

2008



Integrity
Qualification
Communication

Report on the Business Year 2008

EFFAS, the European Federation of Financial Analysts Societies, was set up in 1962 as a professional association for nationally-based investment professional associations in Europe. Today, the umbrella organisation comprises 25 member organisations, representing more than 14,000 investment professionals. EFFAS maintains its Head Office in the European financial centre of Frankfurt am Main.

The main tasks of EFFAS, as stated in the charter, are:

- Promoting links/exchanges of information between the national investment professional associations
- Establishing a European network/communication and coordination platform for the national analyst associations
- Representing the interests of investment professionals at the EU level
- Developing and promoting international professional standards and an international code of professional conduct
- Promoting the European public's understanding of the significance and function of financial analysis and asset management and playing a role in informing investors

EFFAS Governance

The two executive bodies of EFFAS are the General Meeting of members and the Executive Management Committee (EMC). The General Meeting is composed of the authorised representatives of the National Member Societies.

The EMC is responsible for the day-to-day management of the association, as well as supporting the chairman in his daily work. Following the 2008 elections by the General Meeting, the EMC consists of the Chairman, the Deputy Chairman and four other

EFFAS

THE EUROPEAN FEDERATION
OF FINANCIAL ANALYSTS SOCIETIES

Frankfurt am Main

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EFFAS THE EUROPEAN FEDERATION
OF FINANCIAL ANALYSTS SOCIETIES

members. The present EMC members are: Chairman: Giampaolo Trasi (AIAF, Italy), Deputy Chairman: Vincent Bazi (SFAF, France), Jesús López Zaballos (IEAF, Spain), Friedrich Mostböck (ÖVFA, Austria), Marianne Flink (Sweden), Kees de Vaan (VBA, Netherlands).

The EMC makes the discussions and decisions transparent for the NMS – especially due to the 12 months period between the Annual General Meetings.

Therefore, the NMS receive the Agenda of the EMC meetings in advance encouraging additional ideas, are invited to attend the EMC meetings and to bring forward certain topics, or topics which could be carried out on a European level, and are sent the minutes of the EMC meetings.

In 2008, the EMC members were constantly in touch and met formally four times. EFFAS was represented at the ACIIA Council Meeting in Buenos Aires, GIPS Meetings, ECMI meetings in Brussels, and various conferences and seminars.

EFFAS’ role within European capital market regulation

For the last four years, there has been a particularly high level of European commission activities. A lot of proposals and directives deal with regulation in very specific fields, which are of great interest for us. EFFAS and the National Member Societies have delivered comments and suggestions based on our experience on nearly every relevant piece of legislation or regulation in the capital markets.

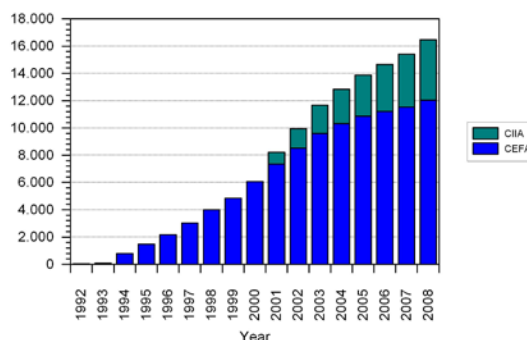
EFFAS has also been represented in various working groups of the Commission, dealing with the adoption and implementation modes of the directives. Via the EFFAS Market Structure Commission, EFFAS has contributed answers to important questions both to the European Commission and to CESR, and via the Financial Accounting Commission EFFAS has contributed position papers to the IASB.

Training and Qualification

EFFAS promotes the development and dissemination of international professional standards in order to contribute towards a high level of quality in the professional practice of investment professionals. As a founding member of the global training association ACIIA®, EFFAS has successfully launched training for the CIIA® – Certified International Investment Analyst – degree in Europe. The CIIA® ensures tailor-made professional qualification by

Statistics CIIA/CEFA

as of December 2008



offering global as well as local market knowledge within its examination structure.

With the number of financial products constantly increasing, more services being developed, markets becoming increasingly global, and investment professionals facing constantly higher expectations and requirements, education and training institutions such as ACIIA have to be constantly on their toes. Only in this way can ACIIA ensure that its curriculum remains robust and keeps CIIA holders at the head of their profession. The ACIIA has thus agreed to integrate new topics into the CIIA syllabus. Updates will be made in the area of Credit Risk and Asset Liability Management, as well as updating the Financial Accounting Syllabus to reflect and incorporate International Accounting Standards IFRS.

As for the accreditation of the qualifications, only a number of regulators are accrediting training programmes or requiring registration. But in some countries that do so such as Hong Kong, Brazil, Poland and Greece, the CIIA designation has been officially recognised by the local regulatory authorities.

The UK regulator FSA (Financial Services Authority) does accredit a number of training programmes. Since 2007 the ACIIA has had an awarding body status, and the CIIA designation is also now recognised by FSSC (Financial Services Skills Council) as a Key 2 qualification.

EFFAS 2008 ANNUAL GENERAL MEETING

Last year's Annual General Meeting took place in Paris and was hosted by the SFAF, the Société Française des Analystes Financiers. Along with the report on the 2007 business year, topics included discussions on future perspectives and strategies, particularly with regard to the EFFAS commissions, adoption of the Governance Model as the basis for future EFFAS activities, and approval of the 2009 budget, with pioneering financial assistance for Central and Eastern European countries. But the main focus of the meeting in Paris was on the election of the new EFFAS Chairman.

Fritz H. Rau, who gave up the chairmanship after serving eight years at the head of EFFAS, emphasised that the pan-European organisation had found in Giampaolo Trasi a Chairman who exhibits outstanding individual and professional qualities.

Since 2000, when Fritz H. Rau took over as Chairman, significant strides have been made by EFFAS: at the start, there were only 18 member associations and only three commissions were actively working to address topics important to investment professionals. Since then, a new charter has been drafted, creating the Executive Management Committee and an ethics panel. The number of active commissions has been increased to six, with a focus on non-financials and governance issues. The headquarters of the organisation has been moved to Frankfurt, and all three of its other former offices closed. The budget has been cut and the membership fees are now more transparent and approximately 30% lower. Regular information and the EFFAS website contribute to improved communication with the associations, their members and interested third parties.



Moreover, EFFAS now has a voice at the EU in Brussels and with the CESR, thanks to the Market Structure Commission (MSC). Also EFFAS now has a presence within the XBRL community. Collaboration with other international organisations (e.g. IASB, EFRAG, CFAI, ECMI) has been expanded and improved.

Cooperation with ACIIA is producing results, and the number of CIIA holders in Europe continues to grow. A joint platform for CIIA study materials was created in partnership with ILPIP; this step was taken at the initiative of Switzerland's SFAA.

Also of strategic interest were the steps taken to support new professional societies in CEE countries in developing their activities and their training and qualification programmes in their respective countries.

EFFAS hopes that in this way a successful development can be achieved, so that all societies can offer a qualification programme to attract members.

In short: European associations of investment professionals have grown together over the past eight years, and are cooperating more closely than ever before. These accomplishments must be maintained and developed.

Giampaolo Trasi confirmed his commitment to further continue to coordinate and support the activities of the Federation, to work on the development of European standards, which are instrumental in guaranteeing a high level of quality in the exercise of the financial analyst profession. "I strongly believe that EFFAS should establish itself more and more as an authoritative standard-setting body in European financial markets, both in technical and in ethical areas, building on the experience of its member societies, and on that of EFFAS standing commissions."

Giampaolo Trasi believes that, over the next few years, commitments of the chairman and the Executive Management Committee should focus on, among other things: continuing to raise EFFAS' profile as a professional European body; further developing the training and qualification programmes in the new established and emerging national member societies; and coordinating and supporting the activities of the EFFAS societies and elaborating strategies to further strengthen them.

The visibility of EFFAS at lobbying level has to be maintained, and EFFAS will continue to consolidate the capabilities and strengths of the NMS and support the financial services regulation. This is also important in order for national societies to be acknowledged by their local regulatory organisations.

During the year, the EMC worked on the implementation of the new Governance Model for EFFAS. Through the ratification of the Governance Model at the AGM 2008, the CEFA Diploma has been officially prolonged and will be subject to agreed quality control procedures.



EFFAS Summer School 2008 and 2009

Following the success of the EFFAS Summer School 2008, Banco Santander is hosting the second edition of the EFFAS Summer School in 2009. To enhance the networking between existing EFFAS designation holders, CIIA and CEFA candidates, and other investment professionals, this year the Summer School will also welcome participants from Africa, Asia and South America. The attendance of participants from all over the world, as well as professors / lecturers from the various national associations, will give the EFFAS Summer School a truly international character.

There will be simultaneous plenary sessions and workshops, lectures on current topics of interest will be given by professors and experts from various industry sectors, and part of the event will comprise workshops covering previous CIIA examination questions and case studies on the different topic areas included in the CIIA's syllabus.

This Summer School is relevant for all investment professionals: it is also relevant for the various EFFAS and ACIIA designation holders and is addressed to potential candidates for the CEFA, or the CIIA designation, or potential members of the respective national organisation.

Undoubtedly the EFFAS Summer School provides the opportunity for the European CIIA /CEFA alumni, for candidates preparing for the various examinations, as well as for our personal members and potential members to allow them to get an inside view of the EFFAS organisation and its activities!

The EFFAS Summer School 2009 will be held in the Santander Financial City, Boadilla del Monte, Madrid, Spain from 8 July – 10 July 2009.

EFFAS and Central and Eastern Europe (CEE)

Within the EFFAS EMC Friedrich Mostboeck is the member responsible for the further development of, and relations with Central and Eastern Europe (CEE). In that respect, different activities were realised during the past year. After the successful accession of the analyst society from Croatia (HUFA), a further newly founded analyst society has planned to join EFFAS. Giampaolo Trasi and Fritz Mostboeck visited the new analysts' society in Romania last year in November. The new Romanian society represents economists and financial analysts from the leading Romanian banks. This is a further important step to strengthen the activities of EFFAS in CEE.

Furthermore, as an initiative to cooperate in greater detail with societies from Central and Eastern European states, EFFAS organised the 2nd EFFAS CEE Forum in Vienna on 14 May 2009.

Existing financial analyst societies and leading investment professionals from different countries were present at this event. Delegates from Bulgaria, Croatia, Hungary, Lithuania, Romania, Serbia and Slovakia joined the conference. EFFAS representatives gave an introduction to the "World of EFFAS", while representatives from the respective CEE





countries gave an overview of the current local situation (capital markets, regulators, government policies, etc.). At the end, possibilities and fields for further cooperation were discussed. The members of EFFAS see further potential as the overall outcome of this CEE Forum – especially in Bulgaria, Serbia and Slovakia. EFFAS will work on these targets over the coming months.

Global Investment Performance Standards (GIPS)

One of the important areas of collaboration with the ASIF, the Asian Association, and the CFAI is the Global Investment Performance Standards (GIPS). GIPS represents a unique collaboration, a genuine endeavour by many different players in the world, which is the reason for its success. EFFAS welcomes GIPS becoming a global standard, based on a closer and equal involvement of the GIPS Country Sponsors and, involving joint decision-making by all participants.

On the 26 March 2009 EFFAS became an associate member of EMEA RIPS (Regional Investment Performance Standards).

eXtensible Business Reporting Language (XBRL)

XBRL stands for eXtensible Business Reporting Language. The increased regulation for corporates has resulted in increased complexity in financial information and reporting.

Seen in this light, standardisation of the way data (annual & quarterly reports, revenues, accountancy schedules, etc.) are provided by the corporates, would enable a more efficient sharing of information with each other, but also within analysts/ investment professionals in the industry.

The XBRL and the XML (eXtensible Markup Language) based language, designed especially for Web documents, enable the automation of business information requirements, such as the preparation, sharing, and analysis of financial reports, statements, and audit schedules. The use of the XBRL tool is rapidly increasing and more than 400 institutions, as well standard setters, are supporting it.

Some of the EFFAS national member societies are already involved in the XBRL in their local market, and others are considering getting involved.

EFFAS is in the process of becoming a member of XBRL Europe.

WICI – World Intellectual Capital Initiative

The WICI project has been further developed and as a next step, WICI is setting up regional networks. The Asian WICI was created in Japan last October, and the same happened in the US with the creation of WICI US. As a founding member of WICI, EFFAS is taking the lead position in setting up WICI Europe and proposed setting it up via the EFFAS office, i.e., with the same address.

The EMC approved the setting up of the WICI Europe via the EFFAS office and its incorporation in Frankfurt. Coordination will be made via the EFFAS CIC Commission. The forthcoming WICI meeting, hosted by SFAF in Paris at the end of May, is seeing the formal setting up of WICI Europe.

A link to the WICI webpage (www.worldici.com) is included on the EFFAS website.

EFFAS Commissions

EFFAS Commissions
Commission on Environmental, Social & Governance Issues (CESG)
Commission on Intellectual Capital (CIC)
European Bond Commission (EBC)
Financial Accounting Commission (FAC)
Market Structure Commission (MSC)
Training and Qualification Commission (TQC)

Commission on Environmental, Social and Governance Issues (CESG)

The Commission on ESG was set up to elaborate on risk-related aspects of stocks in the area of environmental, social and governance issues. The motive for this is that ESG is in the process of becoming more and more a part of traditional investment analysis (“mainstreaming”), especially during the current financial and economic crisis.

In 2008, EFFAS approved ESG guidelines as an EFFAS standard. These guidelines were made and defined on the basis of a DVFA working group. In 2009, these “KPIs for ESG” were modified, based on further discussion with investment professionals, corporates, standard setters and international experts for business reporting. DVFA felt that it was worthwhile incorporating some of the valuable suggestions made and clarify some of the underlying ideas so that the goal of DVFA’s and EFFAS’ initiative would become clearer and the implementation and communication in the corporate world would be facilitated.

The EFFAS KPIs for ESG (Version 1.2.) is an updated version for the further integration of ESG into financial analysis and corporate valuation. CESG is dedicated to promoting the adoption of “KPIs for ESG” guidelines throughout Europe.

An additional future task of CESG is the definition of sector-specific KPIs for ESG for a defined number of sectors. Principally, the process comprises the following steps:

1. Longlisting Performance Indicators - selection of a variety of KPIs for a specific sector,
2. Shortlisting KPIs - an iterative process of condensing those indicators with the highest relevance to investment professionals,
3. Validation - conducting a survey with a wider group of investment professionals in order to establish the validity of the selection of KPIs across markets and continents.

After the organisation of very successful conferences in 2007 and 2008 on the topic of “Taking ESG into Account” in Frankfurt, CESG is in the process of organizing a conference in 2009. The conference is scheduled for September 8 and 9. Ralf Frank (as the host for this event) is working on the detailed programme and on European companies to present on ESG topics and strategies.

Furthermore, CESG executives are being represented in and networking with other organizations. Ralf Frank from DVFA attended the “European Commission’s Multistakeholder Dialogue on CSR” in Brussels and teamed up with executives from DG Enterprise and Eurosif, for example.

Current members of the CESG are: Rob Bauer (Netherlands), Tommy Borglund (Sweden), Christoph Butz (Switzerland), Daniela Carosio (Italy), Marco Curti (Switzerland), Hendrik Garz (Germany), Claudia Kruse (Germany), Martine Leonard (France), Felix Schnella (Germany), Raj Thamo-theram (Great Britain).

Chairman of the CESG is Friedrich Mostböck, ÖVFA, Austria and European Coordinator is Ralf Frank, DVFA, Germany.

Commission on Intellectual Capital (CIC)

EFFAS CIC’s first full year of operation – business year 2007 – was marked by the commissions’ focus on developing the basic framework for the coming years. As a result the EFFAS CIC ‘Principles for Effective Communication of Intellectual Capital’ were presented to the global academic and scientific community of professionals in finance, accountancy and management at the EIASM conference in Ferrara, October 2007.

In March 2008 these ‘CIC Principles’ (or guidelines) – as they are meanwhile called - were officially published on the EFFAS website. Throughout 2008 around 500 printed copies were disseminated during lectures and panel discussions on conferences and seminars worldwide in Europe, USA and Asia.

Within this guiding framework, the CIC Members have intensified their work on the next step on the strategic roadmap: the sector-specific approach. As agreed already at the end of 2007, the telecom industry was selected as a ‘guinea pig’ and initial business case for the implementation of IC measurement and valuation. This decision was based on the fact that the telecom sector is a highly intellectual capital driven industry. Human capital and specific knowledge, R&D and innovation / innovation capacity (products, services, business models), networks with customers, partners and suppliers, patents, brands and investment in marketing all are key drivers of corporate success. This calls for an attempt to describe the value-creation model in a new way and with an even deeper understanding of the intellectual-capital based key performance indicators.

In October 2008, inspired by ideas of CIC and based on in-depth internal expertise analysts of Paris-based ODDO Securities (Division of Oddo & Cie) published an IC - indicator framework and exhaustive analysis of the European and US telecom industry. This pioneering work also marks another milestone in intellectual capital reporting and valuation: for the first time a team of financial analysts of an investment bank of high international reputation integrated the concept of intellectual capital into a research report and market analysis for customers. The team under the leadership of Jean-Philippe Desmartin analysed corporate innovation capacity and IC-based drivers of future competitiveness and earnings.

Since summer 2008, CIC Members have been working on the development of a blueprint for sector specific IC indicator frameworks, corporate IC-reporting and a valuation approach for investment professionals. The result – a intellectual capital valuation scheme for the telecom industry – will be published in 2009.

CIC’s global outreach – towards new horizons

CIC’s second major focus in 2008 was on learning and analysing international best practice cases, disseminating CIC’s findings and output on a global level, as well as enlarging the global network at the level of experts and institutions both inside and outside the investment professionals community. In the course of this development, it was agreed to establish links to leading edge institutions so as to build a strong network for dissemination and practical implementation of EFFAS CIC’s results.

In 2008, EFFAS CIC contributed to several high level conferences and lectures in the USA and Asia. On April 9, 2008, EFFAS CIC was invited to Boston to give the Harvard Business School Centennial Lecture on Intellectual Capital ([http://www.hbs.edu/units/am/pdf/HBS AGW final 090408.pdf](http://www.hbs.edu/units/am/pdf/HBS%20AGW%20final%20090408.pdf)). This was also the starting point for a collaboration with experts from HBS Accounting and Management Unit. In October two contributions displayed the CIC perspective in Washington D.C. On the one hand, OECD had invited Alexander G. Welzl and Michael D. Kimbrough (HBS) to give an insight in global developments in the context of the expert workshop on ‘Knowledge markets in life science’. The workshop took place at the US National Academy of Sciences on October 16-17, 2008.

http://www.oecd.org/document/54/0,3343,en_2649_34537_41596214_1_1_1_1,00.html

On the other hand, CIC was part of the expert panel in the consumer track



Towards Valuation,
Measurement
and Disclosure

EFFAS CIC
EFFAS COMMISSION ON INTELLECTUAL CAPITAL

Principles for effective communication
of intellectual capital

EFFAS THE EUROPEAN FEDERATION
OF FINANCIAL ANALYSTS SOCIETIES

of the 18th international XBRL conference ‘Business Reporting for Better Decisions’

<http://18thconference.xbrl.org/sites/18thconference.xbrl.org/files/Consumer-KeyPerformanceIndicators-AlexanderWelzl.pdf>

The conference featured SEC Chairman Christopher Cox and other top representatives of the global investment professionals community. In November CIC was invited to join the panel of the WICI Symposium 2008 in Tokyo addressing a speech on ‘Valuing corporate Value Creation in the 21st Century’ to a mainly Japanese audience of representatives from corporations and the investment professionals’ community.

<http://www.nikkeipr.co.jp/wici/img/alex.pdf>

During the stay in Tokyo, an initial meeting between EFFAS CIC and SAAJ representatives also took place to start collaboration in the field of intellectual assets measurement and valuation.

Furthermore, EFFAS CIC actively contributed to meetings and conference calls of the World Intellectual Capital Initiative – WICI, of which EFFAS/ EFFAS CIC is a founding member. During 2008, important steps were made towards establishing WICI Europe, which will become operative during the first half of 2009.

New CIC Members and Change of Chairmanship

In 2008, EFFAS CIC Members decided to introduce a new membership category that should help us to enable outstanding experts in the field without EFFAS affiliation to join us and contribute to CIC’s work.

New Members at EFFAS CIC in 2008:

New CIC Member: Antoine de Montille, SFAF replaced Antoine Colonna (SFAF) who stepped down from his membership

New Corresponding Members: Jean-Philippe Desmartin (ODDO Securities, France), Prof. Stefano Zambon (University of Ferrara, Italy), Prof. Michael D. Kimbrough (Harvard Business School, USA)

In December 2008, Giampaolo Trasi (EFFAS Chairman and AIAF) handed over CIC Chairmanship to Alexander G. Welzl (OVFA), who until then was CIC European Coordinator. We thank Giampaolo Trasi for his excellent leadership in this sensitive phase of set-up and the first one-and-a-half years of operation of this newly established EFFAS Standing Commission. Although not longer actively involved in chairmanship, Giampaolo Trasi remains involved in CIC’s agenda and acts as CIC Vice Chairman.

Outlook 2009 – the Road Ahead

In the business year 2009, CIC will focus its analysis and development work on the sector-specific approach. Furthermore, we will follow closely the development of the OECD innovation strategy and open innovation paradigm, as well as other developments at supranational level (EU, UN, World Bank etc.). As in recent years, EFFAS CIC will strive to contribute to key-trends and provide leading-edge IC-models, indicator frameworks and valuation schemes for investment professionals and corporations alike. Based on the existing global networks, EFFAS CIC will increase its

collaborative efforts with outstanding experts and institutions all over the world. A specific focus will be on the support of initiatives that foster a notion of long-term value creation in the community of global investment professionals. In this context EFFAS CIC will also contribute to a deeper insight into knowledge- and innovation-based macro-economic approaches of the evaluation of national value creation and performance measurement.

EFFAS CIC Structure and Organisation

CIC Chairman

Alexander G. Welzl, ÖVFA, Austria

CIC Vice-Chairman

Giampaolo Trasi
Chairman of EFFAS EMC

Members and Corresponding Members as of December, 2008:

Jean-Philippe Desmartin (Oddo Securities), Andrea Gasperini (Associazione Italiana degli Analisti Finanziari), Teresa Gil (Instituto Español de Analistas Financieros), Ralf Frank (DVFA), Jan Hofmann (Deutsche Telekom), Erwin Houbrechts (PricewaterhouseCoopers), Michael D. Kimbrough (Harvard Business School), Antoine De Montille (Société Française des Analystes Financiers), Stefano Zambon (University of Ferrara)



CIC meeting, 15 July 2008, in Paris (from right to left): A. Gasperini, G. Trasi, S. Zambon, J.-P. Desmartin, M. Kimbrough, A. Welzl

European Bond Commission (EBC)

The EFFAS Bond Commission specifically represents EFFAS in the area of fixed income and is also part of the EFFAS Market Structure Commission drafting the responses related to fixed income. It meets three times a year in various European financial centres, with most meetings held in Frankfurt, London, Paris or Zurich.

Much of the EFFAS EBC's work this year is a continuation of the tasks begun last year: in particular the standardisation of CDS and CDO valuation and the development of EONIA-based alternatives to LIBOR and EURIBOR.

“Our regular meetings have, not entirely surprisingly, concentrated on various aspects of the financial crisis, its causes, its vectors of contagion and potential improvements to market practices, and eventually regulation, which could help mitigate or even avoid future problems”, says Chris Golden, chairman of the EBC. Papers presented at meetings are generally available on the EFFAS-EBC website (www.EFFAS-EBC.org).

Of particular note in that light is the report based on a survey of market traders investigating the causes of bond market liquidity. The report and surveys were jointly sponsored by the EFFAS-EBC and ICMA. The interviewers and authors of the report were David Clark and Chris Golden. Based on the success of this pilot study, the authors are carrying out a larger survey this year, and intend to increase the number of respondents and geographical coverage over time. This initiative is greatly welcome by almost all bond market participants, and even more so by authorities and regulators: presentations of the report have been made to various central

banks (including the ECB), and well as to investor groups such as the CSFI in London.

Also noteworthy was the extraordinary meeting of EFFAS-EBC that took place this year in Moscow. The meeting was timed to coincide with the IV International SRO NSMA Conference on “REPO and securities lending: strategies of effective business” in September, at which a number of EFFAS-EBC members spoke, and which was co-sponsored by the EFFAS-EBC.

Adoption by various Chinese organisations of an EFFAS-EBC approved yield-curve construction methodology, specially designed for developing bond markets where key benchmark issues do not necessarily trade every day, has led to closer co-operation between the EFFAS-EBC and the Chinese CGSDTC agency set up to undertake the function of centralized depository and settlement for the inter-bank bond market. It is hoped that this co-operation will lead to joint research projects. Examples of EFFAS-EBC approved yield curves in action can be found on Chinabond’s website (<http://eyield.chinabond.com.cn>).

Finally in an effort to communicate its activities more widely, the EFFAS-EBC has overhauled its website. It has also contributed a number of papers on matters arising from the financial crisis for publication within an EFFAS position paper.

The chairman of the EBC is Chris Golden. The deputy-chairmen are Thomas Klepsch and Rolf-Pieter ‘ter Horst.

Financial Accounting Commission (FAC)

In the past 12 months, the Financial Accounting Commission (FAC) continued with its regular activities. In addition to participating in several conferences, the Commission has addressed financial issues, as indicated below.

Meetings

Regular working sessions of the Financial Commission on Accounting were held in Milano on November 11th and Stockholm on March 20th. The next meeting is expected to be held in June.

During the past year, members of the commission participated in several meetings with the IASB in London. Analysts also regularly attend EFRAG User’s Panel meetings in Brussels and participate in Investment Organisations Round Table meetings in London and New York.

In March, the Swedish Society of Financial Analysts organised a seminar in Stockholm, in cooperation with EFFAS, EFRAG and the Nasdaq OMX, on “Financial Reporting in a Financial Crisis – Understanding the role of EFRAG”, in which the Commission was actively involved.

Issues Addressed

In the past year the Commission has been involved in probably the main project for analysts related to IFRS: Financial Statement Presentation. A

major change in the presentation of financial statements has been under discussion for several years, but it was in October 2008 that the IASB released a Discussion Paper that represents a significant departure from the current approach. On April 14th, FAC sent comments to the IASB related to the DP, as requested. Moreover, analysts are participating in a field test undertaken by the IASB involving several sectors.

The Commission also participated in the joint group of users that sent a letter to the Financial Times in November 2008 related to the undesired changes introduced to IAS 39 and the carve-outs by the European Union as a result of the credit crisis in autumn 2008.

The Commission also addressed and prepared comments on issues related to

Simplifying Earnings per Share and IAS 39 and IFRS 7.

Members of the Commission are: Jacques de Greling (France), Taras Koval (Ukraine), Ivano Mattei (Italy), Rolf Rundfelt (Sweden), Henning Strom (Norway), Jérôme Vial (Switzerland) and Hugo Haarbosch (Netherlands) on an interim basis.

The Chairman of the EFFAS FAC is Javier de Frutos, IEAF, Spain. Deputy-Chairman is Friedrich Spandl, ÖVFA, Austria.

Market Structure Commission (MSC)

Since its establishment in November 2004, the Market Structure Commission has coordinated and submitted position papers as well as professional input mainly to CESR, as well as the other EU regulatory bodies (EU Commission, the EU Parliament) and IOSCO. Many of the suggestions provided have been implemented in the present directives.

Via the MSC, the efforts of the member societies already active in lobbying are concentrated in one forum and thus avoid a duplication of efforts and thereby all National Member Societies are represented at a European level.

Position Papers submitted during the business year 2008

Body	Submission Date	Title
IASB	14 April 2009	Preliminary Views on Financial Statement Presentation
EU Commission	10 June 2009	Review of Directive 2003/6/EC on Insider Dealing and Market Manipulation
CESR	8 February 2008	Proactive: EFFAS FAC on IFRS 8

Body	Submission Date	Title
CESR	22 February 2008	Proactive: EFFAS MSC on the Unbundling of Financial Research
EU Commission	22 February 2008	Proactive: EFFAS MSC on the Unbundling of Financial Research
CESR	31 March 2008	Consultation Paper on The Role of credit rating agencies in structured finance
IOSCO	25 April 2008	Comments on the IOSCO Technical Committee Consultation Report on Credit Rating Agencies
EU Commission	5 September 2008	Consultation on a regulatory framework for credit rating agencies and on policy options to address the problem of excessive reliance on credit ratings
EFrag	19 September 2008	EFrag Public Consultation of EFRAG Enhancement
	9 October 2008	EFFAS - Comments on the Current Financial Crisis
CESR	8 June 2007	Consultation on Non-equity transparency (EBC Commission)
FESE	10 October 2008	Proactive: EFFAS - Comments on the Transparency Directive
EU Commission	15 August 2007	Services Directive: Commission consults service providers on codes of conduct
CESR	14 September 2007	Questionnaire on Assessment of CESR's activities between 2001 and 2007
IASB	16 November 2007	Discussion Paper Preliminary Views on Insurance Contracts (FAC Commission)

Members of the Market Structure Commission are: Stephane Bellanger (France), Chris Golden (UK), Peter König (Germany), Otto Lucius (Austria), Ramiro Martínez-Pardo (Spain), Chris Grabowski (Poland), Harry Panjer (Netherlands), Rafael Sarandeses (Spain), Otto Graf Praschma (Germany), Alfredo Jimenez (Spain), Javier Mendez (Spain), Luc Keuleneer (Belgium), Giampaolo Trasi (Italy). National member societies are welcome to further nominate members.

The chairman of the MSC was Giampaolo Trasi until March 2009. Subsequently, Chris Golden was appointed as the new chairman of the MSC.

The MSC is preparing a position paper focussed on several technical issues related to ongoing financial crisis, based on inputs from EFFAS commissions.

Training and Qualification Commission (TQC)

The TQC proved itself a very effective vehicle for communicating and working across EFFAS within the training and qualification area. There are a number of permanent agenda items, i.e. at the start of each meeting there are presentations by a couple of member societies about how they are handling their training and qualification, the issues that arise in that area for them, and the plans they have for further developing their training and qualification; also on the agenda are experiences gained during the examination period, various items of feedback, problems that have been identified, issues related to training and qualification, etc.

A Review Panel will assess the applications for CEFA recognition. The procedures and application forms underpinning the accreditations have been discussed, developed and finalised in a recent TQC meeting.

It was agreed that making a platform for distance learning available for the emerging societies would be a very important step in supporting and stimulating the development of training programmes in those countries, and would be a tool to tighten links between EFFAS and these member societies. The TQC has actively participated in this initiative.

Members of the Commission are: Vincent Bazi, Ariane Lieure (France), Jean-Claude Dufournet (Switzerland), Guri Angell-Hansen (Norway), Petra Kalfmann, Judit Tóth (Hungary), Luc Keuleneer (Belgium), Kees de Vaan (Netherlands), Peter König (Germany), Umberto Carugati, Franco Biscaretti (Italy), Madeleine Lindblad Woodward (Sweden), Otto Lucius, Helmut Uhlir (Austria). Academic advisor is Michael Theobald.

The chairman of the TQC was Jesús López Zaballos until March 2009. At the TQC Meeting on the 24th of March Peter König was appointed as the new chairman of the TQC.

EFFAS Centre for Corporate Reporting

Within EFFAS there are three standing commissions concerned with corporate reporting and valuation in a broader sense: FAC Financial Accounting Commission, CIC Commission on Intellectual Capital, and CESG Commission on ESG. As a 4th activity within the realm of Corporate Reporting, XBRL eXtended Business Reporting Language has emerged, with EFFAS taking an active role on that.

All the concerned commissions and related activities seek ways to influence

and change corporate reporting with the aim of improving the transparency of corporate performance and ensuring that investment professionals' requirements are well reflected in the corporate reporting supply chain.

In order to improve communication and allow synergies among the activities mentioned above, at the end of 2008 EFFAS decided to set up a Centre for Corporate Reporting (CCR).

The mission of the centre is to strengthen EFFAS outreach and visibility on issues of accounting standards, financial communication, extra-financials and general developments in the area of corporate reporting vis-a-vis standard setters, regulators, the investment community and corporate.

The tasks are as follows:

- a) Work on a Corporate Reporting Model which describes principles, contents and channels of investor-focused corporate reporting and which serves as the coherent framework for identifying EFFAS' activities,
- b) Identify ad-hoc and priority target areas within the corporate reporting arena which promise opportunities for EFFAS to enhance the profile as the European investment professional network; transfer target areas into a common agenda.
- c) Align the positions of various EFFAS bodies including national member societies and tap synergies between activities.

The Chairs of the FAC, CIC and CESG and EFFAS Delegate for XBRL form the operational body governing CCR. The meetings take place through regular conference calls; three meetings have already taken place in 2009 and additional members have been invited, such as the Chair of EBC and MSC. The EFFAS Chairman Giampaolo Trasi and EFFAS delegate for XBRL Ralf Frank have coordinated this initial phase of activity.
