer Alan Burr, Chartered FCSI with Stephen Pinner, Chartered FCSI, Goodacre and Graham Shuttlewood, Chartered MCSI, RBS at the Chartered Members' Reception



Dennis Cox FCSI



An Islamic Finance PIF at the CISI



Wealth Management Forum Committee

Christopher Jones-Warner, Chartered FCSI	Chairman	Playing Hamlet
Frank Dolan, Chartered MCSI	Deputy Chairman	Novatis Asset Management
Bruce Weatherill MCSI	Deputy Chairman	Bruce Weatherill Executive Consulting
Freddy Barker, Chartered MCSI		Spear's
Michael Clark, Chartered FCSI		Charles Stanley
Jason Dalley, Chartered FCSI		Rathbones
Amy Lazenby, Chartered FCSI		Wilson King Investment Management
David Lough FCSI		Heartwood Wealth Management
Clive Menzies, Chartered FCSI		Fund Building
Peter Moores, Chartered FCSI		Raymond James Investment Services
Keith Robertson, Chartered MCSI		Armstrong Financial



Frank Dolan, Chartered MCSI at an RDR Q&A



Lord Desai speaking at the 'India' seminar

Seminars

CPD Seminars (London) continued to build upon excellent standards. Some 3,404 delegates attended 57 seminars over the season, with evaluation forms returned after each event averaging 1.53 (where '1' = Excellent; '2' = Good etc.), making it the most highly appreciated CPD seminars programme ever.

There were several notable successes. DLA Piper's 'Counting the Cost' (26 May 2010) was a thought-provoking film drama that examined the challenge of detecting and preventing fraudulent conduct; Markus Krebsz, Chartered MCSI's 'Ratings agencies; an insider's view' (2 June 2010) interrogated the efficacy of rating houses, the day before Anthony Hilton called for their nationalisation (*Evening Standard*, 'Let's nationalise the rating business', 3 June 2010); academic and practitioner, Fabio Savoldelli (Chief Investment Officer, Optima Fund Management) charmed delegates with his wry overview of the hedge funds industry ('Hedge fund selection and investment', 16 June 2010); finally, Clive Menzies, Chartered MCSI's 'Is Carbon trading and investment the next sub-prime crisis?' (23 September 2010), was an iconoclastic dissection of the green lobby which forced many delegates to reconsider their previously held opinions.

The year culminated in Anthony Thomson's Founders' Series presentation on the establishment of Metro Bank (8 February 2011). The series was designed primarily to examine entrepreneurship in financial services, and to give CISI members an opportunity to hear directly from Founders on what motivated them to start a business. The seminar recorded an extraordinary 1.1 rating which broke 'the best ever seminar' record set on 24 May 2006 by Anthony Bolton's 'Masters at Work' classic (1.25).



Christopher Jones-Warner, Chartered FCSI and Jon Moulton at an FCSI Masterclass





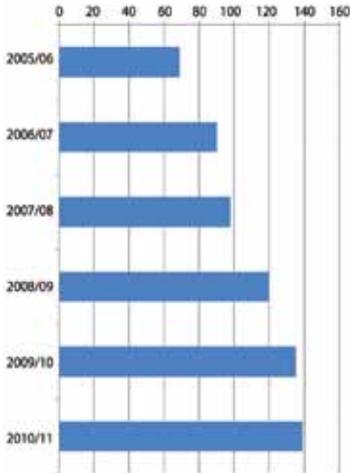
Chris Jordan, JFSC, CISI Managing Director
Ruth Martin and Jersey President Richard Sayers, Chartered FCSI

Regional members benefited from another busy and successful CPD programme this year, with these events constituting over 40% of the total number of UK-based events. We provided a record 139 CPD opportunities across the regions, increasing our delivery by 2.2% on the previous year's 135 events. Attendance numbers remained steady, as again we had just over 4,000 members making use of our regional CPD programme.

Highlights included the Guernsey Investment Briefing, welcoming almost 100 people to hear a debate on active versus passive investment. Our first Flagship CPD event in Jersey was a joint social and CPD venture which welcomed 160 people to hear CISI Managing Director Ruth Martin and Chris Jordan of the Jersey Financial Services Commission speak on the RDR and the Jersey Financial Services Commission's (JFSC) plans to implement parts of the policy on the island.

Other highlights included 'Africa – opening the last frontier market', which took place in Newcastle and Leeds on 8 June 2010; and Scotland held two high profile events, with Bill Jamieson of *The Scotsman* newspaper and Chief Secretary to the Treasury, The Rt Hon Danny Alexander MP, attracting over 80 and 100 attendees respectively. Regional student events were also held in the Isle of Man, Liverpool, Guernsey and Birmingham.

Following successful CPD events outside the UK in Dubai, Singapore and India, the CISI has made a commitment to run educational events across Europe. With successful events already held in Greece and Gibraltar – whose launch event included a speech from the Chief Minister, The Hon. Peter Caruana QC, and attracted over 80 local professionals – events are also planned for Cyprus, Poland and Switzerland.



CISI CPD Event Numbers in the Regions

Fee-based Seminars

One of the few times that the CISI charges, is for seminars which are a half day, or more, in duration. The combination of experienced tutors, offering subject expertise in a few selected hot topics, such as Combating Financial Crime, continued to attract consistent and growing support.

During the year plans were also laid to offer specific training in the 'structured learning' CPD required by the UK regulator for any qualifications gaps in respect of the Retail Distribution Review (RDR). The CISI worked with its accredited training and CPD partners to structure a programme which also included seminars at the CISI's own offices, and which have been very successful. The courses have been very popular with nine running between October 2010 and March 2011, attracting 119 attendees, including two outside London in Leeds, with plans to run further courses in Manchester, Birmingham and Edinburgh/Glasgow. Class size is limited to 16 per event to ensure an interactive learning experience.

Professional Development Courses, including RDR Qualifications Gap-Fill Courses, have seen major growth over the last year. The number of courses offered rose by 36% and the number of attendees by 106%. The growth came from the increasing popularity of the core courses covering topics from Introduction to Financial Markets through Operational Risk to Mastering Communication Skills. In addition, four new RDR Qualifications Gap-Fill courses were introduced from October 2010.



Ian Richardson holding an Understanding Regulation and Compliance seminar



Networking Social Events

The CISI's regional networks have provided a dynamic gala events calendar for their members. Over 2,000 attendees joined us for ten gala annual dinners/luncheons and a further 11 varied networking events around the UK.

Many regions held their largest and most high profile dinners to date, with an impressive array of knowledgeable and interesting speakers such as Ronnie Corbett OBE at the Jersey Annual Dinner and financial journalist Anthony Hilton at the Isle of Man, while Falklands Veteran Simon Weston OBE addressed guests at a special Armistice Day themed dinner in the West Country.

The East Midlands Dinner managed to nearly triple its number of attendees since last year, whilst Guernsey again proved to be our biggest annual dinner with the venue "squeezing" in tables to allow for the 483 guests to hear newsreader Peter Sissons' speech. It also managed to raise a staggering £6,000 for the Guernsey Home-start Charity.

The unmistakable voice of actor and adventurer Brian Blessed boomed out at the CISI London Annual Dinner on 18 November 2010 as guest speaker. He regaled 280 members and guests from leading financial firms with tales from his career as one of the UK's most recognisable stars of film, TV and expeditions, including three ascents of Mount Everest.



Angela Knight CBE FCSI(Hon) with Kevin Moore, Chartered MCSI, Director Global Business Development, CISI at the East Midlands Annual Dinner



Peter Sissons with Guernsey President Justin Oliver, Chartered FCSI



The London Annual Dinner



Alistair Hodgson, Chartered MCSI and Manchester & District President Simon Chatterton, Chartered FCSI with Roy Walker



Lord Mayor of Belfast, Councillor Pat Convery, speaking at the Northern Ireland Annual Dinner



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

Integrity & Ethics Committee: Composition and Purpose

Committee members:

Richard Charnock, Chartered FCSI	Chairman	Standard Life Wealth
Anthony Belchambers		Futures & Options Association
Ben Blackett-Ord		Bovill
Christopher Bond, Chartered MCSI		Senior Adviser, CISI
Nigel Challis FCSI(Hon)		KPMG LLP
Simon Culhane, Chartered FCSI		CISI
Scott Dobbie CBE FCSI(Hon)		Deutsche Bank AG
Philippa Foster Back OBE		Institute of Business Ethics
Charles Hoare Nairne, Chartered FCSI		Messrs. C. Hoare & Co.
Professor Paul Palmer		Cass Business School
Alan Ramsay FCSI(Hon)		HSBC
Ann Roughead		LV Asset Management
Ian Stevenson, Chartered FCSI		Strategic Regulatory Management
Anthony Stewart-Jones FCSI		PricewaterhouseCoopers



Annual Lecture panellists Mark Goyder, Mark Tyndall and Alan Yarrow, Chartered FCSI(Hon)



Richard Charnock, Chartered FCSI, Scott Dobbie CBE FCSI(Hon) and Lindsay Tomlinson

One of the Institute's foremost objectives is to promote the highest standards of trust, integrity and ethics amongst its members and throughout the securities and investment industry generally. The role of the Committee is to direct and lead work in this area, providing guidance and periodic review of the whole range of activities and intentions, in order to identify opportunities to further the Institute's policies.

CISI Code of Conduct

The focus on integrity in the FSA's Retail Distribution Review (RDR), and the possibility of the introduction of a code for financial advisers, prompted us to review the wording of our Code of Conduct, which we share with the Worshipful Company of International Bankers. Although the FSA subsequently decided that a code for just one sector of the industry was not appropriate, it was decided that we would continue with our review, as a result of which a revised code was introduced in February 2011.

In recognition of the part played by the late Lord George of St. Tudy in the introduction of the original Code of Conduct, and with a view to encouraging other bodies to adopt the code, the seven principles contained in the code are known as the Lord George Principles.



Monthly Grey Matters Ethical Dilemma

A cornerstone of the CISI integrity work is the Grey Matters ethical dilemma, which appeared in the *Securities & Investment Review* for the first time in 2005 and where the year under review saw the publication of our 50th dilemma. These dilemmas, which represent a very diverse range of situations, are then available to form the core material for a number of our other integrity offerings.

In addition to these articles appearing in the *Securities & Investment Review*, a number have been published in *AB Accounting and Business*, the members' magazine of ACCA, in both the UK and Ireland editions.



Inigo Churchill and Andrew Hall of the CISI at the CISI Annual Conference

Integrity at Work: Books

The Integrity at Work books, based on the Grey Matters series, continue to be widely distributed with over 100,000 having been circulated to both members and non-members. The end of the year saw work begin on the production of the third volume.



Integrity at Work: Interactive Seminars

These seminars, which are universally well received, continue to be offered to members and corporate supporter firms in the UK and our overseas locations. In addition, they provide a valuable tool for bringing the CISI to the attention of a wider constituency, beyond the CISI membership, and this has seen events being held in a number of countries new to the Institute, including the Bahamas, USA, Switzerland, Cyprus and Gibraltar.



Integrity seminar in the Philippines

IntegrityMatters Online Test

IntegrityMatters, our unique online test, has become a benchmark requirement for achieving Chartered status, where a grade A pass is required. The year under review saw the 5,000th candidate sit the test. The test continues to be developed and new cases are being introduced to ensure that it is regularly refreshed.

Annual Ethics Lecture

This event has become increasingly popular each year since the format was changed to a debate and September 2010 saw 350 members fill Plaisterers' Hall to capacity to hear Lindsay Tomlinson, Chairman of the National Association of Pension Funds, Mark Goyder, founder Director of Tomorrow's Company and Mark Tyndall, Chief Executive of Artemis Investment Managers debate the topic "Investment Managers suffer inherent conflicts of interest between their responsibilities as shareholders and their obligations to their stakeholders".





Philippa Foster Back OBE Director of the IBE with Jane Platt, Chartered FCSI, CEO, National Savings & Investments

Investing in Integrity

In partnership with the Institute of Business Ethics (IBE), the Institute is piloting a proposed new award. This is a subscriber-based scheme, designed to promote high standards of integrity in businesses of all sizes and in all industries. It offers tools for subscribers to review and promote their ethical policies, procedures and practices for embedding ethics into their business and ensure that they are effective and practised.

Successful completion of a self-assessment questionnaire, followed by an audit carried out by the Good Corporation, would then lead to the award of the Investing in Integrity Charter mark, which firms may use as a demonstration to all their stakeholders of their ongoing commitment to acting with Integrity.



Integrity and trust are vital in the financial services industry, even more so now in these difficult times for investors. Through Chartered membership of the CISI I am able to demonstrate a high standard of professionalism, giving clients confidence in my ability to meet their financial needs

Evelyn McCollam, Chartered MCSI, Senior Portfolio Manager, Northern Bank Limited, Belfast



Ethical Content in Exams

With the new 'Level 4' qualifications for financial advisers being introduced as a part of the RDR, the year saw the first exams to be sat by candidates, which included specific questions designed to test students' capacity to recognise and respond to ethical challenges.

Disciplinary Process

The Institute carried out a review of its disciplinary process to ensure that it is appropriate for the challenges of the industry today and the standards and procedures expected by the regulator to enable the Institute to apply for Accredited Body status.

As a result, a pool of members has volunteered to serve at disciplinary hearings and we are grateful to those members, together with a number of lay members, who have volunteered also to serve.

A number of disciplinary hearings were held during the year under the chairmanship of Chris Taylor, Chartered FCSI, who is also a sitting Magistrate, to whom we are very grateful.

The Disciplinary Panel has the power to award sanctions to members, both disciplinary and remedial, to ensure that they provide a graded response to the increased range of behaviours which may result in a breach of membership regulations, without imperilling, inappropriately, a member's livelihood.

Number of cases referred to Disciplinary Panel: 4

Level	Number	Sanction
Affiliate	1	Reprimand
Associate	1	Severe reprimand
Member	1	Expulsion - may reapply
Fellow	1	Permanent expulsion

Charitable Objective 3: Act as authoritative body for the purpose of consultation & research in matters of education or public interest concerning investments in securities.

Securities & Investment Review

The *Securities & Investment Review* continued to help CISI members around the world to maintain their competence by providing topical analysis of key developments within the financial services industry, and it is now available online and via the CISI App.

Issues covered ranged from the impact of new regulation on the sector and the risks of structured products to global growth in carbon trading and concerns that China could be headed for a fall due to a dangerous credit bubble.

Further insight into the industry was provided by new columnist Christopher Adams, Markets Editor of the *Financial Times*.

The *Securities & Investment Review* also featured a string of high-profile interviewees over the year including David Willetts MP, Minister of State for Universities and Science; Baroness Hogg, Chairman of the Financial Reporting Council; Hector Sants FCSI(Hon), Chief Executive of the Financial Services Authority; and Abdulla Al Turifi, Chief Executive Officer of the UAE regulator, the Emirates Securities and Commodities Authority (SCA).

Editorial Panel

Nick Seaward, Chartered FCSI	Chairman	Institute of Education
Suren Chellappah FCSI		Sanford C. Bernstein
Moorad Choudhry FCSI		Royal Bank of Scotland
Simon Culhane, Chartered FCSI		CISI
Scott Dobbie, CBE FCSI(Hon)		Deutsche Bank AG
Matthew Glass, Chartered FCSI		CME Clearing Europe
Mike Gould FCSI		Russell Investments
Paul Harris, Chartered FCSI		JPMorgan Chase Bank
Victoria Hoskins, Chartered FCSI		Barclays Wealth
Paul Loughlin, Chartered MCSI		Rathbone Investment Management
Robert Merrifield FCSI		Savoy Investment Management
Mark Otto, Chartered FCSI		New Europe Advisers
Frank Reardon, Chartered FCSI		JM Finn & Co
Patricia Robertson, Chartered FCSI		Westport Global
Jeremy Robinson, Chartered MCSI		Charles Stanley
Hamish Rowan-Hamilton		Veridicus
Markus Ruetimann FCSI		Schroder Investment Management
Nimrod Schwarzmann FCSI		RBS Global Markets
Arjuna Sittampalam, Chartered MCSI		Sage & Hermes
Nigel Sydenham, Chartered MCSI		Messrs. C. Hoare & Co.
Alan Yarrow, Chartered FCSI(Hon)		CISI



Media

The Institute has a policy of active engagement with the media and we are keen to publicise pertinent information which furthers the Institute's core objectives.

Our approach has been to build long-term relationships with a small number of senior journalists on quality newspapers and relevant media both in the UK and internationally. This includes a select number of trade and regional media which are strong in both the wealth management and compliance areas of the industry.

During the year, the CISI increased its media profile with over 375 articles appearing in the quality press.

The media need high quality and original content which was often sourced from our monthly members' magazine, *Securities & Investment Review*, especially the comment section, City View, as well as our new initiatives and surveys. The international media covered our launch events well, particularly in Sri Lanka, Malta and Gibraltar.



The UKIFS

As part of its charitable objectives the CISI was asked by the UK Government, through UK Trade and Industry to establish and host for one year a dedicated Islamic Finance Secretariat; the aim was to facilitate a range of working groups covering different aspects of Islamic Finance including legal aspects, retail banking, accountancy and education/training /qualifications (ETQ).

During the year there were a number of meetings as professionals discussed how best to promote Islamic Finance. At the end of the year the UKIFS had achieved sufficient credibility, with a database of more than 2,000 interested parties, to be acquired by TheCityUK.



CISI Managing Director Ruth Martin at the launch of UKIFS with Omar Shaikh, Executive Board Member of the Islamic Finance Council, and Richard Thomas FCSI, CEO of Gatehouse Bank

Retail Distribution Review (RDR)

Dedicated RDR roadshows, undertaken to consult members and firms, took place in February and March, attended by more than 500 people in 17 locations. Despite these roadshows, and dedicated publications sent to all members and publicised on the website, awareness of significant new Government initiatives such as the RDR could not be taken for granted.

One of the most significant findings was the strong belief that the RDR proposals, requiring much more exacting demonstrations of professionalism, were supported by members. Of respondents, 85% believe that the RDR will bring about higher standards and greater professionalism. Despite this modest sample size of 402, the results indicate strong support for the FSA's RDR and the anticipated outcomes.

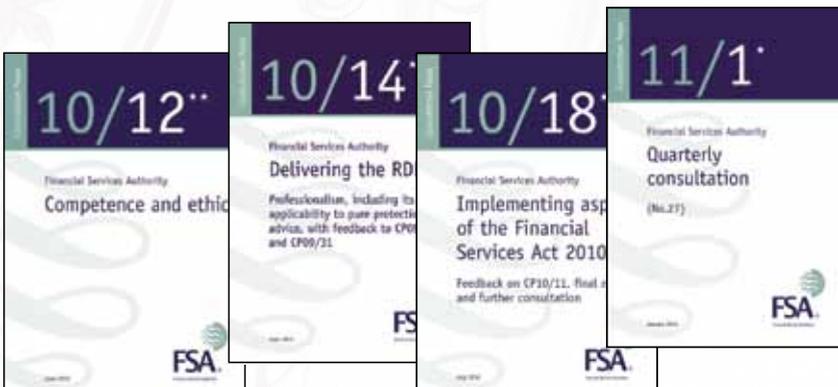


Delegates at an RDR Open Day

FSA Consultation Papers

Considerable time was spent contributing informally through meetings, and formally through written responses, to a very full range of papers published by the FSA in relation to Competence and Ethics, the overarching framework within which the RDR sits. Members generally were unaware of the significance of this broader framework which involved robust proposals to monitor competence and ethical conduct, and to ensure qualifications were completed in a timely manner.

The CISI's landmark conference in Training and Competence proved to be one of the most significant conferences available to industry specialists needing to keep abreast of developments and their implications. The RDR papers themselves, together with material published through the quarterly consultation papers, required dedicated senior management time. The CISI published three RDR booklets to underpin the changes envisaged.





Surveys

Beside the surveys undertaken to consult on the CISI's own services and benefits, the CISI published its second annual survey of attitudes and trends to CPD, which showed strong support for compulsory CPD. This survey was able to show trends comparing 2010 with 2004 and 2008. More than 1,500 individuals participated in the 2010 survey, and 27 firms responded from a corporate perspective.

The CISI also researched conduct in operations exams to assist firms and accredited training partners and develop a greater awareness of longer term trends in the industry. Analysis of the results showed a definite decline in operational exams in London, with a greater distribution to UK regions such as Scotland and Manchester as well as a continuation of the offshoring of these posts internationally to India, Singapore and the less developed areas of continental Europe.

More than 3,100 respondents took part in 12 topical surveys run by the CISI on its website, cisi.org. The surveys covered issues ranging from whether the FSA is doing enough to beat financial crime to asking if the UK would be better off economically in or out of the EU. Those taking part were invited to not only vote but leave supporting comments.

Visitors to the website could view the voting pattern and opinions given as the survey progressed. In addition, the Institute posted online ethical dilemmas from its successful Grey Matters series that appears in the *Securities & Investment Review*. Readers were asked to choose the course of action they felt most appropriate in the situation and the CISI posted the full results, together with its own opinion.

During the year, the CISI appointed a dedicated webmaster, demonstrating the on-going importance of the internet.



CISI web survey

Online Careers Information Centre

The CISI maintains and upgrades its online Careers Information Centre, which offers career guidance to those interested in starting or developing a career in financial services.

Packed with useful information, this website is split into three sections:

- Career Choice - aimed at all ages from 11 to 16 through to experienced professionals, covering information on apprenticeships, work experience, graduate schemes and guidance on education and training.
- Career Entry - targeted at people who have chosen a career in financial services but need qualification guidance. An enhanced CISI interactive qualifications navigator offers guidance on requirements for job roles in a range of sectors, including wholesale banking, asset management, financial advice/wealth management and operations.
- Career Development - offering guidance on career progression, CISI membership and CPD.



CISI careers information centre



Infolink

This is an online library designed to assist members with their CPD. It is a searchable database offering keyword and date search capabilities, links to all the CISI's CPD offerings such as Professional Refresher, *Regulatory Update* and presentations from CISI professional interest forums. In the last year, the usage on Infolink has varied between 7,000 and 12,000 hits per month.

The content for Infolink is provided by a wide range of highly-respected industry sources such as trade organisations, regulatory bodies, recognised industry leaders and CISI professionals, allowing members to share information with other members. We would like to thank the many financial publishers who have also contributed content to Infolink on a regular basis.



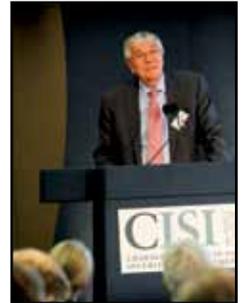
Infolink

Conferences

The CISI's conferences continue to appeal to members who wish to hear about the cutting edge developments in their business area and/or network with peers.

2010/11 saw the attendee numbers for the Annual Conference, Training & Competence Conference, Compliance Professionals Summit and Private Wealth Management Conference remain relatively static - a reflection on the conference market continuing to lose out to the perceived higher value training events.

Delegates who attended the fifth Annual Conference at Glaziers Hall in London heard from top speakers including David Willetts MP, then Shadow Secretary of State for Universities and Skills, Hector Sants FCSI(Hon), Chief Executive Officer, Financial Services Authority, Lord Burns, Chairman, Santander and Xavier Rolet, CEO, London Stock Exchange Group.



Lord Burns, Chairman, Santander, speaking at the Annual Conference



David Willetts MP speaking at the Annual Conference



John G. Bullard, Professor Michael Mainelli, Chartered FCSI, Andrew Hilton, Andrew Whitcombe and Michael King at the CISI Annual Conference





Regulatory Update

The quarterly *Regulatory Update*, written by Christopher Bond, Chartered MCSI, is popular with members who need an authoritative overview of the many regulatory changes in the last three months, what changes will happen in the next six months and what the big important regulatory trends are.

This year we developed the format to divide the articles into these time zones irrespective of the source of the changes – FSA or EU – to reflect the shift in rule making from the UK to Europe. The separate division continues between changes affecting specific sectors from asset management to retail intermediaries, and changes which affect most or all types of firms – with a star system to rank important articles.

The full extent of the global regulatory reforms following the financial crisis is only now working its way through into EU and UK legislation: more capital under Basel III, market and derivatives reforms under the EU's MiFID 2 and European Market Infrastructure Regulation (EMIR), bonus restrictions under the revised Remuneration Code, investor protection under the FSA's product intervention and Retail Distribution Review initiatives and new corporate governance for Companies' Boards. These and many more, require firms to review the impact on their business strategies as never before. The importance of reading the *Regulatory Update* has consequently moved from compliance professionals to senior management and the front and back office.

The radical modernisation last year of the format of the online edition of the *Regulatory Update* has made it more accessible and introduced interactive features. For the first time we receive a regular flow of online comments and questions on individual articles. These are very helpful in keeping it relevant, accurate and up to date.

This year we launched an international edition of the *Regulatory Update*. This is based upon the UK edition, but focuses more upon EU and global developments. It is distributed to members and to regulators outside the UK in other European countries, East Asia, India, the Middle East and the US. Responses to reader surveys have been encouraging.

Investment Management Review

The *Investment Management Review* is written by Dr Arjuna Sittampalam, Chartered MCSI, founder and Managing Director of Sage & Hermes Ltd. It provides a quarterly synopsis of thoughts and trends aimed at front-office practitioners within the investment, fund, asset wealth and portfolio management sectors. The *Investment Management Review* is available exclusively to Members and Fellows in an online version as well as via the CISI Mobile App. Fellows receive it in hard copy.



Christopher Bond, Chartered MCSI



Dr Arjuna Sittampalam, Chartered MCSI



TRUSTEES' REPORT

The Trustees present their annual report and summarised financial statements for the year from 1 April 2010 to 31 March 2011. The Chartered Institute for Securities & Investment ("CISI") is registered as a charity in England & Wales by the Charity Commission (Registration No. 1132642) and in Scotland by the Office of the Scottish Charities Regulator (Registration No. SC040665). The company was incorporated by Royal Charter (Registration No. RC00834), and is governed by said Charter and its associated Bye Laws. The group results combine the results of the charity with the results of the following:

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



Trustees

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

		Committee
Robert Barnes, Chartered FCSI	Appointed 23 September 2010	F
Charlotte Black MCSI		H,J
Sir David Brewer, FCSI(Hon)	Resigned 23 September 2010	I
Fionnuala Carvill, Chartered FCSI	Appointed 23 September 2010	
Richard Charnock, Chartered FCSI		E
Clare Gore Langton Chartered FCSI(Hon)	Resigned 23 September 2010	A,F
Chris Harris-Deans, Chartered FCSI		F
Sir David Howard FCSI(Hon)		B,H,J
David Kane *		
Frank Moxon, Chartered FCSI		C,F
David Nicol, Chartered FCSI		C,J
Nick Parkes, Chartered FCSI *	Appointed 23 September 2010	F
Alan Ramsay FCSI(Hon)		E,H,J
Christopher Scott, Chartered FCSI	Resigned 23 September 2010	A,F,I
Nick Seaward, Chartered FCSI		G,I
Tony Stewart-Jones FCSI		C,E
Richard Stockdale, Chartered FCSI		D,I
Nick Swales, Chartered FCSI		A,F
Alison Warden FCSI		C
Richard Wastcoat *		B,I
Alan Yarrow, Chartered FCSI(Hon) (Chairman)		E,G,H,I,J

* denotes a co-opted Trustee

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

The Trustees served on the following Committees:

A Investment Committee	F Membership Committee
B Examinations Board	G Securities & Investment Review Editorial Panel
C Audit Committee	H Nomination Committee
D Disciplinary Committee	I International Committee
E Integrity & Ethics Committee	J Remuneration Committee



INVESTMENT POWERS

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

ORGANISATION

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

Chief Executive

Simon Culhane, Chartered FCSI

Managing Director

Ruth Martin

Director of Global Business Development

Kevin Moore, Chartered MCSI

FUTURE ACTIVITIES

The CISI's key objectives for 2011/12 are:

1. CISI to be successfully recognised as an Accredited Body by the UK Financial Services Authority for the purposes of issuing Statements of Professional Standing (SPS).
2. CISI will audit 15% of all members' CPD.
3. 10,000 exams to be taken by candidates based outside the UK.
4. CISI will increase the number of physical attendees at all CPD events by 10%.
5. CISI will fully integrate its Sri Lanka operation and meet a revised standard of replying to all email and booking requests within one working day.
6. CISI will write a third book of Integrity case studies.



REVIEW OF FINANCIAL POSITION

The Institute has continued to maintain its healthy financial position, with free reserves now exceeding seven months' operating costs, considered by the Trustees as prudent (see reserves policy below). This year the Institute saw an increase in the group funds of £673,638 (2010: £761,562). During the year, funds were applied towards achieving the Institute's main objectives through the provision of relevant qualifications, membership, events and learning resources. Funds previously held in respect of the Stephen Cooke and Andrew Winckler Scholarship Funds, which were restricted funds of the Institute, were transferred during the year to the newly-formed independent charity, the Chartered Institute for Securities & Investment Educational Trust. Interest of £112 (2010: £180) was earned on these Scholarship Funds before the transfer.

The Institute's wholly owned UK subsidiary trading company, which is established to undertake the commercial activities of the Institute, recorded a profit before tax, and before the donation under gift aid, of £63,162 (2010: £30,854).

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

RESERVES POLICY

The Institute's incoming resources are impacted by the cyclical nature of the financial industry it serves. In order to protect its ability to sustain its charitable objectives, whilst continuing to discharge its obligations and carry out its strategic plans, the Board has adopted a policy of accruing reserves and for these to be sufficient to provide for between six and ten months of forecasted expenditure. This policy, together with the approach to investing reserves, is reviewed and approved annually by the Board. Such a review has been conducted during the year, including reviewing rates of interest received from the Charity's deposit facilities utilised, to ensure that the Institute's investments continue to contribute effectively to the achievement of the aims of the organisation and are in line with the adopted policy. The policy of the Charity with regard to payments to suppliers is to make payments no later than the agreed terms in relation to the goods or service received.

CHARITABLE GRANTS

During the year, a new independent charity, the Chartered Institute for Securities & Investment Educational Trust, was formed. CISI is a corporate trustee of this charity, but the other Trustees are all independent from the main Board of the Institute. Its objectives are 'to promote for the public benefit the advancement and dissemination of knowledge in the field of securities and investment'. The unspent balances held by the Institute in respect of the Stephen Cooke Memorial Scholarship Fund, the Andrew Winckler/Euroclear Prize Fund, and the CISI Educational Trust Fund, totalling £62,863, were all transferred to this new charity during the year. In addition to this, the Institute donated £100,000 to the new charity from its own reserves.

VOLUNTEERS

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



RELATIONSHIPS WITH OTHER BODIES

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

FIXED ASSETS

During the year, the Institute purchased tangible fixed assets amounting to £82,317 (2010: £108,374). It also acquired an investment in Barings Targeted Return Accumulation Fund at a cost of £2,000,000.

RESULTS

Summarised results for the financial year are shown on pages 51 to 52. The group's liability to corporation tax is restricted to services arising from trading with non-members through the subsidiary company. The group's net retained resources were £673,638 (2010: £761,562).

A full copy of the Trustees' report and the audited financial statements can be obtained from the charity's registered office, 8 Eastcheap, London EC3M 1AE or can be viewed online at www.cisi.org.

CORPORATE GOVERNANCE

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

The Trustees have considered the requirements of the Combined Code, issued by the Financial Reporting Council, which sets out the Principles of Good Corporate Governance. The Institute is not bound to follow the Combined Code, but the Trustees believe that, where the provisions of the Code are relevant to a membership organisation, it should apply the principles contained in the Code.

The Board considers that the charity has complied with the requirements of Section 1 of the Combined Code during the year to 31 March 2011, except as follows:

Code Reference:

A.2.1 The Board of the Institute is comprised wholly of non-executive Trustees who are all considered to be independent within the terms of the Code. It has not been deemed necessary to appoint a Senior Independent Trustee.

In the Board's opinion, the above exception is appropriate given that the Chartered Institute for Securities & Investment is a membership organisation; however, this is kept under review.



Board

The Board of the Chartered Institute for Securities & Investment normally meets six times per year and comprises all non-executive Trustees. The Trustees are typically employed in senior positions within firms operating in the securities industry. They are identified by existing Board members for their expertise or nominated by members of the Institute. Up to fifteen Trustees are elected for a term of three years, either by a ballot of the membership at the AGM, or by the Board. If Board-appointed, the Trustee is required to stand down from the Board at the next AGM and seek re-election by membership ballot, in accordance with the charity's articles. Up to a further three Trustees may also be co-opted by the Board to serve such period as the Board decides. On election, or appointment, the new Trustees are given an induction which contains information on the Institute, its activities and their responsibilities under charity law. The Board appoints the Chairman and the Chief Executive. The Chief Executive is not a Trustee. At its meetings, the Board considers matters including:

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

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

Committees

The Board has delegated some of its powers to certain committees and a full list of all committees, together with the names of the serving Trustees, are shown on page 44. Those committees to which the Board has delegated powers have specific terms of reference. The Audit Committee is chaired by Alison Warden ACA FCSI.

Trustees' Remuneration

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

Financial Reporting

A review of the Institute's operating performance is shown on pages 51 to 52. The Board considers that such information presents a balanced view of the group's position and prospects.

Key Risks

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

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



Internal Control and Risk Management

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

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

The Board has conducted a review of the effectiveness of the system of internal control for the year ended 31 March 2011. In pursuit of the above control objectives the Institute has in place a number of key internal controls and processes that include:

- liaising with its members and their employers to ensure the Institute's continued relevance;
- formally identifying, evaluating and reviewing risks;
- communicating the high standards of behaviour expected of its employees by inclusion of the Institute's Code of Conduct in employment contracts and additionally, through formal objective setting and performance appraisal schemes, including regularly identifying and taking action to satisfy training needs;
- creating a secure environment to protect the charity's assets and regularly reviewing management information to ensure the effective use of resources;
- seeking legal protection for CISI trade marks and domain names by registering them in appropriate jurisdictions;
- operating signing limits to ensure that the charity cannot be committed financially without proper authority, and producing regular financial reports for Board and Chairman's Committee review which include estimates and judgements made by the business managers.

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



REGISTERED OFFICE AND PROFESSIONAL ADVISERS

Registered Office

8 Eastcheap
London EC3M 1AE

Solicitors

Bircham Dyson Bell LLP
50 Broadway
London SW1H 0BL

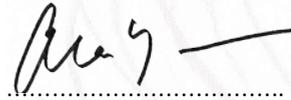
Auditors

Crowe Clark Whitehill LLP
St Bride's House
10 Salisbury Square
London EC4Y 8EH

Bankers

Bank of Scotland
600 Gorgie Road
Edinburgh EH11 3XP

Approved by the Board of Trustees and signed on behalf of the Board on 28 July 2011



Alan Yarrow, Chartered FCSI(Hon)
Chairman

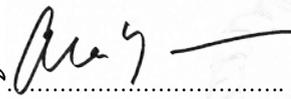
REPORT BY THE TRUSTEES ON THE SUMMARISED FINANCIAL STATEMENTS

The summarised financial statements set out below on pages 51 to 52 are extracted from the full statutory Trustees' annual report and financial statements which were approved by the Trustees and signed on their behalf on 28 July 2011. The full financial statements, on which the auditors Crowe Clark Whitehill LLP gave an unqualified audit report on 3 August 2011, will be submitted to the Charity Commission following the AGM on Thursday 22 September 2011.

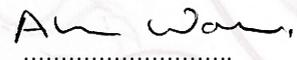
The auditors have confirmed to the Trustees that, in their opinion, the summarised financial statements are consistent with the full financial statements for the year ended 31 March 2011.

These summarised financial statements may not contain sufficient information to gain a complete understanding of the financial affairs of the charity. The full statutory Trustees' report, financial statements and auditors' report may be obtained from the CISI, 8 Eastcheap, London EC3M 1AE. They are also available online at www.cisi.org

Signed on behalf of the Board of Trustees on 28 July 2011.



Alan Yarrow, Chartered FCSI(Hon)
Chairman



Alison Warden ACA, FCSI
Trustee



CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

Year ended 31 March 2011

	Unrestricted Funds £	Restricted Funds £	Total 2011 £	Total 2010 £
INCOMING RESOURCES				
Incoming resources from charitable activities:				
Membership subscriptions	3,046,923	-	3,046,923	2,645,985
Membership entry fees	39,050	-	39,050	33,375
Qualifications and development	5,920,067	-	5,920,067	4,818,915
Publications and conferences	1,359,519	-	1,359,519	1,087,873
Investment income	99,480	-	99,480	103,155
Other incoming resources	352,236	112	352,348	419,437
TOTAL INCOMING RESOURCES	10,817,275	112	10,817,387	9,108,740
RESOURCES EXPENDED				
Charitable activities:				
Dissemination & advancement of knowledge	6,848,123	44,487	6,892,610	5,511,688
Ethics	774,286	-	774,286	663,476
Consultation & research	2,480,138	-	2,480,138	2,076,662
Total charitable activities	10,102,547	44,487	10,147,034	8,251,826
Governance	107,787	-	107,787	95,352
TOTAL RESOURCES EXPENDED	10,210,334	44,487	10,254,821	8,347,178
NET INCOMING/(OUTGOING) RESOURCES	606,941	(44,375)	562,566	761,562
OTHER RECOGNISED GAINS AND LOSSES				
Unrealised investment gains	111,072	-	111,072	-
NET MOVEMENT IN FUNDS FOR THE YEAR	718,013	(44,375)	673,638	761,562
FUNDS AS AT 1 APRIL 2010 & 2009	5,727,364	44,375	5,771,739	5,010,177
FUNDS AS AT 31 MARCH 2011 & 2010	6,445,377	-	6,445,377	5,771,739

As permitted by the SORP Paragraph 397 a separate statement of financial activities, for the charity only, has not been presented.

The net incoming resources of the charity were £610,499 (2010: £980,788).

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



BALANCE SHEETS

As at 31 March 2011

	GROUP		CHARITABLE COMPANY	
	2011 £	2010 £	2011 £	2010 £
FIXED ASSETS				
Tangible assets	99,931	138,493	99,931	138,493
Investments	2,111,072	-	2,111,072	-
	<u>2,211,003</u>	<u>138,493</u>	<u>2,211,003</u>	<u>138,493</u>
CURRENT ASSETS				
Stock	4,978	4,055	4,978	4,055
Debtors	1,562,758	1,390,887	1,560,758	1,354,179
Cash at bank and in hand	5,987,987	7,122,590	5,986,968	7,115,704
	<u>7,555,723</u>	<u>8,517,532</u>	<u>7,552,704</u>	<u>8,473,938</u>
CREDITORS: amounts falling due within one year	<u>(3,321,349)</u>	<u>(2,884,286)</u>	<u>(3,477,481)</u>	<u>(2,936,704)</u>
NET CURRENT ASSETS	<u>4,234,374</u>	<u>5,633,246</u>	<u>4,075,223</u>	<u>5,537,234</u>
TOTAL NET ASSETS	<u>6,445,377</u>	<u>5,771,739</u>	<u>6,286,226</u>	<u>5,675,727</u>
REPRESENTED BY:				
Unrestricted income fund	6,445,377	5,675,654	6,286,226	5,579,642
Designated Fund				
- CISI Educational Trust Fund	-	51,710	-	51,710
Restricted Funds				
- Stephen Cooke Memorial Scholarship Fund	-	39,902	-	39,902
- Andrew Winckler / Euroclear Prize Fund	-	4,473	-	4,473
	<u>6,445,377</u>	<u>5,771,739</u>	<u>6,286,226</u>	<u>5,675,727</u>





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Company Registration No. RC000834

Registered Charity No.1132642 (England & Wales)
SC040665 (Scotland)

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August 2011

