

Israel Society of Investment Professionals

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SOCIETY IN FORMATION OF ISRAEL-BASED CFA® CHARTERHOLDERS

NEWSLETTER

What would it take for Advocacy to really work in Israel?

I began my advocacy career with the CFA Institute's predecessor almost fifteen years ago as the newest member of Canada's Advocacy Council (CAC). Initially, my role was to sit and listen to the more experienced members talk about the issues to which they would respond and the decision making process of those responses. The CAC's primary focus in those early years was to educate Canada's securities regulators (there are 13) as to the nature of the curriculum of the CFA program and our code of ethics and standards of practice.

Those of you born here in Israel or from someplace with more "traditional" capital markets, would consider Canada to be a more "developed" financial system. Regulation of the securities industry in Canada falls under the jurisdiction of each of the thirteen provinces as are the trust companies and credit unions. Banking, Pensions and Insurance companies fall under the jurisdiction of the Federal (National) government. And while coordinating bodies for each of the provincial

jurisdictions exist (the Canadian Securities Administrators), each province has its own viewpoint as to how its local markets should be managed. This market structure and differing viewpoints create one of the most challenging Advocacy environments in the world.

And yet with all this sophistication and complexity, in the mid-1990s, the CFA charter and its curriculum were relatively unknown to the regulators and the investing public. Despite their extensive training and experience, CFA Charterholders were considered to be less educated and of less experience than the traditional "stockbroker" on the street. The CAC's Advocacy efforts changed the perspectives of the regulators and, with the help of the Canadian CFA Society and the CFA Institute, the public's perception about the CFA Charter changed.

How this happened is the discussion for another article (or a bottle of great Israeli wine), but the reason why the CFA Institute invested thousands of

volunteer and staff hours and hundreds of thousands of dollars in the Canadian market (representing less than 2% of the world's capital flows) is simple: The Code of Ethics; specifically, to "Promote the integrity of, and uphold the rules governing, capital markets".

So what would it take to get Charterholders and the CFA Institute's agenda advanced here in Israel? An effort by the existing Charterholders to educate regulators and the investing public that the Code of Ethics and Standards of Practice are what should guide Israel's investment, banking and portfolio management professionals and its financial markets. To do that, we need a strong CFA society which can advocate and speak with one voice so we can make progress on behalf of all Israelis. We've made some progress so far, but if you're ready to pitch in... let's go.

Blair Carey, CFA is a recent Oleh from Canada who helps public and private companies disassemble complex assets into their parts and puts them back together at the right value. He can be reached at blcarey@twojack.ca.