

Chief Examiners Report

Advanced Global Securities Operations – December 2007

The December examination was sat by 9 candidates of which 6 attained a pass.

Below, I have summarised performance in each of the questions.

Section A (10 technical questions 3 marks each)

Question 1

Only 1 candidate met the expectations. The expectations were derived from the AGSO workbook. Several candidates thought that if the client was “execution only” then a client agreement was not necessary; others thought that if they invested in certain collective vehicles they could be excluded.

Question 2

Only 3 candidates achieved full marks. 3 candidates scored less than full marks and 3 candidates did not score at all. This I think is particularly disappointing from an industry point of view. I would have expected the PTM levy and when to apply it to have been better understood.

Question 3

Candidates gave a good performance on this question. 5 candidates achieved full marks. All candidates achieved a score. Knowledge of Dematerialisation and Immobilisation is good.

Question 4

Again a very good performance by most candidates. 7 candidates attained full marks, 1 attained 2 marks and only 1 candidate did not score. Knowledge of the importance of Sub-Custodians is good.

Question 5

Only 3 candidates achieved full marks. 4 candidates scored less than full marks and 2 candidates did not attain any marks at all. The meaning of Daylight Exposure is not well understood.

Question 6

The marks attained were 66% of the available marks. Although only 2 candidates scored full marks, the others bar one scored 2 marks. Most candidates did not understand that the service provider of Sweep facilities also gains a benefit.

Question 7

Although 3 candidates scored full marks, the remainder scored 1 or 0 marks. Many of the candidates did not understand how a company benefits from having a *Rights Issue*.

Question 8

A good total of 81% of the available marks was scored in this question. Every candidate achieved marks from this question. Clearly the benefits and the business drivers of *STP* are understood.

Question 9

A very good total of 93% of available marks was achieved by the candidates. Only one candidate did not achieve full marks. SLA's and the reasons for having them are very well known.

Question 10

An excellent showing on this question again. All candidates scored full marks. Candidates seem to keep themselves informed of *Market Developments*.

Section B (3 Managerial questions 10 marks each)

Question 11

A disappointing attainment level of 36% was achieved. Only 2 candidates attained respectable scores. This was the first of the management type questions. Clearly most candidates were not able to distinguish between cause and effect with regards to the *risks associated with trade settlement*.

Question 12

An even more disappointing attainment level of 30% was achieved. Having said that 1 candidate scored an excellent 8 marks. The best of the rest was a 6 and a 5. Most candidates were not able to tell us why there could be differences *at a Sub-Custodian when calculating CA entitlements*.

Question 13

A reasonable response to this question. An attainment level of 61% was achieved. 7 of the 9 candidates scored 6 marks or better. Mostly candidates knew what their responsibilities were with regards to *Money Laundering*. Although not cited by the Chief Examiner as an expected answer, many candidates quoted Layering, Placement and Integration as ways that criminals try and launder money. These terms are mostly found in the banking industry, but they were accepted as answers in the context of securities industry as well.

Section C (2 Analytical / Managerial questions 20 marks each)

Question 14

This question was answered by 4 candidates. There was 1 candidate who had an excellent answer and scored the full 20 marks. Another scored 12 marks, another 9 marks but the other 1 could only manage 6 marks.

Question 15

This question was answered by 5 candidates. 3 candidates scored 13 marks or better none were exceptional. 2 candidates scored 8 or less.

Section D (2 Analytical / Managerial questions 20 marks each)

Question 16

This question was answered by 6 candidates. Of the analytical / managerial questions, this was by far the best answered. An attainment level of 89% was achieved. All our candidates scored 10 marks or better, the best being 2 x 18 marks. Clearly our candidates know the importance of getting residency details correctly collated and the ramifications of not doing so.

Question 17

This question was answered by 3 of the candidates. One candidate scored 10 marks the other two scored 5 and 3. A very poor response to a key business question.

General Guidance to students.

- Be sure that you understand the question. Take time to read the question and be sure that you give yourself time for proper comprehension.
- Examine the words used in the question fully.
- Do not attempt the exams unless you have had time to attain a broad range of in depth on the job experience.
- If you do not know the answer say so, do not waste time on trying to fabricate an answer.