

Investment Advice Raising the bar

The Securities and Exchange Commission (SEC) is establishing licensing requirements for staff at securities firms concerned with both marketing and advising about investments.

Four different licences will cover persons dealing with equities, debt instruments/bonds, derivatives and general investment advice. As previously announced, a fifth licence will cover mutual funds.

The Thailand Securities Institute (TSI), a division of the Stock Exchange of Thailand (SET), has been established to develop a new training programme for the capital markets industry. The institute will also establish a programme of examinations. Those who pass the tests will qualify for licences issued by the SEC.

Until now, staff at Thai securities firms have not had to have licences to function as either marketing representatives or investment advisers.

Under-qualified staff at securities houses have been seen as one cause of insufficiently informed investors suffering huge losses in local capital markets.

The SET says the first objective of the TSI will be to help those presently employed in the industry to qualify for the new licences.

The stock brokerage community estimates that Thailand will need over 1,000 licensed marketing representatives by the end of 2002.

About 4,000 people in Thailand will have to pass the bond-marketing exam by July 2002.

As announced earlier, mutual funds require licensing of 1,000 marketing representatives by March 2002 in Bangkok, and in March 2003 for the rest of the country.

Staff selling derivatives will require licences by September 2002.

The TSI programme will be open to the public and will be of interest to anyone seeking a career in the investment industry.

Anyone who passes the TSI marketing course exam will be in a preferred position to seek employment with licensed securities firms.

The TSI has been set up following the realisation by the Ministry of Finance, the SEC, the Bank of Thailand, the World Bank and associations related to financial markets that a national financial-market training facility was urgently needed.

The goal of the new institute is to help Thailand achieve international standards in the securities industry. A knowledgeable work force able to meet the investing public's needs is obviously in the country's interest, the SEC said.

With financial assistance from the Canadian International Development Agency, the TSI has entered into a contract with DevPar Financial Consulting to implement the project.

James J O'Donnell, president of Global Training and Development Group, is one of DevPar's team of international experts who will help TSI run the training and examination programme.

O'Donnell says human resources are obviously a key factor in developing the local capital market. Government support and regulation are also necessary to bring the financial markets up to the world standard. He said rules to prevent insider trading, fraud and deception should be as strongly enforced by the Thai authorities as they are in the United States and other fully developed capital markets. have been strongly enforced in the US market and Thai authorities should well prepare local broker for these needed regulations.

He added that the US's major brokerage house like Merrill Lynch has efficient regulations applied to its staffs aiming to maintain efficiency and quality services for customers. The company also has certified market representatives who must be licensed for their career as well.