

## Chief Examiner's Report

### Advanced Global Securities Operations – December 2008

The December examination was sat by 20 candidates of which 17 attained a Pass including 5 with Credit.

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

#### **Section A (10 technical questions, 3 marks each)**

##### Question 1

16 candidates met the expectations in full. 4 candidates scored 0. The expectations were derived from the AGSO syllabus. This exam showed a marked improvement over the June 2008 question relating to regulatory requirements.

##### Question 2

10 candidates achieved full marks. However 7 candidates scored 2 and 3 candidates scored 1. This was a good scoring from an industry point of view. However, several candidates sited "Dilution Levy" as a typical charge. Where this occurred I did not allow the answer to score as this levy is not typical plus it is for the benefit of the fund, not a charge for the benefit of the manager of the fund.

##### Question 3

Candidates gave a poor performance on this question. No candidate achieved full marks. Knowledge of Cross Border Settlement would seem to be weak.

##### Question 4

Not a very good performance by most candidates. 5 candidates attained full marks, 10 attained 2 marks. Knowledge of the way to gauge a Sub-Custodian's Performance was satisfactory.

##### Question 5

Half of the candidates achieved full marks. 5 candidates scored less than full marks and 5 candidates did not attain any marks at all. The candidates did not perform too well when asked to give their understanding of Directed Lending.

##### Question 6

The marks attained were 67% of the available marks. 10 candidates scored full marks, 4 others scored 2 marks. Most candidates did understand that Asset Backed Securities was actually providing a cash management facility.

#### Question 7

An excellent performance. All candidates achieved a full 3 marks. Candidates did understand the options a customer has when faced with a Rights Issue.

#### Question 8

This was a very poor performance. The candidates were not able to exhibit understanding of the ECB's definition of STP.

#### Question 9

An excellent total of 95% of available marks was achieved by the candidates. 17 candidates achieved full marks. The consequences of not adhering to a SLA are well known.

#### Question 10

A mediocre performance on this question. Only 25% of the candidates scored full marks. Some candidates did not seem to know the Risk with Certified Settlement.

### **Section B (3 managerial questions, 10 marks each)**

#### Question 11

This section which saw some improvement in performance (up to 59%) in June 2008 was slightly weaker in December 2008, dropping to 51%. It is disappointing that the candidates were not able to articulate the tasks involved in Securities Lending.

#### Question 12

A very good attainment level of 81% was achieved. 12 candidates scored an excellent 10 marks. Only 2 candidates were not able to adequately tell us what a CSD and an ICSD are.

#### Question 13

A relatively disappointing response was given to this question. An attainment level of 44% was achieved. This was a worse performance than June 2008. The more worrying aspect of this performance is that this question is in the regulatory requirement area.

### **Section C (2 analytical / managerial questions, 20 marks each)**

#### Question 14

This overall section has seen a marked improvement in performance. The average attainment level has increased from 53% in December 07, 62% in June 08 to 77% in December 08. This particular question was answered by 17 candidates.

#### Question 15

This question was answered by only 3 candidates. None of the responses were strong.

**Section D (2 analytical / managerial questions, 20 marks each)**

Question 16

This question was answered by 7 candidates. The attainment level is seen to be 57%. All candidates scored 9 marks or better, the best being 14 marks.

Question 17

This question was answered by 13 of the candidates. An exceptional attainment level of 80% was achieved.

**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.