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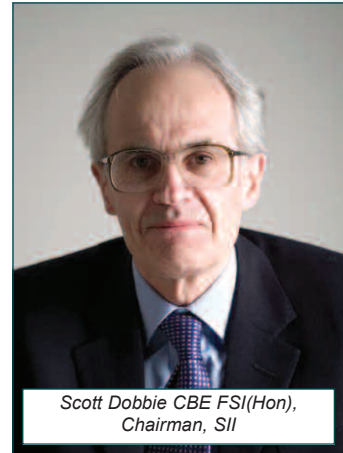
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## Chairman's Statement

I am pleased to be able to report another year in which the SII not only performed well financially, but also made good progress in all its major activities. The Accounts show a surplus of about £950,000, which although flattered by a VAT refund (£200,000), largely relating to previous years, is, in the circumstances a highly satisfactory outcome. The good financial result reflects the benefits of a conscious programme of diversification – internationally and within the UK – to reduce historic economic dependence on entry level examinations to gain UK regulatory authorisation.

The good financial result in 2008/09 is not likely to be repeated for some years, as the squeeze on employment and other expenditure becomes reflected in the Institute's own income. The Board's policy throughout the good years has been to renew fixed assets and build reserves in anticipation of eventual cyclical down turn and it is confident that SII is well placed to meet financial uncertainty without major disruption to its programme of work.



*Scott Dobbie CBE FSI(Hon),  
Chairman, SII*



One of the most significant issues for the Institute and its members has been the work over the past year in preparing an application for a Royal Charter. I am pleased to report that an Order of Grant of a Royal Charter was approved by the Queen in Council on 8 July 2009 and that formalities are likely to be completed in October. The grant of Royal Charter reflects the Privy Council's recognition of the contribution of the Institute, both to the financial services industry and to society as a whole and it should be of particular benefit, enabling them to demonstrate professional competence, to those members who qualify for individual Chartered status.

Professional standards lie at the heart of the FSA's Retail Distribution Review (RDR), in whose development the Institute's senior management has played a major role during the year under review. The recently published Consultation Paper reflects much of SII thinking in the proposed Code of Ethics and Continuing Professional Development (CPD) regimes. Overall, we believe the FSA proposals to be highly supportive of our key objectives of setting and maintaining standards and promoting trust and integrity in financial services. Although SII has sympathy with the relatively small number of members of vast experience who nevertheless will need to obtain formal qualifications under the new regime, we believe that this is a necessary part of the FSA's drive, of which we are highly supportive, to raise standards generally throughout the industry.

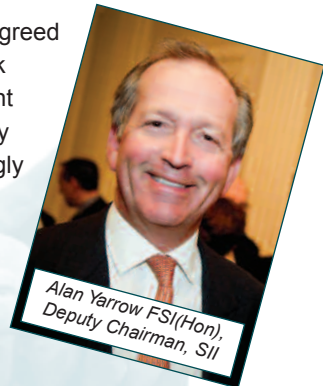


Ruth Martin, Simon Culhane FSI with  
Nicholas Blain FSI

I have had the privilege to chair the Institute since January 2000 and will hand over to my successor, Alan Yarrow FSI(Hon), in September. We have all seen substantial change in SII in the past few years, due particularly to the work of two groups of people. The first is the members, many of whom give substantial time to contribute to exam panels, committees and other policy-making bodies. The Institute's strength is the practitioner input, which gives both relevance and credibility to its work. The second is the Institute's own staff who are highly committed to their work, which they do with great professional competence. I would particularly like to mention the contribution of Simon Culhane FSI, Chief Executive, and Ruth Martin, Managing Director, who provide strong and capable leadership to the team.

Throughout my time in the chair, I have been fortunate to enjoy the support of the group of capable and distinguished people who have served on the Institute's Board of Trustees. All with very full lives, they have given unstintingly of time and professional expertise to drive the Institute's commercial and charitable objectives. I am extremely grateful to each of them for their counsel and friendship.

The Institute is very fortunate that Alan Yarrow FSI(Hon) has agreed to take the chair. Alan, a former individual member of the Stock Exchange, holds dear the Institute's principles, has much recent experience in industry affairs and, as Alderman, is active in City politics. I am very confident that the Institute will develop strongly under Alan's leadership and would like to express my best wishes for the future to him, the staff and membership as a whole.



Alan Yarrow FSI(Hon),  
Deputy Chairman, SII

**Scott Dobbie CBE FSI(Hon)  
Chairman**



## Chief Executive's Report

Against a challenging economic background, the Institute has had a successful year. It has met most of its key targets for qualifications, membership, continuous learning and integrity, as well as achieving its financial objectives.

However, like many of its members' firms, the Institute has also been adversely affected by the deepening recession, centred on the financial markets, which has resulted in a number of major clients for its exams, such as investment banks, having their activities either significantly curtailed or even ceasing to exist.

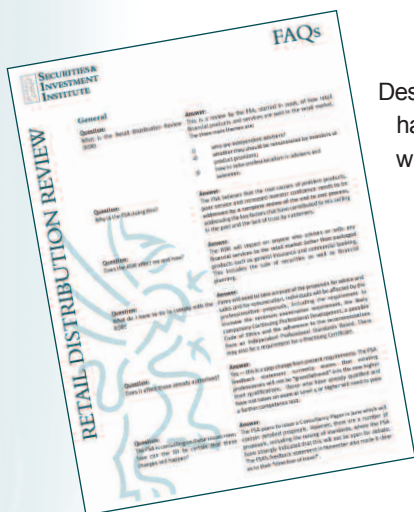
The Institute has three core charitable objectives which are:

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.



Overall, the number of exam entries fell by 17% from almost 50,000 to 41,350 but this masks considerable differences between our front office and administration qualifications. While front office numbers fell significantly, by over a third, this was in marked contrast to the number of people taking our administration qualification, which rose by 15%. In previous years, the ratio of front office to administration exams has been 3:1 or higher; last year it was 3:2 and this year we are forecasting almost a 1:1 ratio.

Some of the growth in the administration suite has been overseas; the proportion of exams taken outside the UK has almost doubled from 8% to 15% and our expectation is that it will be over 20% during the current financial year. We are pleased to have been working closely with regulators in a number of countries, particularly in the Middle East, who are mandating some of our foundation exams and we look forward to closer co-operation in the coming year.



Despite the overall drop in qualifications income, which accounts for half of the Institute's total income, continuing cost control, together with a welcome VAT rebate of £200,000 and better than expected demand for the administration qualifications, has resulted in the Institute recording a significant surplus for the year, although this was all generated in the first few months of the financial year.

This organisation has cash reserves of £5m, some of which may be required during the coming year, if UK demand continues to remain depressed, before the full realisation of our overseas work comes on stream. It is fortunate that as a charity, the Institute is able to take a longer-term view in its development work and look beyond the conventional yearly accounting period.

One of the major regulatory themes through the year has been the RDR, which is a long running FSA initiative, aimed at restoring confidence amongst the consumers of retail products. During the year, the Institute was actively engaged as a participant in the FSA's working party on professionalism and helped to mould some of the proposals for the final report, particularly on ethics and CPD.

We are very conscious of our commitment to public benefit and this year we have taken further steps to increase access to our core qualifications, including lower prices for those who are unemployed or in financial difficulty and the distribution of key workbooks to a number of public libraries.

For a number of years the SII has gained a reputation as a leader in the field of integrity and ethics. As commentators, firms and governments debate the causes and solutions to the current global crisis, the Institute has seen a significant request for its integrity activities, with a number of boardrooms requesting its highly acclaimed, case study-based seminar and new eLearning test.



The outlook for the world's economy is in the balance and there is little likelihood of a significant growth in the number of people working in the UK financial sector in the short term. However, the increasingly global nature of our operations and the wider use of qualifications across all job markets give us confidence that, although from a financial perspective this year will be difficult, our strong financial reserves and quality of our staff will ensure that we can weather this challenging period.

## Charitable Objective 1.

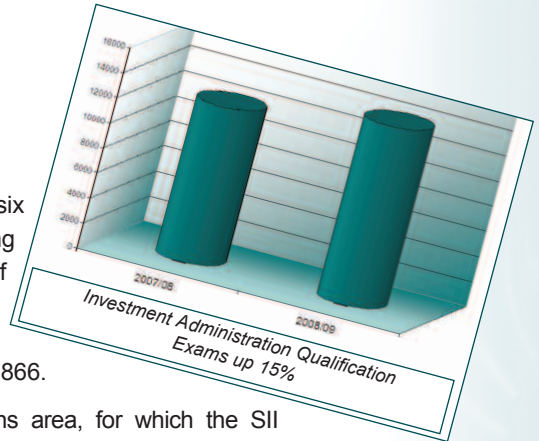
*To promote, for the public benefit, the advancement and dissemination of knowledge in the field of securities and investment.*

### ATTAIN COMPETENCE (Part 1)

#### Qualifications

This year, graduate front office recruitment in the first six months held up, but was followed by plummeting recruitment from September. Overall, the number of exams taken reduced from 49,873 last year to 41,350 this year. The decline in the SII's front office Certificates programme was 35%, from 33,790 to 21,866.

Although the overall number reduced, the operations area, for which the SII provides its world-leading Investment Administration Qualification (IAQ), saw continued growth both internationally and in the UK, where volumes increased by 15% from 12,388 to over 14,283.



Domhnall, left, receives the overall IAQ award from Sir David Howard FSI(Hon), Representative Lord Mayor and Chairman of Charles Stanley, who hosted the ceremony

#### Case Study

The SII Awards Ceremony held at Mansion House, London, in February 2009 was a proud evening for all the winners – but it was particularly memorable for Domhnall Murphy.

He won three honours - the overall Investment Administration Qualification award and prizes for the IT in Investment Operations and FSA Financial Regulation units of that qualification.

Domhnall, a software development engineer for finance company Fidessa, said: "I am proud of this achievement.

"The IAQ offered a good introduction to the financial services industry. In addition, being able to choose the IT in Investment Operations module made the qualification more specific to my own role.

"The knowledge gained will provide a solid foundation on which to build. Consolidating and extending what I have learned should make me more effective in my role – regardless of how that may vary over time."

Awards were given by the SII to 65 of the brightest up-and-coming stars of the industry for gaining the highest marks in their respective qualifications.

Domhnall is based in Belfast and he was among a large number of UK winners who work outside London.

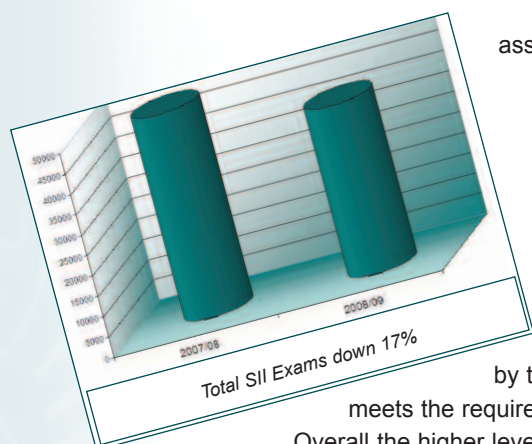
There was also a strong international presence, with award recipients from countries including India, Dubai, Malaysia, Singapore, Spain and Poland.

The SII continues to review and update syllabuses annually for all of its 53 exams and reviews FSA regulatory papers every six months to ensure that the qualifications remain up to date.



## SII Diploma, SII Masters Programme in Wealth Management and Advanced Certificates

The SII Diploma has continued to be an important part of the exams portfolio and, alongside the SII Masters, represents the pinnacle of academic achievement. The overall drive towards higher standards of qualifications in the retail sector, associated with the RDR, is having a positive impact on bookings enquiries.

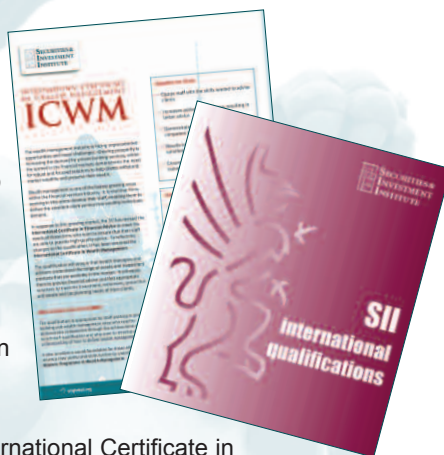


During 2008/09, the new SII Masters Programme in Wealth Management, which will eventually replace some modules of the SII Diploma, was launched to provide a postgraduate level professional qualification in an area of growing importance; and we are seeing significant growth in entries.

This was the first SII qualification to be endorsed by the UK Government's new regulator, Ofqual and also meets the requirements of the Financial Services Skills Council in full. Overall the higher level exams, including the Advanced Certificates, the SII Diploma and SII Masters, increased by 10%.

## International Qualifications

Qualifications created for the international markets grew in popularity throughout the year. During 2008/2009 the International Introduction to Investment, launched the previous year, attracted more than 1,000 entries and became the first qualification to be translated into Arabic. Another important qualification was the International Certificate in Financial Advice; numbers more than doubled to 447 during the year, largely due to interest from the Gulf. A revised edition of the workbook was published, with the new title of International Certificate in Wealth Management. Finally, the International Certificate in Investment Management was translated into Chinese in December.



While the Islamic Finance Qualification (IFQ) is not dedicated solely to international markets, it saw significant growth and entries more than doubled to 500.

The IFQ covers Islamic Finance from both a technical and Sharia perspective, providing the first international benchmark in the area of Islamic Finance.

Since its launch in 2006, the IFQ exam has been taken in 30 countries and study materials sold in 45 countries.

## Case Study

London based Islamic investment bank European Finance House, a subsidiary of Qatar Islamic Bank, is aiming high – with the help of the SII's IFQ.

To support its vision to become the leading Islamic financial institution in Europe, the bank requires its employees to undertake the IFQ to provide them with the best possible training.

By the end of March this year, 17 of its 25 employees had passed the qualification.

CEO David Potter, said: "We are committed to ensuring that our clients receive the best possible service and part of this commitment is to encourage our staff to become the best qualified in the sector. We support and assist our staff in attaining the IFQ as we believe it is an essential introduction to the fundamentals of Islamic Finance. I am confident that we can look forward to more staff obtaining this important qualification in the near future."

European Finance House



The maintenance of the quality of our processes is at the heart of the work of the Qualifications department, and in this we are ably assisted and guided by the external specialists who sit on our syllabus development and exam panels. A key initiative in 2008/09 was a recruitment drive to refresh the membership of the panels, ensuring that we have expert input from the widest possible range of firms.



Paul Martin MSI, LIBA



Peter Brown FSI



SII External Specialists  
Thank You evening

## SII Examination Board

Sir David Howard FSI(Hon)	Chairman	Charles Stanley
John Barrass		Association of Private Client Investment Managers and Stockbrokers
Tony Blunden		Chase Cooper
Andrew Carter		Edward Jones
Liz Field		Liz Field Consulting
Neal Franklin MSI		BNP Paribas
John Gaskell		Institute of Chartered Accountants in England and Wales
Jane Green		Futures and Options Association
Lynne Hill MSI		Lynne Hill Consulting
Sandra Jacobs		Royal Bank of Scotland
Victoria Nye		Investment Management Association
Patrick Lamb		International Financial Services London
Paul Martin MSI		London Investment Banking Association
Clare Minchington		Association of Chartered Certified Accountants
Martin Mitchell FSI		The Corporate Training Group
Oonagh O'Neill		Morgan Stanley
Keith Palmer FSI		Saranac Thorpe Associates/Association of Foreign Banks
David Punt FSI		Baker Tilly
Odile Roy de Puyfontaine		Macquarie Group
Vera Sabeva		Institute of Chartered Accountants in England and Wales
Clive Shelton FSI		International Financial Data Services
Richard Wastcoat		SII Board of Trustees



Sir David Howard FSI(Hon)



Oonagh O'Neill

## Commodity Derivatives Panel

Among the new important qualifications launched in 2008/09 was the Certificate in Commodity Derivatives. Particular thanks are due to the panel which developed this:

Neil Brown MSI	Notewell Associates
Helen Burden	ETF Securities
Jane Cleaves	LCH.Clearnet
Jane Green	Futures and Options Association
Bob Morrissey	Infoshare
Daniel Page MSI	Bedrock Asset Management
Odile Roy De Puyfontaine	Macquarie Group
Ritu Ruffe	Euronext.liffe
Neil Scurlock	ICE Futures
Michael Tamvakis	City University London
Patrick Thompson FSI	Eukleia Training
Bruce Viney MSI	BP International





Ted Chen Kuo Low receiving his International Investment Management Award from Sir David Brewer CMG FSI(Hon), Lord Lieutenant of Greater London

## International Work

For the third year in succession, the SII's global position has developed strongly, through its offices in Dubai, Mumbai, Shanghai and Singapore. Some 5,969 exams were taken outside the UK last year (15% of the total) against 3,471 in 2007/8 (8% of the total).

This encouraging growth reflects the global nature of the securities and investment business and the growing demand in many centres for the Institute's services in helping people to attain and maintain competence, and to act with integrity. The general approach remains to work with the host country's regulators and authorities, to complement rather than compete, and to build sustainable capacity, by partnering with strong local education and training partners. Increasingly, the focus is on following major clients as they develop activities outside the UK, particularly in asset servicing and wealth management across Europe, the Middle East and particularly Asia.

While the UK remains the SII's key priority, the Board's strategy of diversifying has proven particularly beneficial as the domestic market has faced challenges.

The annual Awards Ceremony at the Mansion House in February 2009 reflected the broad spread of its student membership. Winners came from India, Ireland, Malaysia, Singapore and the United Arab Emirates.

The Institute has built strong working relationships with the Emirates Securities & Commodities Authority (SCA), which hosts our office in Dubai. In June 2008, eight graduate trainees from the SCA completed a year's training course on capital markets, working with the SII, Cass Business School and the London Stock Exchange, who, between them, developed a unique and bespoke course on a range of regulatory issues.



Nabil Ibrahim, Chancellor, Abu Dhabi University with George Littlejohn MSI

Later that month, Abu Dhabi University, the leading university in the UAE, signed a Memorandum of Understanding (MoU) with the Institute, to help meet the professional training and development needs of the country.

In May 2008, the Regional Financial Centre of Almaty (RFCA) in Kazakhstan announced that it would be working with the Institute to establish a qualifications regime for the Kazakhstan financial services industry. The RFCA Academy has been accredited to run training courses for the SII's Certificate programme.

In October 2008, the National Bank of Abu Dhabi (NBAD) became the Institute's first corporate member headquartered outside the UK.

In December 2008, the SII signed a Memorandum of Understanding to cooperate with the Capital Markets Authority of Oman.

This subsequently developed into a contract to work with the Authority to develop a qualifications-led mandatory licensing regime.

In January 2009, the SCA announced the implementation of the first mandatory qualifications and licensing regime for the UAE. The contract between the SCA and the SII, signed at Mansion House, London in the presence of the Lord Mayor, details the requirement for those regulated by the SCA to pass the foundation paper – the Introduction to Investment Award - and a local regulatory paper developed by the two organisations especially for the UAE market. Both exams will be available in Arabic and English.



The Institute's work on integrity has become an important global platform. In January 2009 SII CEO, Simon Culhane FSI, presented the interactive Integrity at Work seminar in Mumbai, India, to an audience of some 550 securities professionals. C B Bhavé, Chairman of the Securities and Exchange Board of India, with which the Institute has a close working relationship, inaugurated the seminar.

Over 1,100 SII qualifications were taken in India in 2008/9, up from 962 in the previous year.

The SII agreed a reciprocal membership arrangement with the Institute of Company Secretaries of India, one of the country's biggest professional bodies, in September 2008. It continues to work closely with the Association of National Exchange Members of India, the National Association of Software and Service Companies, which represents India's information technology and business process outsourcing industries, and the National Stock Exchange. As in other countries, the SII in India benefits from a well-connected and helpful national committee, and links with the highest-quality academic institutions and training providers. The Institute currently has 36 accredited training providers globally.



In January 2009, in Pakistan, the Institute launched an education programme with the Karachi Stock Exchange (KSE) as part of the training for capital market participants.

Singapore continues to be a key growth centre for the Institute, with exams taken up from 236 in 2007/8 to 722 in 2008/9. The Institute held its first ever International Awards Ceremony in Singapore in October 2008. The principal guests were The Rt.

Hon. The Lord Mayor of London, Alderman David Lewis, Paul Madden, the British High Commissioner and Paul Yuen, Chief Executive of Singapore's Institute of Banking & Finance (IBF). The Institute has worked closely with the IBF and the Monetary Authority of Singapore, whereby significant government funding – of up to 90% of the total cost – is available to successful candidates for the Institute's exams.

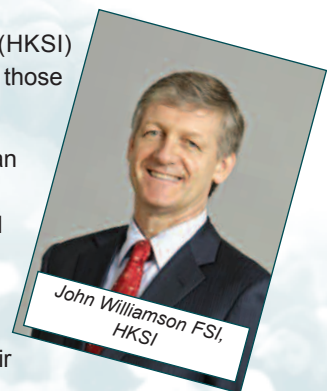
Paul Yuen said at the event: "The current crisis reminds us of the need for good risk management practices and systems, supported by staff with the relevant skills and expertise."

At Nanyang Polytechnic (NYP) business and finance students can now attain the internationally recognised Investment Administration Qualification (IAQ) through a strategic partnership signed in August 2008 between NYP and the SII. A similar reciprocal agreement was reached with the Hong Kong Securities Institute (HKSI) in November 2008 to promote the IAQ to the Securities Association of China and HKSI regulatory qualification holders.

Under this collaboration, the first of its kind in the region between a local Institution of Higher Learning (IHL) and a leading international securities and investment professional body, NYP will promote the IAQ to its students. Other SII qualifications available to NYP students under this agreement are the International Certificate in Investment Management and International Investment Administration Qualification.

In November 2008, the Hong Kong Securities Institute (HKSI) established a partnership with the SII to promote the IAQ to those working in the finance and investment industry there.

John Williamson FSI, HKSI business support committee Chairman said: "Business support qualifications, like the IAQ, help provide individuals with an overview of the financial services industry and its regulatory environment. The training modules within the programme cover a good range of highly relevant topics. This type of education is of enormous benefit to both new entrants to the industry and to existing participants who need to improve their understanding of the operational and administrative functions."



In February 2009, the SII accredited the Securities Industry Development Corporation (SIDC), the leading capital markets education, training and information resource provider in the Association of Southeast Asian Nations (ASEAN). SIDC is the training and development arm of the Securities Commission Malaysia.

China, where the SII opened its newest office, in Shanghai, in October 2007, is one of the biggest potential growth markets for the Institute. The Mandarin translation of the International Certificate in Investment Management became available in February 2009 and the Certificate in Information Technology in Investment Operations was actively promoted in association with Nankai University, which assisted with the translation of the Investment Management Certificate. The IAQ made new inroads, with significant take-up by firms such as Morgan Stanley.



In November 2008, the Institute participated in the UK Professional Qualifications Campus Tour, organised by the British Council and involving presentations to some 20,000 students.

In China, as in many other countries, the Institute continues to be supported by the Lord Mayor in his global visits promoting British financial services, including education, training and qualifications.

### The SII in Schools and Colleges: UCAS



During the year the SII has continued to promote the Introduction to Investment Qualification to schools and further education colleges. In seeking to attach a UCAS tariff to the Introduction to Investment, the SII has expanded this qualification specifically for the education sector and candidates will be able to undertake an extended project based on the qualification, allowing them to produce a dissertation which will further show their understanding of a specific area of the syllabus. The SII is seeking to have the tariff in place during the 2009/10 academic year.

### Exam Testing in Schools and Colleges

The SII signed a new three-year agreement with Pearson VUE to deliver exams for its foundation subjects – Introduction to Investment, IT in Investment Operations and the Islamic Finance Qualification – in schools and colleges via its computer based system.





## Higher Education



The SII has continued to develop its relationships within the higher education sector and now has six recognised Centres of Excellence. Joining Cass Business School, the ICMA Centre at Reading University and the University of Edinburgh are the University of Exeter, BPP Law School and Imperial College Business School. Successful students on a recognised Masters in Science programme can apply for exemption from the SII Diploma once they have become student members of the Institute, and passed the IntegrityMatters module.

BPP Law School students will be able to apply for exemption from the Diploma in Investment Compliance once they have completed the FSA Financial Regulation exam. Students applying for exemption can also upgrade their membership to MSI status.



Shazel Choudhury

## Case Study

Taking the SII's foundation qualification, the Introduction to Investment, has helped student Shazel Choudhury get his foot on the career ladder within the financial services industry.

Shazel was a joint winner with Nwaebo Ughaonu, a fellow student at the National Skills Academy for Financial Services in Tower Hamlets, London, of an SII award for gaining the highest mark among candidates for the exam in the past year.

His high level of performance was key in securing a placement at BNP Paribas, sourced by the Academy, as an information analyst. He has now gained a permanent position at the company and works within the operations department in Glasgow.

Shazel said: "My efforts in taking the SII examination were commended for excellence and innovation and what I learnt certainly helped me speak with confidence at interviews in regards to financial markets and instruments, such as the workings of bonds and equities. I can definitely relate better to the professionals when they speak financial 'lingo'.

"It furthered my interest in and understanding of the financial world to apply my learning pragmatically. All this helped me to secure a placement and prove myself, the breakthrough opportunity I had been waiting for."

## Skills Academies and Apprenticeships

The SII has been working with the Financial Services National Skills Academies regionally to deliver SII qualifications individually and also as part of the Government-funded Advanced Apprenticeship Scheme. The IAQ is part of the Providing Financial Services Advanced Apprenticeship and candidates can achieve the full qualification as well as an NVQ in Investment Administration and Key Skills. These Apprenticeships are available to employees aged 16-64 and attract funding if these employees meet certain criteria.



## Computer Based Testing

Working mainly with our test delivery partners, Prometric, the SII delivered 41,000 exams in 54 countries during this financial year and we have renewed the contract for a further five years.

Our own test centre in the London office has continued to set high standards of service delivery and is run very efficiently and is financially sound. We have significantly reduced instances of inappropriate behaviour during testing by candidates since installing CCTV cameras over every workstation and making the central displays clearly open to view in the invigilator's office.

Candidate feedback scores on their testing experience continues to be very high in the London test centre as we are able to resolve issues quickly and professionally, while keeping candidates informed and reassured.

Technical innovations, involving the printing of examination certificates, have resulted in a significant reduction in costs and resources and have improved the service to candidates.

Work has also commenced on the specification for an improved booking system. The new system will allow candidates and firms globally to make bookings whilst allowing for country specific pricing variations.



## Learning Resources

2008/09 was successful for the Learning Resources department. Four new titles were launched to support SII exams.

These were:

- International Introduction to Securities & Investment (Arabic)
- Commodity Derivatives
- ISA & CTF Administration
- International Certificate in Investment Management (Chinese)



All the workbooks continued to perform well. Titles that sold particularly strongly included:

- Islamic Finance Qualification
- Global Securities Operations
- Introduction to Securities & Investment
- ISA & CTF Administration

Additional external reviewers and the introduction of exam standard questions helped to improve the quality of the workbooks still further.



## SIWiley Publishing Partnership

Our publishing partnership with Wiley successfully continues, with the launch of two new titles in the series:

- The Investment Industry for IT Practitioners
- Handbook of Investment Administration

## eLearning

It was a good year for eLearning, with revenue exceeding budget by over 50%.

All certificate subject eLearning products were converted into the new Revision Express Interactive format along with several IAQ subjects during the year.

Over 90% of the eLearning products already contain exam standard questions. Greater use of reviewers and proofreaders has also helped to improve the quality of the products.



## Revised pricing for students in full time education or unwaged

The Institute continues its initiative to offer discounts on qualifications targeting those in financial hardship and those on unemployment or other income-assessed government benefits, who are interested in entering the industry. The intention of the scheme, centred on our three introductory level qualifications (the Introduction to Investment, FSA Financial Regulations and Principles of Financial Regulation) is that passing these exams will act as a springboard to their career in financial services for these candidates.

We are also offering similar benefits to those under 18 who are in full-time education at school or further education colleges around the UK.



## MAINTAIN COMPETENCE (Part 2)

### Membership



Membership continues to achieve modest growth in numbers, with particular success last year at ASI level, which is aimed at newly qualified practitioners which augurs well for the long term. The Institute is particularly committed to increasing the number of student members, thereby continuing to build foundations of long-term growth in membership.

During the year, the Board agreed that the SII should approach the Privy Council, with a view to applying for Chartered status. If the application is successful, the new status will further add value to SII membership.

*[In July 2009, after the end of the financial year covered by this report, the Institute was delighted to learn that the application for a Royal Charter had been approved paving the way for the organisation to become the Chartered Institute for Securities & Investment]*

Membership provides practitioners of the industry with a cost-effective and efficient way to increase their professional and personal development, while providing access to a range of benefits to meet their needs.

The major focus during the past year has been on assisting members to maintain their competence through Continuing Professional Development (CPD). The SII is providing more seminars, in both London and the regions, and making them available on a much wider scale via the SII's website. As well as assisting current members to achieve their CPD goals, electronic distribution of events appeals to a broader range of potential members and helps to service our ever-increasing global markets.

The number of CPD events using web and podcasts increased substantially.

Nearly all SII professional benefits can contribute to CPD hours and over 13,000 members are now registered on the scheme.

Category	As at 31 March 2008	As at 31 March 2009	Increase
FSI	3,554	3,581	1%
MSI	6,205	6,236	1%
ASI	5,260	5,419	3%
Student	21,311	25,929	22%
Affiliate	401	567	41%
Total	36,731	41,732	14%



At the end of March 2009 there were 41,732 members, including 25,929 student members.

Under the traditional criteria (which includes only students enrolled for higher-level qualifications such as the Diploma), at the end of March 2008 there were 17,707 members. The comparable figure for the end of March 2009 is 18,296 members, a growth of 3%.

Membership growth was nearly 14% in 2008/09; however ignoring student members, the true growth has been 2.4%. This is not as high as had been expected, but nevertheless encouraging, as every year between 8% and 10% of our members either retire or do not renew.



Richard Bennett, Head of Membership, SII with Board member Shaun Lacey FSI

## Student Membership

Student membership has grown by 18% over the last year and is optional for all new exam entrants. Membership lasts for a minimum of 12 months but is extended until the student completes the full award for which they have registered.

The benefits package offered to students is geared towards supporting them from the outset of their career rather than just from the time that they become qualified. The Understanding Finance and Investments Programme, launched in 2008, held 18 introductory sessions covering topics including:

- What is a Derivative?
- What is a Security?
  - What is a Bond?
  - What is an Equity?
- What is Anti-money laundering?



Alan Burr FSI, who has delivered many student lectures

Students also receive a number of other benefits, including Infolink, the *Securities & Investment Review* and the *Regulatory Update*, all of which are available online at the Student Centre.

## Annual Members' Survey

Nearly 1,200 members responded to the latest annual members' survey and the results showed that the top three membership benefits are CPD events, the *Regulatory Update* and the ability to use designatory letters.

## Membership Committee

Chris Harris-Deans FSI	Chairman	Charles Stanley
Robert Barnes FSI		UBS
Philip Bell FSI		Williams de Broë
Donald Brown FSI		Brewin Dolphin
Janet Haber FSI		
Paul Hedges FSI		SII Regional President - Singapore
Phil Langton MSI		The Royal Bank of Scotland
David Loudon FSI		Citi Quilter
Rodney Margot FSI(Hon)		City Trust
Frank Moxon CF FSI		Hoyt Moxon
Chris Scott FSI		HSBC
Nicholas Swales FSI		UBS Wealth Management



## 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 of the SII's CPD initiatives such as Professional Refresher and the Regulatory Update and presentations from SII Professional Interest Forums (PIFs) and some conferences.

It also includes the latest financial services articles, news items, consultation papers, podcasts and webcasts, as well as providing unique access to key research and other financial information resources. Content is provided by a wide range of highly-respected industry sources including trade organisations, regulatory bodies, industry leaders and SII professionals, thereby allowing members to share information with each other. Many financial publishers have also contributed content on a regular basis, including Futures and Options World, FTSE Global Markets, Emerging Markets Reports, Global Risk Regulator and Complanet.

In the last year, use of the service has increased from 5,000 to 9,000 hits per month. Accessing it earns the appropriate number of hours within the reflective learning category of the CPD scheme.

## Professional Interest Forums

One of the key membership benefits, the SII Professional Interest Forums (PIFs), are special interest discussion groups which normally meet on a quarterly 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 six forums, covering the areas of compliance, corporate finance, IT, operations, risk and wealth management. The forums are open to all FSI, MSI, ASI and Affiliate members and are free of charge to attend.

They continue to offer a wide range of high quality interactive sessions for the benefit of members. There were 28 successful meetings held this year as well as a workshop session. A new format for smaller forum meetings, the round table discussion, was also introduced.

The PIF programme continues to attract strong attendance helped by the introduction of improved booking reminders.

## PIF Chairmen

We would like to thank the Chairmen and their committees for their ongoing support to the Professional Interest Forums.



Jonathan Shorland MSI

### Case Study

“An excellent opportunity for people working across the industry to get together to consider and debate the issues that affect us all and exchange ideas.”

That’s the verdict of Jonathan Shorland MSI on the SII’s Professional Interest Forums (PIFs). Jonathan, a self-employed IT consultant, said: “CPD has been important to me throughout my career and I have been an enthusiastic supporter of the IT PIF since it was established.

“I find these sessions valuable because of the insights they provide into how others approach the challenges facing the industry. Some of those challenges will be directly relevant to those that I have to face and it is useful to be able to discuss them under Chatham House rules. Other topics broaden my knowledge of the industry and this could well benefit me in the future.”



## Compliance Forum Committee

Julian Sampson FSI	Chairman	Fulcrum Compliance
David Moland FSI	Deputy Chairman	Arbuthnot Latham
Tina Wishart MSI	Deputy Chairman	SVS Securities
Charles Jackson MSI		
Adeyemi Johnson FSI		GTB UK
Stuart Latto FSI		Fortis Private Investment
William Macdonald MSI	Chairman to March 09	Craigcrook Management Services
Keith Palmer FSI		Saranac-Thorpe
John Pearson FSI		Toronto Dominion Bank
Kalyan Ray FSI		Argent
Andrew Sheppard FSI		Commonwealth Bank of Australia
Chris Taylor FSI	Deputy Chairman to March 09	GTB UK



## Corporate Finance Forum Committee

Frank Moxon CF FSI	Chairman	Hoyt Moxon
Debbie Clarke MSI	Deputy Chairman	CV Capital
Stewart Appleby MSI		The Royal Bank of Scotland
John Bridges MSI		Orange Corporate Finance
Francis De Zulueta ASI		Alpine Risk Services
Jonathan Marsh MSI		Berwin Leighton Paisner



### IT Forum Committee

Mark Seaman FSI	Chairman	Fusion Experience
Julia George		Julia George Associates
Markus Krebsz MSI		The Royal Bank of Scotland
Brian McNulty MSI		DBFS
Kevin Sloane MSI		Linedata Services



### Operations Forum Committee

Matthew Glass FSI	Chairman	Kleinwort Benson Private Bank
Alan Burr FSI		Burr & Company
Paul Field MSI		PA Field & Co
Robert Forbes MSI		Jupiter Asset Management
Peter Gregory FSI		The Share Centre
Lynne Hill MSI		Lynne Hill Consulting
John Kirkpatrick MSI		Citigroup Global Transaction Services
Hartmut Klein FSI		Deutsche Boerse
John Seaman ASI		HSBC



### Risk Forum Committee

Dennis Cox FSI	Chairman	Risk Reward
Atula Abeysekera FSI	Deputy Chairman	Lazard
Marcelle von Wendland MSI	Deputy Chairman	Finsoft
Roger Bach FSI		Henyep Investment
Peter Brown FSI		CCL Partnership
Maria Cobby MSI		Consultant
Christopher Forster FSI		Consultant
Nadia Gladiadis MSI		SWIFT
Alan Jenkins MSI		Jenkins UK
Robert Sherlock FSI		AXA Investment Managers
Tina Wishart MSI		SVS Securities



## Wealth Management Forum Committee

Christopher Jones-Warner FSI	Chairman	Playing Hamlet
Charlotte Black MSI		Brewin Dolphin
Michael Clark FSI		Charles Stanley
Nicola Eggers FSI		Barclays Wealth
Clare Gore Langton FSI(Hon)		Rathbone Investment Management
Victoria Hoskins FSI		Barclays Wealth
David Lough FSI		Heartwood Wealth Management
Peter Moores FSI		Raymond James Investment Services
Keith Robertson MSI		Armstrong Financial
Bruce Weatherill		Consultant
Nigel Wilson FSI		Nigel Wilson Consulting



## Training Directors' Forum

There is also a Training Directors' forum open to non-members which is chaired by Liz Field.



## Growth of Continuing Professional Development

This was the year in which CPD came into its own as an important way to prove ongoing competence across the sector. The need to not only keep up to date, but also to demonstrate it through rigorous activities with a log of attendance, was a recurring concern of both SII members and those shaping and contributing to the FSA's RDR, which seeks to raise standards of professionalism. The value of having target measures for how much CPD should be undertaken annually, across unstructured and structured activities, offering different learning styles, has been accepted as a pragmatic way forward by both members and firms. We expect to see this reflected in the FSA proposals on the RDR.

## CPD Events

### London

During the year, a number of speakers referred to the extraordinary turbulence in the sector. Autumn 2008 began with Craig Kersey FSI's Success from Failure: Lessons Learned from the Credit Crunch on 8 September 2008. He unpicked the roots of the brewing maelstrom before examining the structures being evolved to deal with it.

The highlight of the quarter – and probably the year – was the Global Economic Forum 2008 (1 October 2008). Originally intended to investigate the prospects for a return to the hyper-inflation of the 1970s, the remit of the event was altered to comment on the current turmoil in financial markets. The panel of experts - including the financial author James Buchan, GARP academician Brandon Davies and FT economics guru Martin Wolf ("The timing of this event could not have been better") – responded enthusiastically to the challenge, discussing such issues as bank liquidity and accounting standards, before trying to provide some sort of guidance for a shell-shocked investment community.



*Martin Wolf speaking at the Global Economic Forum*



*Vince Cable MP speaking at a debate on financial regulation*

2009 started with an appearance by Vince Cable, the Liberal Democrat's Shadow Chancellor. He was right about the end of the boom, right about the debt mountain, far sighted about Northern Rock and he was even right about the crisis in the Icelandic banking system. Mr Cable featured in the Institute's first event of the year, a 'state of the union' debate between four panelists arguing for and against the motion: In the Current Financial Environment, More Financial Regulation is a Major Part of the Solution (14 January 2009).

Over the year, attendance at the 69 seminars held in London numbered 3,486, an increase of 9% on last year. Meanwhile, evaluation forms returned after each event maintained recent progress.

Our aim of distributing outstanding seminars to a wider audience led to the trial of a live web stream for India's Ongoing Transformation on 30 October 2008. During the year we produced 13 webcasts and 19 podcasts prior to switching to the new eCPD pages. These are significant developments, as they increase enormously the potential CPD seminars we can offer to Institute members in London, nationally and internationally.

## London CPD Practitioners' Panel

David Bower MSI	Barclays Global Investors
Tony Bronk FSI	BDO Stoy Hayward
Martyn Cuff FSI	Allianz Global Investors
Deepak Lalwani FSI	Astaire & Partners
Kerrith Mackay	Barclays Global Investors
John Matthews MSI	Deutsche Bank
Brian McDonnell MSI	Olswang
Frank Moxon CF FSI	Hoyt Moxon
Brian Tora FSI	



## Regions

The 2008/09 Regional CPD programme consisted of 120 seminars, an increase of 18% on the previous year, with attendance figures increasing to 4,090. There was also an increase in the number of regional events held in conjunction with other professional bodies; 49% of the regional events held were attended by members of other organisations, such as the IFS, STEP, JFA & CFA. These figures provide an eloquent testimony to advances made in the provision of CPD nationally, and characterise the Institute's intention of providing all members with dynamic material from speakers of the very highest quality.



Regional CPD events have continued to feature an impressive array of senior industry figures including: Ian Saville CBE FSI(Hon), Adviser to the European Central Bank (Scotland, 16 June 2008); Roger Nightingale, leading Global Economist (Liverpool, 5 November 2008); Angela Knight, BBA Chief Executive (Isle of Man, 20 January 2009); and Guy Monson, Bank Sarasin Chief Executive (Guernsey, 11 March 2009).

2008 was a record-breaking year for regional social events with 27 events over the 13 socially active regions in the UK, the Channel Islands and the Republic of Ireland. Each of these branches hosted a gala event in the form of either a members' lunch or annual dinner. Over 2,100 people attended these events, which is the highest number ever in the SII's regional history.

Category	2007/08	2008/09	Increase
London CPD	3,203	3,486	9%
Regional CPD	3,346	4,090	22%

## Regional Committees

The Institute has a network of hard-working regional committees whose primary role is to support the provision of CPD opportunities for SII members outside London. Run by local volunteers and supported by a dedicated team at the SII, the committees have generated 120 events attended by SII members and guests.

In response to local demand, this year saw the formation of a new committee serving Bristol & Bath, under the Presidency of Wilf Blake MSI, Charles Stanley.



## Regional Presidents

Birmingham & West Midlands	Gordon Harvey FSI	Williams de Broë
Bristol & Bath	Wilf Blake MSI	Charles Stanley
East Anglia	Marcus Johnson FSI	NW Brown
East Midlands & Lincoln	Ed Cufflin FSI	Brewin Dolphin
Guernsey	Rupert Stow FSI	Generali Portfolio Management
Ireland	Kevin Petley FSI	Irish Stock Exchange
Isle of Man	Alan Lawrence MSI	Blackrock
Jersey	Susan Clark FSI	BNP Paribas
Liverpool & North Wales	Marion Mulcahy MSI	Rensburg Sheppards
Manchester & District	Matthew Beaumont FSI	Citi Quilter
North East	Nick Swales FSI	UBS
Northern Ireland	Kenneth McCaw FSI	Brewin Dolphin
Scotland	William Macdonald MSI	Craigcrook Management
South Coast	Philip Bell FSI	Williams de Broë
West Country	Julian Nowill FSI	Brewin Dolphin
Yorkshire	Eric Burns FSI	WH Ireland



## Conferences



Conferences examine the most pertinent issues in today's financial markets, covering the main areas of work of the Institute's members, existing customers and the industry as a whole, including compliance, risk, private client wealth management, clearing and settlement and training and competence. They provide an important educational and networking service, enabling the sharing of ideas and strategies.

Fee-based events, lasting a half or whole day, continue to provide members with an opportunity for focused learning away from busy desks. In the current environment it has been harder for practitioners, members and non-members, to invest significant amounts of time in their own learning but those who have attended have given very positive feedback.

The new strategy focusing on current topic themes started with a sell-out briefing examining Treating Customers Fairly.

However, bookings in the autumn started to slow down because of market conditions. Nevertheless, the SII offered the Compliance Professionals Summit, Operational Risk and Private Wealth Management. At the end of year, the effects of the recession were clear and attendances were down 38% on 2007 and 31% on budget.

The Institute continues to offer its conferences during the turbulent and deteriorating market conditions. SII conferences provide participants with the opportunity to spend dedicated time updating their knowledge and understanding of industry trends, while also networking with peers from a wide range of firms.



## Training Courses

Non-exam training courses are workshop style and are open to up to 24 people to enable group-based work. The Institute's focus has been on a mixture of core, but evolving, topics such as regulation and compliance, and current topics such as Islamic Finance, which is led by industry expert Dr Humayon Dar.

The core current topic workshop strategy has worked well, though, like conferences, bookings have fallen. The newest workshop, Training Competence and Managing Expertise in a Regulated Environment, which reflects the FSA's emphasis on this area, attracted the highest number of bookings for an on-site workshop this year. Mastering Presentations Skills, the Institute's first foray into soft skills, has been well received.

Overall 285 delegates attended different training seminars, 55% of which were non-members (up from 51% last year).



## Securities & Investment Review

A redesign of the *Securities & Investment Review* was launched in the January 2009 edition.

The new look has attracted favourable comments from members of the editorial panel, being described as eye-catching and reader friendly. Panel members have also commented that the publication is covering weightier topics and is of more relevance to members in their daily roles.



The magazine won an award of excellence in the annual corporate communications 'Oscars'. The recognition, in the Writing, Feature or Profile category of the British Association of Communicators in Business (CiB) Awards, was for an article by columnist Christopher Brown-Humes, *Financial Times* markets editor.

Recent interviewees in the *Securities & Investment Review* have included: Paul Koster, new Chief Executive of the Dubai Financial Services Authority; LSE Chairman Chris Gibson-Smith; David Bennett, Chief Executive of APCIMS; Sally Muggerridge, Chief Executive of the Industry and Parliament Trust; and Ian Luder, Lord Mayor of the City of London.



## Editorial Panel

Nick Seaward FSI	Chairman	Dresdner Kleinwort
Scott Dobbie CBE FSI(Hon)		SII
Simon Culhane FSI		SII
Suren Chellappah FSI		Sanford C Bernstein
Matthew Glass FSI		Kleinwort Benson
Mike Gould FSI		Russell Investments
Paul Harris FSI		JPMorgan Chase
Craig Kersey FSI		Guildhall
Paul Leonard FSI		Brewin Dolphin
Robert Merrifield FSI		Ashcourt Asset Management
Kevin O'Sullivan FSI		Gordian Enterprises
Mark Otto FSI		New Europe Advisers
Frank Reardon FSI		JM Finn
Patricia Robertson FSI		Westport Global
Jeremy Robinson MSI		Charles Stanley
Jo Royden-Turner MSI		Smith & Williamson
Nimrod Schwarzmann FSI		Talisman Global Asset Management
Andy Sheppard FSI		Commonwealth Bank of Australia



## Donation of SII Workbooks to Libraries

In 2008 the SII, spurred by the requirement to provide copies of its workbooks to the British Library, began a programme of forming links with libraries through its regional committees. The SII donates copies of the workbooks for its gateway exams, *Introduction to Securities & Investment*, *FSA Financial Regulation* and *Principles of Financial Regulation*, to libraries chosen by its regional committee members.

## Annual Dinner 2008

TV and radio sports presenter Garry Richardson gave a winning performance as guest speaker at the SII's London Annual Dinner, the Institute's premier social event of the year.

The sell-out function, sponsored by BNP Paribas, was held at Plaisterers' Hall in the City, with 300 members and VIPs attending. It was a great night to congratulate colleagues and entertain clients. Scott Dobbie CBE FSI(Hon) welcomed guests and Simon Culhane FSI also addressed the 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.*



SII Annual Conference 2008

## Annual Conference 2008

*'Well attended and well organised' and 'Excellent selection of speakers and great opportunity to network' were just a couple of the comments from over 230 people who attended the third Annual Conference at the Grange Hotel on 15 May.*

The event was specially designed to bring together a prestigious panel of speakers to examine "How Firms can Succeed Through the Current Market Volatility" including Hector Sants, CEO FSA; Trevor Williams, Chief Economist, Lloyds TSB; Kitty Ussher MP; and Gillian Tett, Capital Markets Editor, *Financial Times*, who wrote up a summary on an interactive ethics session, The Lemming Test, from Simon Culhane FSI for her *Financial Times* article the next day. In it, she urged all market participants to examine their approach to ethics by taking "the lemming test" and reinforced the view that the best way to encourage people to act ethically is to have them openly discuss the ethical decisions they have to make.



Hector Sants, CEO, FSA speaking at the SII Annual Conference

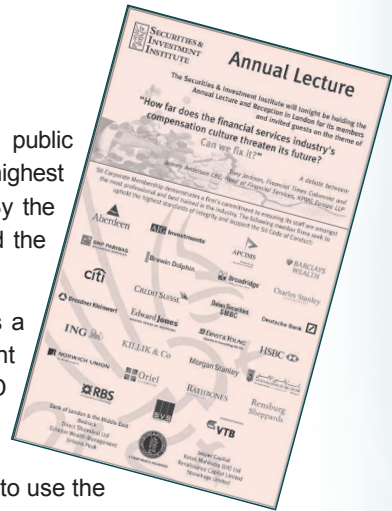
## Corporate Membership

The backbone of corporate membership of the SII is a public commitment on the part of the member firm to the highest standards of integrity, competence and professionalism. By the end of year we had expanded our membership to 43 and the number continues to grow.

In practical terms, full corporate membership offers firms a wide range of tangible support for staff development including the corporate member's own choice of CPD event, access to the SII CPD scheme and related monitoring tools and detailed exam reports at both firm and individual level. Corporate members are also entitled to use the SII corporate member logo as affirmation of their support for the objectives of the SII.

Many corporate members chose to run the SII interactive Integrity at Work event as part of a professional ethics programme that included individuals taking the SII's online test, IntegrityMatters.

Corporate members endorse and adhere to the SII Code of Conduct. On that basis, we were very pleased to include the logos of our corporate members in the main advertisement in the Financial Times for the SII Annual Lecture in September 2008 "How far does the financial services industry's compensation culture threaten its future? Can we fix it?" This represented a further public demonstration of our corporate members' commitment to high standards of integrity and ethical behaviour.



## Work Abroad in Promoting the SII Code of Conduct Gulf States

The SII has been working alongside the Hawkamah Institute for Corporate Governance, which focuses on institution building, corporate sector reform, good governance and financial market development in the Gulf, to help promote its integrity standards. The two organisations signed a Memorandum of Understanding in June 2008 at a joint seminar on Integrity at Work in Financial Services that was held at the Dubai International Financial Centre to promote the SII Code of Conduct.



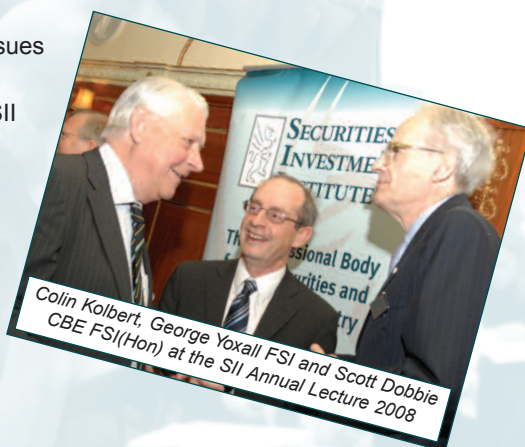
## Integrity & Ethics Committee: Composition and Purpose

The year has seen the SII further develop its activities in respect of this core charitable objective, for which it is gaining an increasingly high profile both within the UK and abroad in those locations where it is represented.

In this respect the Integrity & Ethics Committee plays an important part in shaping and steering the work of the SII. Members of the committee during the year were:

Scott Dobbie CBE FSI(Hon)	Chairman	SII
Anthony Belchambers		Futures and Options Association
Nigel Challis FSI(Hon)		KPMG
Richard Charnock FSI		Standard Life Wealth
Philippa Foster Back		Institute of Business Ethics
Michael Kirkwood		Worshipful Company of International Bankers
Dr. Colin Kolbert		Surveillance Commissioner, HMG
Andrew Procter		Deutsche Bank AG
Ian Stevenson MSI		Ivobank
Anthony Stewart-Jones FSI		PricewaterhouseCoopers
Christopher Taylor FSI		GTB UK
John Young FSI(Hon)		Consultant

The committee meets quarterly to discuss issues regarding the promotion of trust in financial services and to consider ways in which the SII can contribute to the development of high standards of integrity within its membership and the industry.



## IntegrityMatters

In September 2008, Stephen Green, Group Chairman of HSBC, formally launched IntegrityMatters. This eLearning module, which contains a workshop section and a test, builds upon the cases published last year in the SII's very successful book, *Integrity at Work in Financial Services*.

IntegrityMatters is unique in that users are not faced with a straightforward set of questions but undertake six case studies, in which the questions asked are based upon the response given to the previous question. Consequently, to achieve an outcome in each scenario, users will face between two and seven questions, dependent upon their choice of answer.

Access to the workshop module is free to members, with a modest charge being applied to non-members and a small charge is levied on all users of the test.



## Interactive Integrity Seminars

An interactive seminar has been developed, featuring a number of case studies from *Integrity at Work in Financial Services* and this seminar has been delivered in all of the SII's regions as well as to numerous outside bodies and at many events, including a global ethics conference held at Kingston University.

The structure of the presentation requires audience participation, resulting in an enthusiastic response by participants from various walks of life, notwithstanding the industry focus of the presentation. It is being offered increasingly to potential corporate member firms with audiences comprising both new entrants and experienced practitioners.

Acceptance of the seminar is also leading to increased take up of the IntegrityMatters eLearning module as a logical next step in a firm's integrity programme.



## Annual Lecture



The debate style for the Annual Lecture was repeated in 2008 when Financial Times columnist Tony Jackson and Jeremy Anderson, Head of Financial Services, KPMG Europe debated "How far does the financial services industry's compensation culture threaten its future? Can we fix it?" with the sub text: "The public believes that greed is endemic in financial services and is the root cause of the banking crises. Regulators appear to agree. Can the industry take action to put its house in order or is it already too late to avoid regulatory involvement in compensation structures?"

The event proved extremely timely and immediately preceded a period of unparalleled turmoil in financial services, resulting in intervention by governments in the banking systems around the world. This intervention resulted in many banks becoming partially or entirely state owned and was accompanied by very public denouncements of the existing bonus culture and a determination that it must be changed.

## International Integrity Initiatives

The SII has continued to promote high standards of integrity overseas through its efforts to have its Code of Conduct adopted, the presentation of integrity seminars and the promotion of the IntegrityMatters eLearning module.

Integrity seminars have been presented in India, Singapore and China as well as a number of the Gulf states.

## Application for Royal Charter

Royal Charters granted to bodies that work in the public interest demonstrate pre-eminence, stability and permanence in their particular field.

Dedicated to professionalism since it emerged from the London Stock Exchange almost 20 years ago, the Securities & Investment Institute is now seeking to become a Chartered body. Achieving this status will acknowledge the Institute's work in bringing a greater measure of professionalism to the financial services industry, encompassing both skills and ethical behaviour.

For our members, Chartered status will benefit them individually with enhanced standing in the industry and the wider community.

*[In July 2009, after the end of the financial year covered by this report, the Institute was delighted to learn that the application for a Royal Charter had been approved with paving the way for the organisation to become the Chartered Institute for Securities & Investment]*



### Charitable Objective 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.*

#### New Qualifications

A new Certificate paper in Commodity Derivatives was launched in November 2008 in the historic setting of the London Metal Exchange.

The first cohort of graduates successfully completed the SIIM Wealth Management programme in December 2008.

Early in 2009, we began work on a qualification which would be available from September 2009, would span the broad range of risk in financial services and which is intended to appeal widely across the profession. At the same time, development work commenced on a regulatory paper for the UAE in conjunction with the Securities and Commodities Authority, UAE.



#### Performance Reports

As part of our commitment to the provision of transparent feedback to individuals and firms, we provided over 600 individual candidate performance reports on 24 computer based testing subjects between 1 April 2008 and 31 March 2009.

In the same period, reviews for 15 firms were completed, covering 13 computer based testing subjects. These reports provide a detailed comparison of the performance of the firms' candidates in each element of the syllabus against the performance nationally, giving guidance on the strengths and weaknesses of the cohort.



## SII Educational Trust



Chris Stevens is awarded the Stephen Cooke award by Jeremy Anderson CBE

The Trustees of the SII Educational Trust agreed a new structure for awarding scholarships to candidates from its designated Centres of Excellence. The Trust incorporates the Stephen Cooke Scholarship programme, which this year granted one Premier Scholarship Award, which each Centre of Excellence competes for and one General Scholarship, available to each Centre of Excellence to award to one of their students in conjunction with the SII.

This year saw applicants from Cass, ICMA, Exeter University and Edinburgh University receive £22,000 worth of Scholarship Awards from the SII Educational Trust fund.



Richard receives his award at an SII CPD seminar in London on fund management from the event speaker, Andrew Smithers, Chairman of Smithers & Co.

### Case Study

A General Scholarship is given, where appropriate, to the outstanding candidate at each of the SII's six accredited Centres of Excellence in the UK.

Among the students to win an Educational Scholarship from the SII is Richard Hamilton.

Richard was selected as the winning student from ICMA (International Capital Market Association) Centre in Reading, where he is studying for an MSc in International Securities, Investment and Banking. He received a £3,000 Scholarship.

Entrants for the award were asked to write a 2,500 word essay entitled "To what extent has the world's economic and financial power moved from West to East?"

Shortlisted candidates then undertook a panel interview at the SII and sat a general knowledge test.

Richard said: "The SII has, for some years now, helped young people to further their ambitions in the financial services industry and, for me, this Scholarship means a helping hand to establish myself.

"An education to a Master's level does not come cheaply, either in terms of effort or financially, and this award will allow me to begin my career on a sure footing, with its benefits continuing to be felt well after it is spent. I would like to take this opportunity to whole-heartedly thank the SII for the generosity and the faith it has shown in me."

## The Retail Distribution Review

The SII fully participated in the FSA's policy working groups on the RDR. At a time of severe reputational damage to the industry, the SII is conscious that achieving long-term restoration of trust in the sector may require some of its members to do more to demonstrate their high standards of professionalism. As a professional body dedicated to ensuring high professional standards, the SII has welcomed the long-term aim of the RDR in raising demonstrable standards across qualifications, CPD and the upholding of ethical principles.



*Christopher Bond MSI, the SII's senior adviser in compliance with Nicolas Freeland FSI*

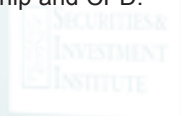
## Online Careers Information Centre

In March 2009 the SII launched a new online Careers Information Centre at the National Skills Academy (NSA) for Financial Services in Tower Hamlets, London. This new site 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 year olds 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 SII 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:** offers guidance on career progression, SII membership and CPD.



## CPD Tracker

Using the results from the annual members' survey in which we asked specific questions on CPD (the same ones as in 2004), we produced research based on the most significant results called "Trends in CPD".

Over 1,200 members responded and the key conclusions were that CPD is regarded with increasing importance by firms and their employees; 83% of firms felt that CPD should be mandatory throughout the sector, up from 63% in 2004.

Almost three quarters of all firms surveyed, which have a CPD scheme, reported that CPD was compulsory, up from 60% in 2004 to 73% in 2008. Responses from practitioners on compulsory CPD mirrors the evidence from firms, with over 80% of individuals now participating in a compulsory CPD scheme, as opposed to 68% in 2004.

A significant change has been the rise and influence of compliance staff who now have a much greater role in monitoring CPD, with 40% of firms designating this function to their Compliance Department: a rise of 23% over the four-year period. Previously, the HR function had the major organisational responsibility for monitoring CPD; their responsibility has declined by nearly 20%.



## Press Coverage

The Institute believes that an effective media and communications strategy is an important requirement, as it allows the Institute to distribute its research and comments to a wider, and increasingly global, audience, as well as raising its profile.

The Institute values its relationships with long-standing journalists in quality media by focusing on thought leadership and superior, credible information in its core areas. This policy is proving effective and the SII is receiving substantive coverage in its key market media, with over 300 press articles globally.

The SII featured prominently in a comprehensive *Sunday Times* feature in June 2008. The article, entitled "Youngsters get head start in the race to City millions", focused on sixth formers at several UK independent schools who were studying for the SII Introduction to Investment Qualification in order to gain an advantage in the graduate jobs market.





The integrity theme also caught the pen of leading *Financial Times* journalist Gillian Tett, who wrote an incisive positive feature on the SII Integrity case studies and the Institute’s conclusion that “transparency is a powerful antiseptic”. The *FT* also gave prominence to a major letter from the Institute, following significant publicity given to the lack of banking qualifications amongst senior executives of failing banks.

In addition, the *FT* snapped up the Institute’s analysis on the growth of major processing centres in the UK, particularly in Scotland and Manchester, which were winning administration business from other countries.

### The SII’s Paper on City Bonuses

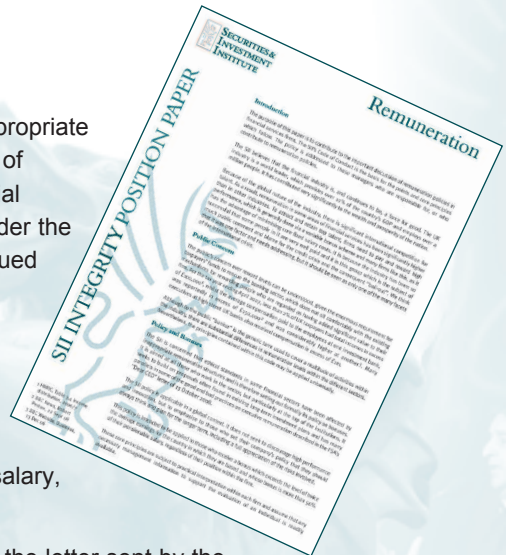
The SII has been concerned for some time that inappropriate remuneration structures have affected the behaviour of individuals and contributed towards the global financial problems. Consequently, a policy was formulated under the guidance of the Integrity & Ethics Committee and issued to members in November 2008.

This policy is applicable in a global context and is intended to be applied to those who receive a bonus which exceeds the level of twice the average earnings for the country in which they are based and whose bonus is more than half of their pensionable salary, regardless of their position within the firm.

The SII paper complemented many of the aspects in the letter sent by the FSA’s CEO, Hector Sants, in October 2008 but also makes two additional suggestions:

- 1) Greater bonus payment transparency in annual reports (principle 10);
- 2) Recognition that an individual’s achievements may not always result in additional income accruing to the firm but should still be taken into account where appropriate (principle 2).

This attracted significant coverage from the *London Evening Standard*, *Daily Mail* and *BBC News Online*. In March 2009, when the press was full of stories about banking bonuses, the Institute was asked to comment and *The Scotsman* wrote two substantive articles, one entitled “Watchdog boss warns against ‘witch-hunt’”. Writer Martin Flanagan said, “The City’s leading ethics watchdog has hit out at the ‘vindictive’ banker bonus bashing in the UK, likening it to the McCarthy Communist witch-hunt in the 1940s and 1950s.”



## SII Staffing

The Institute is extremely fortunate that it receives substantive help from over 300 busy practitioners, mostly for little, if any, reward. Their contribution is immense: without them the Institute could not function. My fellow colleagues join me in thanking them for their significant and valued help.

I should also like to thank all of my colleagues for their dedication, good humour and application over the year, which has been more challenging than many. Their unfailingly positive approach and willingness to embrace and adopt new ideas readily is a great strength of the culture at the Institute. I am also especially grateful to my Executive Team colleagues for their leadership and professionalism as we rise to these difficult economic challenges.

I would also like to thank our Chairman, Scott Dobbie CBE FSI(Hon), who retires in September after nine years in the chair. Scott has been consistently supportive to both the Institute and the Executive Team, always available but rarely interfering, offering wise counsel but asking pertinent questions, always with the perfect recipe of seriousness, sensitivity and humour.

**Simon Culhane FSI  
Chief Executive**



*SII staff members Sarah Middlemiss and Hannah Steele helping delegates at an event*



*SII staff member Margaret Spong with Philip Ajumobi-Obe MSI*



*The Managers of the SII's international offices: Tim Miles, Mona Poomy MSI, Rachel Zhu and Arwa Tapla ASI*



*Kevin Moore MSI speaking at the Isle of Man Annual Dinner*



## TRUSTEES' REPORT

The Trustees, who are also directors of the charitable company for the purposes of company law, present their Annual Report and the audited consolidated financial statements for the year from 1 April 2008 to 31 March 2009. The financial statements comply with both the Companies Act 1985 and the Statement of Recommended Practice (SORP) issued by the Charity Commission for England and Wales in March 2005. The Securities & Investment Institute (SII) is a registered charity number 1036566 and a company limited by guarantee, governed by a Memorandum and Articles of Association. The charitable company's registration number is 2687534. The group results combine the results of the charitable company with the results of the following:

- a) Securities & Investment Institute (Services) Ltd, a wholly owned subsidiary, which runs the trading activities of the Institute;
- b) Securities & Investment Institute (India), a wholly owned subsidiary, established in Mumbai and which acts as a liaison office for the Indian subcontinent;
- c) Securities & Investment Institute (Singapore) Pte Ltd, a wholly owned subsidiary of Securities & Investment Institute (Services) Ltd, established in Singapore, which runs the trading activities of the Institute in South East Asia;
- d) Securities & Investment Institute (China), a wholly owned subsidiary of Securities & Investment Institute (Services) Ltd, established in the People's Republic of China, which runs the consulting activities of the Institute in China.

## Trustees

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

	Committee
Charlotte Black MSI	H
Sir David Brewer FSI(Hon) *	I
Nigel Challis FSI(Hon)	C,D,E
Richard Charnock FSI	Appointed 25 September 2008 E
Scott Dobbie (Chairman) CBE FSI(Hon)	A,E,F,G,H,I
Clare Gore Langton FSI(Hon)	A
Chris Harris-Deans FSI	F
Paul Hedges FSI *	Appointed 3 April 2008 F,I
Sir David Howard FSI(Hon)	B,H
Shaun Lacey FSI	
William Macdonald MSI	Resigned 25 September 2008
Terry McCaughey FSI	Resigned 18 November 2008
Frank Moxon FSI	Appointed 25 September 2008 C,F
David Nicol MSI	C
Alan Ramsay FSI(Hon)	A,H
Iain Saville CBE FSI(Hon)	Resigned 25 September 2008
Christopher Scott FSI	F,I
Nick Seaward FSI	G,I
Alison Warden FSI	C
Richard Wastcoat *	
Alan Yarrow FSI(Hon)	Appointed 22 January 2009

\* 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 charitable company or its subsidiaries.

The Trustees served on the following committees:

A	Chairman's Committee	F	Membership Committee
B	Examinations Board	G	<i>Securities &amp; Investment Review</i> Editorial Panel
C	Audit Committee	H	Nomination Committee
D	Disciplinary Committee	I	International Committee
E	Integrity & Ethics Committee		

## INVESTMENT POWERS

The Institute's Memorandum 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. The Institute's investment policy was reviewed at the meetings of the Board held on 25 September and 13 November 2008.

## 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 and Professional Development, Operations, International, Corporate Governance and Support and Services (Securities & Investment Institute (Services) Ltd).

### Chief Executive

Simon Culhane FSI

### Managing Director

Ruth Martin

### Director of Global Business Development

George Littlejohn MSI



## FUTURE ACTIVITIES

The SII's key objectives for 2009/10 are to build upon the successes of this year.

1. The SII has approached the Privy Council with an application for Royal Charter Status, the results of which should be known this year. If successful, the Charter will add prestige and credibility to the profession and to its members.

*[In July 2009, after the end of the financial year covered by this report, the Institute was delighted to learn that the application for a Royal Charter had been approved paving the way for the organisation to become the Chartered Institute for Securities & Investment]*

2. The SII aims to further develop its online ethics eLearning and testing module, following its successful launch in 2008.
3. The SII will continue to review its geographic coverage both within the UK and internationally to provide the greatest access to its exams and membership benefits as is practicable.
4. The SII will continue to work with practitioners and regulators to ensure that its exams, workbooks, research and events are relevant, topical and meet the needs of the securities and investment industry.
5. The SII will seek to increase its involvement with the regulators and other professional bodies to find solutions to the issues raised by the FSA's RDR and other FSA consultation papers that will benefit both consumers and the professionalism of the industry.

## REVIEW OF FINANCIAL POSITION

The Institute has maintained its healthy financial position, with cash reserves within the range considered by the Trustees as suitable for the group's overall operations. This year the Institute saw an increase in the group unrestricted funds of £948,924 (2008: £941,871). During the year, funds were applied towards achieving the Institute's main objectives through the provision of relevant qualifications, membership, events and learning resources. During the year the Trustees of the charitable company completed the transfer of £50,000 to the SII Educational Trust Fund, a designated fund of the Institute. Funds are also held in respect of the Stephen Cooke and Andrew Winckler Scholarship Funds, which are restricted funds of the Institute. Interest of £2,384 (2008: £3,303) was earned on these Scholarship Funds.

The Institute's wholly-owned UK subsidiary trading company, which is established to undertake the commercial activities of the Securities & Investment Institute, recorded a profit before tax, and before the donation under deed of covenant, of £43,637 (2008: £58,796). An appropriate donation under deed of covenant has been made to the charitable company.

The Securities & Investment Institute 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 Board has adopted a policy of maintaining cash reserves at a level that is equivalent to between three and six months' running costs, in order to meet unforeseen operational needs. At year end, the cash reserves of the Institute, excluding those relating to the restricted funds, represented between seven and eight months' running costs. The Institute has high operational gearing in a cyclical industry and therefore requires sufficient reserves to draw upon during times of industry downturn and to meet its charitable objectives. 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.

The free reserves of the Charity are £4,730,984 (2008: £3,691,243) and the cash reserves are £7,276,080 (2008: £5,832,074).

## 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 objects, the Institute provides relevant qualifications to the securities and investment industry, certain of which are on the Financial Services Skills Council list of appropriate exams. The Institute is also recognised by Ofqual as an Awarding Body for the securities and investment industry.

## FIXED ASSETS

During the year, the Institute purchased fixed assets amounting to £13,670 (2008: £540,548). The figure for the previous year includes the leasehold improvements of £384,982 in moving to the Institute's new offices at 8 Eastcheap, London EC3M 1AE.

## RESULTS

The results for the financial year are shown on pages 58 and 60. 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 incoming resources were £948,924 (2008: £941,871).

## 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 Charities 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. As an unlisted company, 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 charitable company has complied with the requirements of Section 1 of the Combined Code during the year to 31 March 2009, 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 Securities & Investment Institute is a membership organisation. However this is kept under review.

## Board

The Board of the Securities & Investment Institute 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 charitable company'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 company and 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 Chairman's Committee comprises the Securities & Investment Institute's Chairman, plus up to five Board members. If considered necessary the committee may meet in months in which no Board meeting is held to (inter alia) consider routine business reports from the Institute's departments and monitor the Institute's financial position. It also acts as a Remuneration Committee to determine the salaries and benefits of senior staff.

The executive staff of the Institute submit management information to the Trustees to enable them to discharge their duties. The Trustees may take independent advice at the charitable company'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 46. Those committees to which the Board has delegated powers have specific terms of reference. The Audit Committee is chaired by Alison Warden FSI.

## 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 5 to 44. The Board considers that such information presents a balanced view of the charitable company's position and prospects. The Trustees' responsibilities for the financial statements are described on page 55.

## Key Risks

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

1. Effects of the economic slowdown;
2. IT systems and infrastructure;
3. The possibility of the SII overstretching itself and losing its control function.

## Internal Control and Risk Management

The Board considers that the charitable company 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 2009. 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 charitable company's assets and regularly reviewing management information to ensure the effective use of resources;
- seeking legal protection for SII trade marks and domain names by registering them in appropriate jurisdictions;
- operating signing limits to ensure that the charitable company cannot be committed financially without proper authority, and producing regular financial reports for Board and Chairman's Committee review which include estimates and judgments made by the business managers.

The Institute's Audit Committee comprises five non-executive Trustees. Its scope includes the assessment of the cost effectiveness of the external auditors, consideration of the financial statements of the Securities & Investment Institute 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

### Auditors

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

### Solicitors

Field Fisher Waterhouse LLP  
35 Vine Street, London EC3N 2AA

Bircham Dyson Bell LLP  
50 Broadway, London SW1H 0BL

### Bankers

Bank of Scotland, 600 Gorgie Road  
Edinburgh EH11 3XP



## AUDITORS

In the case of each of the persons who are Trustees of the charitable company at the date when this report was approved:

- so far as each of the Trustees is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the charitable company's auditors are unaware; and
- each of the Trustees has taken all the steps that he ought to have taken as a Trustee to make himself aware of any relevant audit information (as defined) and to establish that the charitable company's auditors are aware of that information.

Horwath Clark Whitehill LLP was re-appointed at the Annual General Meeting held on 25 September 2008 and has indicated its willingness to continue. A resolution to re-appoint Horwath Clark Whitehill LLP will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Trustees and signed on behalf of the Board.



Scott J Dobbie CBE FSI(Hon)

Chairman

16 July 2009

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Annual Report and the financial statements of the charitable company and group in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP). Company law requires the Trustees to prepare such financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the financial activities of the group for that period and which comply with UK GAAP, the Companies Act 1985 and the Statement of Recommended Practice issued by the Charity Commission for England and Wales. In preparing those financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on a going concern basis unless it is inappropriate to assume that the charitable company will continue in operation for the foreseeable future.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Trustees' report which complies with the requirements of the Companies Act 1985.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SECURITIES & INVESTMENT INSTITUTE

We have audited the group and individual company financial statements (the financial statements) of Securities & Investment Institute for the year ended 31 March 2009 which comprise the consolidated statement of financial activities, the consolidated and individual company balance sheets, the consolidated cash flow statement and the related notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report or for the opinions we have formed.



## Respective Responsibilities of Trustees and Auditors

The responsibilities of the Trustees, who are also the Trustees of the charitable company for the purposes of company law, for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of Trustees' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and international standards on auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Trustees' report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Trustees' remuneration and other transactions with the Charity is not disclosed.

We read the Trustees' report and consider the implications for our report if we become aware of any apparent misstatements within it.

## Basis of Audit Opinion

We conducted our audit in accordance with international standards on auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the charitable company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

## Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the individual charitable company's affairs as at 31 March 2009 and the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the Trustees' Report is consistent with the financial statements.

Horwath Clark Whitehill LLP

Chartered Accountants and Registered Auditors

London



## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

### Incorporating an Income and Expenditure Account

Year ended 31 March 2009

	Unrestricted Funds £	Restricted Funds £	Total 2009 £	Total 2008 £
<b>INCOMING RESOURCES</b>				
Incoming resources from charitable activities:				
Membership subscriptions	2,720,555	-	2,720,555	2,474,311
Membership entry fees	29,701	-	29,701	42,183
Qualifications and development	5,570,023	-	5,570,023	6,454,050
Publications and conferences	1,466,353	-	1,466,353	1,670,454
Investment income	357,412	2,384	359,796	311,907
Other incoming resources	233,674	5,510	239,184	215,687
<b>TOTAL INCOMING RESOURCES</b>	<b>10,377,718</b>	<b>7,894</b>	<b>10,385,612</b>	<b>11,168,592</b>
<b>RESOURCES EXPENDED</b>				
Charitable activities				
Dissemination & advancement of knowledge	5,851,193	10,000	5,861,193	6,526,153
Ethics	748,303	-	748,303	722,076
Consultation & research	2,501,703	-	2,501,703	2,575,184
Total charitable activities	9,101,199	10,000	9,111,199	9,823,413
Governance	325,489	-	325,489	403,308
<b>TOTAL RESOURCES EXPENDED</b>	<b>9,426,688</b>	<b>10,000</b>	<b>9,436,688</b>	<b>10,226,721</b>
<b>NET INCOMING RESOURCES</b>	<b>951,030</b>	<b>(2,106)</b>	<b>948,924</b>	<b>941,871</b>
<b>FUNDS</b>				
<b>AS AT 1 APRIL 2008 &amp; 2007</b>	<b>3,992,685</b>	<b>68,568</b>	<b>4,061,253</b>	<b>3,119,382</b>
<b>FUNDS</b>				
<b>AS AT 31 MARCH 2009 &amp; 2008</b>	<b>4,943,715</b>	<b>66,462</b>	<b>5,010,177</b>	<b>4,061,253</b>

A consolidated statement of financial activities has been prepared as required by the Statement of Recommended Practice (SORP) issued by the Charity Commission for England and Wales and company law. No separate consolidated income and expenditure account has been prepared as there are no significant differences between the two statements and the Trustees are of the opinion that the consolidated statement of financial activities provides a more meaningful analysis of the performance of the group headed by the Securities & Investment Institute.

There are no recognised gains or losses for the current financial year or the preceding financial year other than as set out in the statement of consolidated financial activities.

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

The net incoming resources of the charitable company were £907,578 (2008: £895,722).

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



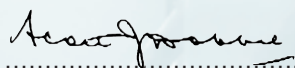
## BALANCE SHEET

As at 31 March 2009

	GROUP		CHARITABLE COMPANY	
	2009 £	2008 £	2009 £	2008 £
<b>FIXED ASSETS</b>				
Tangible assets	161,201	301,442	161,201	301,442
Intangible assets	-	-	-	-
	161,201	301,442	161,201	301,442
<b>CURRENT ASSETS</b>				
Stock	3,851	6,164	3,851	6,164
Debtors	899,125	1,240,942	897,125	1,211,367
Cash at bank and in hand	7,276,080	5,832,074	7,269,890	5,769,606
	8,179,056	7,079,180	8,170,866	6,987,137
<b>CREDITORS:</b> amounts falling due within one year	(3,330,080)	(3,319,369)	(3,637,129)	(3,498,828)
<b>NET CURRENT ASSETS</b>	<b>4,848,976</b>	<b>3,759,811</b>	<b>4,533,737</b>	<b>3,488,309</b>
<b>TOTAL NET ASSETS</b>	<b>5,010,177</b>	<b>4,061,253</b>	<b>4,694,938</b>	<b>3,789,751</b>
<b>REPRESENTED BY:</b>				
Unrestricted income fund	4,892,185	3,992,685	4,576,946	3,721,183
Designated Fund				
- SII Educational Trust Fund	51,530	-	51,530	-
Restricted Fund				
- Stephen Cooke Memorial Scholarship Fund	60,742	68,568	60,742	68,568
- Andrew Winckler / Euroclear Prize Fund	5,720	-	5,720	-
	5,010,177	4,061,253	4,694,938	3,789,751

These financial statements were approved by the Board of Trustees on 16 July 2009.

Signed on behalf of the Board of Trustees:



Scott J Dobbie CBE FSI(Hon)  
Chairman



Alison Warden FSI  
Trustee

Securities & Investment Institute  
8 Eastcheap  
London EC3M 1AE

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SII OFFICES IN DUBAI DUBLIN EDINBURGH LONDON MUMBAI SHANGHAI SINGAPORE

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Company Registration No. 2687534

Registered Charity No. 1036566

[sii.org.uk](http://sii.org.uk)

August 2009

