

Chairman's Report

Independent Financial Advisors Association Limited **Annual General Meeting – 18 November 2010**

1] Introduction

The IFAA was formed in October 2005. It is an organization that is driven by voluntary participants. Its formation was based on the principles of striving for market convergence and the minimization of regulatory and product arbitrage. Having strengthened the IFAA base by building a strong and capable Council and stabilizing the IFAA finances throughout 2009, we were then able to take the next step in our development in 2010.

2] Basic Theme

An organization can basically be three things to its Members – (a) a trade organization, (b) a lobbying/advocacy organization or (c) a regulatory body. Since there is no mandate for regulation the focus was on the first two categories, especially the lobbying and advocacy roles.

3] Lobbying & Advocacy Participation

Four issues were faced by the IFAA throughout the year, which involved heavy participation and contribution:

- the September 2009 SFC “Consumer Protection” consultation paper
- the SFC requirement of a Type 1 License and HK\$5,000,000 in capital for the sale of retail mutual funds in March 2010
- the introduction of “Mystery Shopping” by the SFC in April 2010
- the FSTB consultation paper on the “Independent Insurance Authority” in July 2010

Many discussions were held and sometimes presentations made of the IFAA views to the following regulatory organisations, trade bodies and individuals:

- Chan Kin Por (LegCo)
- Paul Chan (LegCo)
- The Financial Services & the Treasury Bureau (FSTB)
- the H K Confederation of Insurance Brokers (CIB)
- the H K Federation of Insurers (HKFI)
- the Institute of Financial Planners of H K (IFPHK)
- Insurance & Financial Planners Alliance (IFPA) – consisting of
 - General Agents & Managers Association of H K [GAMA]
 - H K Chamber of Insurance Intermediaries
 - H K General Insurance Agents Association
 - Independent Financial Advisors Association [IFAA]
 - Life Underwriters Association of H K [LUA]
 - LOMA Society of H K
- Insurance Authority (IA)
- The LegCo Panel on the Independent Insurance Authority (IIA)
- The Securities & Futures Commission (SFC)

Additionally, our views are now regularly reported in media publications such as the “International Advisor”, the “South China Morning Post”, “Ignitesasia” and “Agence-France Press” and on a less regular basis in publications too numerous to detail here.

It would be true to say that many of the issues evolving from the above activities are “work in progress”, but that is the way of Hong Kong governance. Certainly the IFAA is now seen as an informal member and peer amongst the above group of industry participants and we can say that the IFAA has come of age as a lobbying organization.

4] Councillors

June 2010 an EGM was held to appoint two new Councillors to replenish the pool of active Council Members and replace leaving Councillors, which occur through the natural attrition that inevitably happens in the industry. It is timely to thank Rene Leung (from Grandtag) for her industrious contributions, especially as they apply to her role in revamping the web site and also kicking off the IFAA Newsletter, which is part of our awareness activities. However, of special importance is to sincerely thank Dr Sidney Sze (of Midland Wealth Management) and the IFAA founding Chairman for his immense early day contributions. Without Dr Sze and the small band of visionaries the IFAA would not have been founded. Both these people, in different ways, represent a loss to the financial services industry.

5] Finances

Having stabilized the finances in 2009 the Association was able to acquire the paid services of a part time Secretariat and in this capacity we must convey our thanks to Kim Tran, supported by Platinum Financial Services, who is now settling in well to this new role.

6] Membership

Member numbers have remained relatively flat, with the tsunami having no bearing on the few lost Members. However, the fact that our Membership is not growing in a more robust manner remains an area that can be strengthened. To this end the IFAA could look at appointing one person dedicated to enrollment and membership outreach activities, instead of this responsibility being spread across all the Councillors, whereupon focus on this task becomes lost.

7] Newsletter

This year saw the production of the first IFAA Newsletter, and a pleasing support from some paid advertisers. Our thanks must go to the team of Jessica Chan and Jessie Ho (both of GlobalBEST) and Rene Leung (of Grandtag) for this initiative. This was a fine first effort. The second edition is well under way with more “warm” advertisers.

8] Seminars

Several successful and well-received seminars were held as follows:

- 15 October 2009 - “Fiduciary Duties (Including Commission Disclosure) of Brokers & the PBO”
- 11 January 2010 – Kick-off Cocktail
- 18 & 25 March a 10 hour CPD course built around “Body Language”
- 16 September 2010 “Complying with Changing Regulations”, which also doubled as a Member consultation exercise on the Independent Insurance Authority paper

Special thanks to Mark Kirkham (of Platinum), our Seminar Convener for his tremendous efforts in this area. Thanks also to the seminar leaders, including Christine Koo, Gary Halsall and Jennifer Bovard, who played major roles.

9] Web-site Development

The IFAA web site underwent a major revision and security program this year. Included was a parallel Chinese version so ably written by Sony Lo (Thornton Global) with, as mentioned earlier, Rene Leung supporting.

It is interesting to note that several dozen direct enquiries came through the IFAA e-mail address throughout the year, with a diverse range of questions from seeking an independent financial advisor through to looking at the IFAA as a gateway into the Hong Kong market for distribution of products and services, the latter boding well for the future of the IFAA as a trade body.

10] The Future Direction of the IFAA

The IFAA has established itself as a credible advocacy organization for the IFA (companies) community in Hong Kong. The next step appears to be, while maintaining its lobbying activities, to begin to build itself into a trade organization. This could be achieved (not a simple matter, though) by expanding the number of Councillors and then conceiving and implementing ideas that make it a better proposition for an IFA firm to join the IFAA, rather than to remain as a non-Member.

11] Conclusion

In summary I would like to pass on my sincerest thanks to my hard working team of Council Members, Alan Tsui (Taifook Lexton Wealth), Ben Wang (Convoy), Jessica Chan (GlobalBEST), Joe Attrux (Harris-Fraser), Mark Kirkham (Platinum) and Sony Lo (Thornton Global). These people are my vote for the unsung heroes award. I thank, also, their companies, which allowed these Councillors to devote the necessary time to the affairs of the IFAA. Finally, I thank all the IFAA Members who all supported us throughout the year and allowed us to represent their interests and give them a voice into the financial services industry within Hong Kong.

Glenn Turner – Chairman 2009 - 2010