



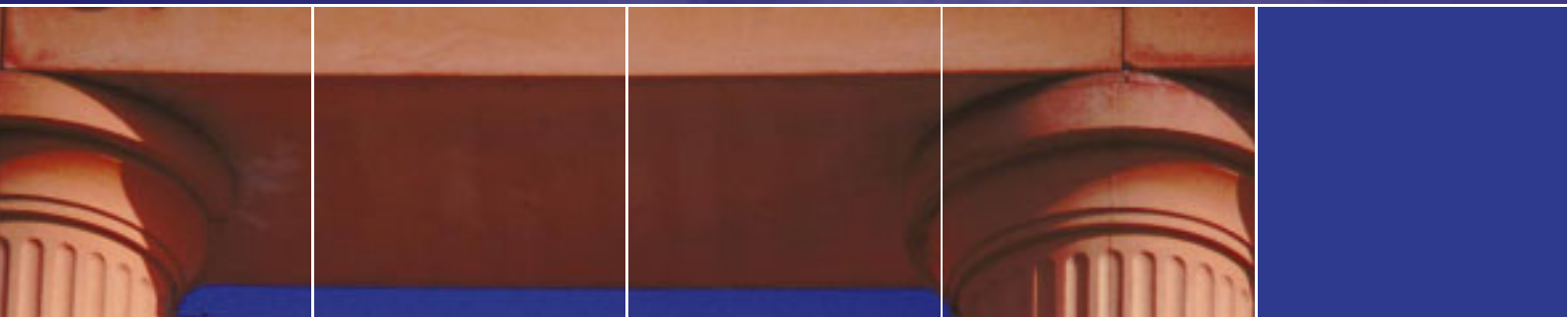
Promoting Integration
Thriving on Diversity
Creating Wealth

Integrity
Qualification
Communication



EFFAS THE EUROPEAN FEDERATION
OF FINANCIAL ANALYSTS SOCIETIES

in profile



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Europa was the beautiful daughter of the Phoenician king of Tyre, Agenor.

One night the king's daughter dreamt that two parts of the earth approached her bed in human form and fought over her.

The name of one part was Asia; she didn't know the name of the other part, but it whispered to Europa that many countries would be called after her.

Zeus saw Europa as she was gathering flowers by the sea and immediately fell in love with her.

Overwhelmed by love for her, Zeus transformed himself into a beautiful white

bull and approached the sea shore where Europa was singing and exchanging stories with her friends as their nimble fingers formed flower wreaths. The beautiful bull walked tranquilly towards them and knelt at Europa's feet.

Europa dared to climb upon the bull's back.

Suddenly the bull stood up and rushed out to sea, abducting Europa. He swam with her until he reached the Mediterranean island of Crete.

Left alone, Europa was very distressed and sad, but suddenly she caught sight of a divine appearance. It was Aphrodite, the goddess of love, who told her that she, together with Minos, the son of Zeus, would rule over the island of Crete and that the part of the earth to which the island belonged would carry her name, Europa. Now Europa understood the meaning of her dream.

It was in this way that Crete became the cradle of Europe.

The European Federation of Financial Analysts Societies EFFAS, was set up in 1962 as a professional association for the various nationally based financial analysts societies in Europe. Today, the umbrella organisation comprises more than 20 national societies. Representing more than 14,000 investment professionals, EFFAS maintains its head office in the European financial centre of Frankfurt am Main, the home of the European Central Bank.



Our mission

Integrity and values, diversity and integration, partnership and value added – these are the key terms defining the European financial market. In general, there is the question of furthering European economic competitiveness and particular problems, such as the challenge of safeguarding pensions for Europeans, are also addressed. The sine qua non for investment analysis and management in Europe is that it should be of the highest possible quality. And this is where EFFAS, as the association for European investment professionals, comes in.

We aim to represent the interests of all our members at the political, social and economic level. Active involvement in shaping the financial markets of the future is clearly one way of achieving this.

As a network of highly qualified professionals we wish to make the individual strengths of our various societies mutually accessible to all and provide every assistance as nationally based tasks develop into European wide projects. In brief, we create synergies and at the same time respect the European subsidiarity principle.

EFFAS

En route to the largest financial market in the world



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A word about EFFAS and the integrated European financial market



Fritz H. Rau
Chairman of EFFAS

Dear Reader,

At the moment we find ourselves in the process of European financial market integration. In this process comprehensive regulatory efforts for financial analysts are currently taking place in the EU. It is at once a challenge and a unique opportunity – i.e. the creation of the largest financial market in the world. A challenge which is keeping me, as Chairman of EFFAS, and the financial community literally in suspense.

EFFAS is well prepared for this historic process. The reorganisation and realign-



ment initiated in 2000 enabled us to position our federation as a platform for exchanging and focusing the expertise of the independent member societies. Our overall aim is clear: to set the standards for investment professionals in the fields of qualifications, communications and ethics; to actively bring our influence to bear on relevant EU guidelines; and to recognise and respect regional market characteristics.

Any integrated financial market in Europe built on the federal principle should not just promote values. It must also create assets for its citizens and,

ultimately, their retirement arrangements. Only in this way can the European market become a successful model for world financial markets.

Fritz H. Rau
Chairman of EFFAS

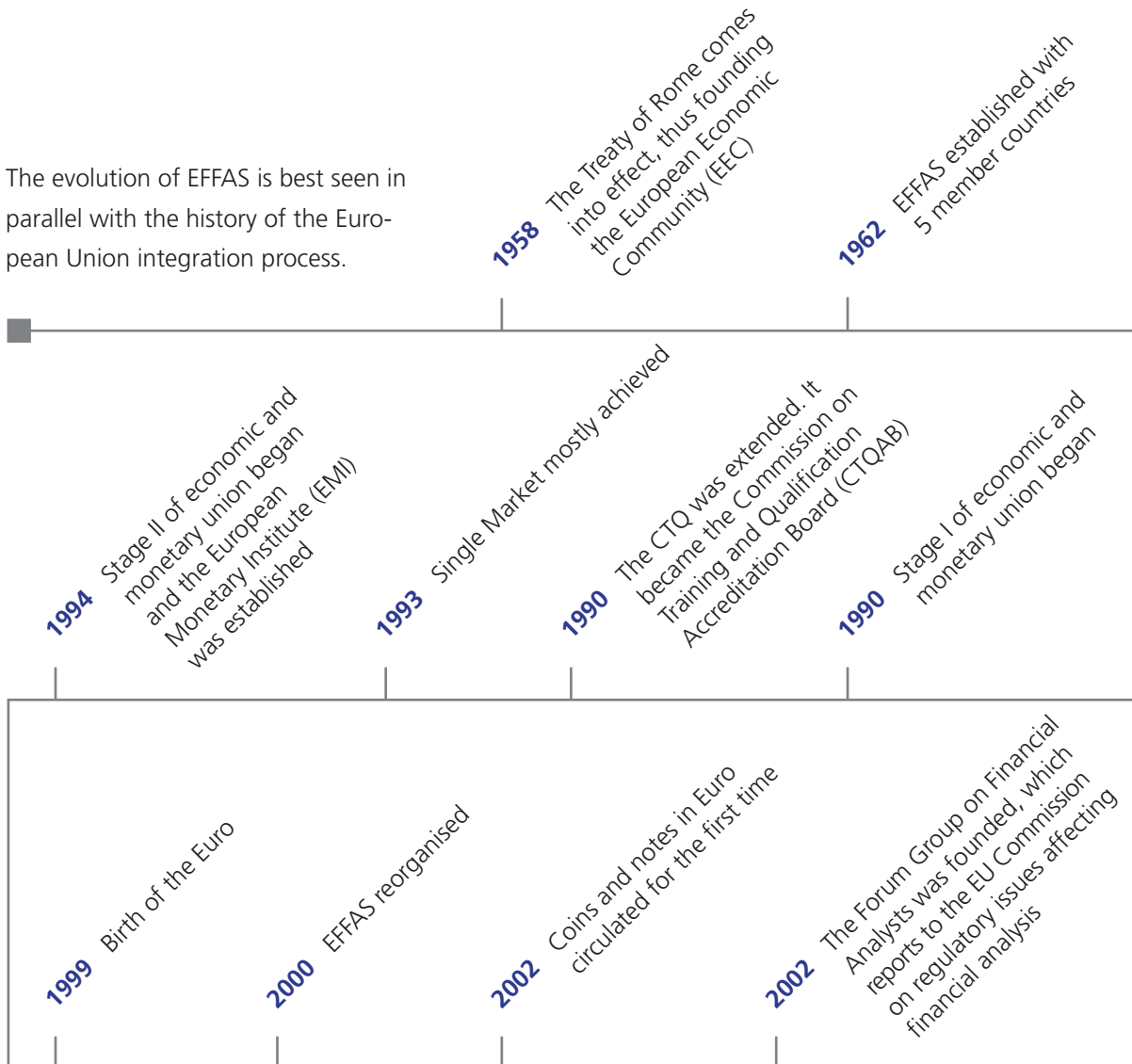
EFFAS

and the European unification process

The close links

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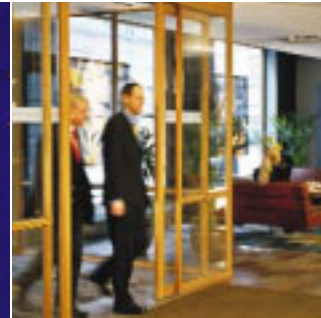
The evolution of EFFAS is best seen in parallel with the history of the European Union integration process.





- 1963** The Financial Accounting Commission (FAC) was founded
- 1967** First programme for medium-term economic policy initiated by the EEC Council of Ministers
- 1970** Planning work for an economic and monetary union began
- 1970** The EFFAS European Bond Commission was founded
- 1986** The Commission on Training and Qualification (CTQ) set up by EFFAS
- 1984** The Treaty on the Foundation of the European Union was accepted by the European Parliament
- 1979** First direct elections to the European Parliament took place
- 1978** The European Council establishes the European Monetary System based on a European currency system (the Ecu)
- 2002** EU Market Abuse Directive was ratified
- 2003** EFFAS has 19 member societies
- 2003** 10 years of the Single Market
- 2004** EU enlarged from 15 to 25 Member States
- 2005** International Accounting Standards to come into effect, the Basle II Guidelines for Commercial Banks to be mandatory

Actively shaping a European **financial market** policy



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First and foremost, involvement in drafting new European capital market regulations means actively supporting the committees where the strategic decisions are made with the expertise available to EFFAS.

With regard to demographic developments and collapsing public pension systems, an increasing number of people in Europe invest their assets in pension funds to secure their pensions. Establishing efficient and robust European Asset Management Standards is necessary to build confidence between the fund industry and investors by ensuring efficient portfolio management with reliable risk controls. EFFAS and some of its member societies

have already started to work on the development of European Asset Management Standards.

Pension-related topics must not be delayed. Only an integrated economic system can create the right conditions for millions of Europeans to enjoy the benefits of secure pension arrangements. The financial services action plan drawn up by the European Commission is already setting the pace. As an association representing the interests of its members, EFFAS will be one of the crucial decision makers.

A main responsibility is our input to the Forum Group on Financial Analysts of the EU Commission in which several



EFFAS experts are involved. EFFAS also has a permanent seat on the European Financial Reporting Advisory Group (EFRAG). This committee is currently in the process of specifying the content and the systems for International Accounting Standards (IAS) which will be valid from 2005 onwards. In addition, we are actively working in the Corporate Governance and the Basle II Banking Guidelines areas which will have profound impacts on company analyses in the future. Individual member societies have already developed and offered specialised training programs for credit analysts as well as set standards for the evaluation of Corporate Governance.

Here too, EFFAS has an indispensable

role to play as a communications platform for its member societies and their views.

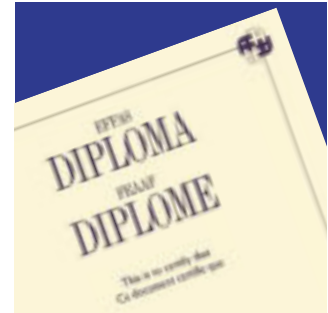
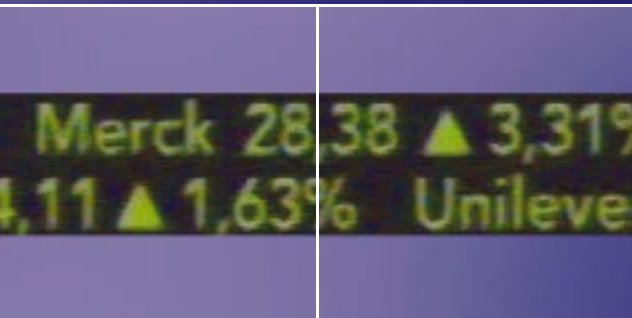
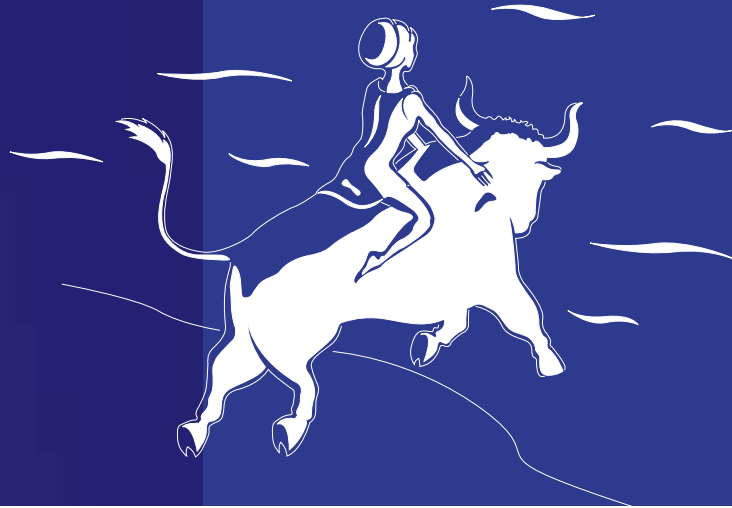
Practice demonstrates that the federal European financial market can function very well on its own without imported sets of regulations. European capital market law is the most advanced legal system in this field world-wide. It is essential that European values such as diversity of opinion and cultural differences are not neglected. EFFAS will continue to pursue this approach vigorously by supporting the various projects organised by its constituent societies.

Showing the way in qualifications for investment professionals



The world's most precious natural resources are its human beings. Indeed, human resources management has become a crucial business factor and a success parameter of its own – not least for the integrated financial market of the future. Ensuring that investment professionals receive the best possible training has always been a top priority at EFFAS. After all, only sound qualification courses backed by ongoing training for all capital market experts

can guarantee a truly professional advice service and corresponding consumer/investor protection in a transparent market.



EFFAS helped to develop the internationally recognised examinations for the professional Certified International Investment Analyst (CIIA®) designation – for its graduates, a veritable passport to the major financial markets of the world. To be eligible for CIIA® examination procedures, a candidate needs either to have successfully passed an accredited examination scheme (such as the Certified EFFAS Financial Analyst

diploma) which takes different national variations into account or to be proposed by a participating member society. The body behind the CIIA® diploma is the Association of Certified International Investment Analysts (ACIIA®) in which over 30,000 investment professionals are registered world-wide.

The driving force behind investor protection



In addition to providing adequate qualifications for investment professionals, EFFAS also monitors the integrity of its members. After all, potential investors must be able to trust the integrated European financial market and its major actors.

In other words, financial analysts and asset managers have to conduct their professional activities in compliance with internationally recognised Standards of Professional Conduct. The newly created EFFAS Commission on Ethics has initiated an evaluation of the existing codes of ethics of European societies with the goal of standardising them into a sole accreditation process.

Thus, national codes remain in place to take into account differing cultural and legal factors.

EFFAS is proud to accept a leadership role in implementing the EU commission's market abuse regulations, which were drafted with the direct aim of combating insider dealing and market manipulation. The corresponding directive – ratified by the EU in December 2002 – is to be incorporated into national financial market laws which are supplemented by the codes of ethics laid down by the EFFAS member associations. In this way, we will reach a European-wide harmonisation and avoid any distortions of competition.



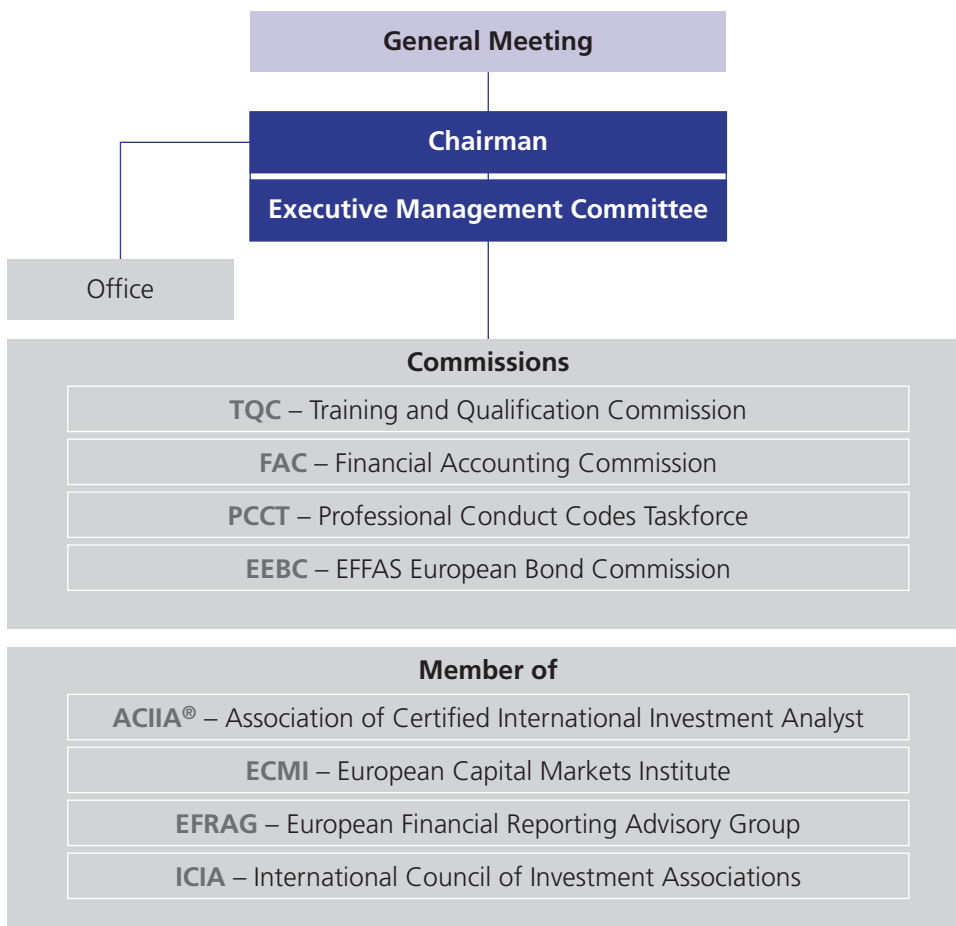
Individual EFFAS societies have in fact already made strong progress in terms of investor protection. Any European solution built on such foundations will form an appropriate base for effective supervision of the common EU financial market. It is for this reason we believe that any such regulations must also be based on a federal bottom-up approach in combination with existing legislation. We object to a top-down approach imposed from outside Europe where different legal systems exist. Only in this way can we guarantee the continuing existence of an authentically European shareholding and investment culture.

EFFAS is planning to form an Institute for Unaffiliated Research that will extensively support the establishment of such research in Europe. The Institute's task will be the accreditation and quality control of unaffiliated analysts and research companies on the basis of stringent requirements. The goal is restoring the credibility of financial analysis and the integrity of the market by effectively solving existing conflicts of interest between research and investment banking.

The voice of **Europe** on the world-wide financial market



EFFAS Organisation





Promoting value and creating wealth. As the partnership based umbrella organisation for investment professionals, EFFAS is committed to the pluralism of a federal Europe. To achieve this aim, we provide our members – in their many roles as member representatives, instructors, communications platforms and code of conduct developers – with the means to create long-term assets in the market and for investors.

We will continue to actively assist in defining the relevant criteria that govern the fusion of European financial markets.

We will be the voice of Europe on international financial markets as we press for regional diversity and promote European values. EFFAS investment professionals will thus be in a unique position to understand the languages of the markets and to advise their partners and customers competently and reliably – in their home region, across Europe and around the world.



EFFAS

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