

## CFA: A Global Passport to the Investment Profession

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Dr. Sombat, Dr. Maruay, Dr. McLean, Mr. Morgan, ladies and gentlemen

1. In my opinion, nothing symbolizes the free society better than the free market economy. It is the system where people can derive benefits from their honest enterprises, whether based on the input of labor, capital or intellectual efforts. And nothing symbolizes the free market economy better than the capital market. In the capital market, the benefits generated from a business enterprise can be structured to be shared among many individuals. It opens up the way for a small man with meager savings to participate in the giant companies.

2. Wealth can be shared as a reward in proportion to the risks. The capital market allows for any man to plan his personal spending both within his working age and well beyond his retirement. It even allows for wealth to be transferred from one generation to another with more price certainty and more liquidity than other types of investment. Capital market is therefore perhaps the most important pillar of the free market economy. But capital market is not something simple and straightforward. For a capital market to function well, it must provide adequate investor protection. It must be fair and efficient. It must be transparent. All this makes it necessary for massive amount of rules.

3. Rules are required to ensure a proper functioning market in which investors both here and from abroad can trust. Such volume of rules therefore makes assessment within the capital market itself a challenge. It often becomes too cumbersome and difficult for the average saver. Other than the rules, transparency itself is also a complicated issue. To ensure complete disclosure, companies are required to declare a massive amount of information each year. The format and the content can make it daunting for the average saver to digest.

4. This is why all capital markets need good financial analysts in order to assist the average savers in making decisions.

5. As a market regulator, the Securities Exchange Commission of Thailand is obviously interested in having financial analysts that serve their clients well. So what are the aspects that we pay attention to in the work of financial analysts?

6. First, we want to ensure professional competency. The analysts must be capable. Their curriculum must cover both quantitative methods and descriptive methods, financial statement analysis, knowledge of corporate finance and portfolio

management. In addition to the formal education, the analysts should also have a program of on-going self development. In this respect, I have noted that the CFA program does offer a full range of education as well as the follow up with publications and Society's journals. This certainly makes the CFA program acceptable to our eyes.

7. Second, we want the profession to ensure that the analysts conduct themselves in an ethical manner. Financial analysts have a fiduciary duty to their clients to act in their clients' best interests. Here therefore, we look for the professional body to be able to act as a real self regulatory organization.

8. The professional body must have a clear code of ethics for its members. It must also set a clear, well publicized standard of professional conduct against which their clients can make complaints, and against which their members can be disciplined and held accountable. I noted also that CFA seems to have all this well in place.

9. Finally, it is good also to have a global recognition. In this respect, I noted that CFA program is widely recognized by many regulatory agencies and investment organizations around the world.

10. The CFA Institute's efforts to raise standards for the profession and work closely with global regulators are ongoing and should provide members with a great comfort for global recognition.

11. But before I end, I must take this opportunity to point out a few things that should be food for thought for future of the profession in Thailand.

12. First, the dimension of investment products. Traditionally, investment advices in Thailand have been skewed towards stock and shares. However, we are going to see many new types of products that will come on stream.

13. Development of the bond market has made rapid progress. With the introduction of new laws, the government bond market should become much more liquid and active.

14. The phased introduction of limitation to bank deposit guarantee should also make it necessary for savers to look for investment alternative to bank deposits. A good part of this savings should seek better protection in the government bond market.

15. The development of derivative products is also gaining speed, both products related to equity and later products related to interest rate. In the long run, even products related to exchange rate could be more and more opened to the public step by step.

16. Financial analysts here should therefore make themselves aware of these new products and educate themselves as broadly as possible.

17. There is also another dimension, and that is the dimension of international investments. The trend is for the authority to allow more and more outbound portfolio investments.

18. Financial analysts will therefore have to think and plan for their clients armed with more international information to be ready for the future. I shall end by emphasizing

again that financial analysts have to work to earn the investors' trust. Trust is some thing that takes a long time to build, but only a few days to disappear.

19. By joining the Certified Financial Analyst program, the time you take to build trust can be cut short. But the time it takes for trust to disappear is the same.

20. Trust can be maintained only by your paying a constant and vigilant attention to the professional standards.

Thank you.