

MEDIA RELEASE

Investors are supportive of governments worldwide investing in domestic banks, says CFA Institute poll

- Results also show that investors believe top two reasons for market turbulence are recession fears and belief that financial institutions still do not value some assets at current market price.

October 21, 2008 – CFA Institute, the global association for investment professionals, has released the results of a global member poll on governments' attempts to stabilise the markets and liquidity.

"Our members are encouraged by the strong and varied government actions to shore up the industry and for financial firms to open their books and tell the truth about the current market value of some key assets," said Jeff Diermeier, CFA, president and CEO of CFA Institute.

"The recent G7 and global treasurer meetings are a step in the right direction. However, investors want banks and other public companies to take some responsibility for their excessive risk taking and focus on short-term goals that greatly contributed to this crisis. It is no surprise that banks are not comfortable lending to one another – no one is sure what surprises there are on a firm's balance sheets. That needs to be addressed promptly and the actions being taken are designed to do just that."

Anonymous comments from respondents include:

- "The severity of the crisis is so serious that now governments are the only one that can help markets and avoid financial meltdown. But is essential that over next quarters we have a process of "cleaning" of banks' (and other investors') balance sheets in a gradual way. It's also important legislation will improve and fix the huge bugs around world. If the next quarters will be used just to salve banks and let things go as if they were just trying surviving, it will be a mistake. A long depression could arise, or worse, another bubble somewhere else."
- "Full transparency and disclosure by all financial institutions (including hedge funds, private equity, etc.) with an end to secret strategies as a cloak to hide positions is essential to restoring confidence."
- "Part of what is contributing to volatility is the uncertainty of what government will or will not do. Certainty in this arena would help settle prices, and even if that is lower it would make a base for future growth. Also the increased media and press conferences concentrated in this area increase the mob-like psychology of fear and volatility in dramatic ways."
- "Left out of the options in this survey is the absolute need to re-regulate the industry. If change to the regulatory framework is not made, then we will be operating in a framework in the future no different than the current one."

CFA Institute Member Poll Results as of October 14, 2008
(5,148 respondents; poll was distributed on October 12, 2008)

Q1. Recently, the U.K. government announced plans to strengthen the capital base of domestic banks by direct investing in the equity of those banks. Is this approach a model that governments worldwide should follow?

	Number of responses	Response percentage
Yes	3,174	75%
No	1,082	25%

Q2. If governments were to guarantee all short-term debts of solvent financial institutions, would this restore the confidence institutions need to begin trading with each other again?

	Number of responses	Response percentage
Yes	3,142	83%
No	660	17%

Q3. To what extent would the following government measures, other than direct investment in banks and guaranteeing of bank debts, help to unfreeze the credit markets? (1 = not at all; 5 = completely agree)

	1	2	3	4	5
Central banks taking steps to eliminate insolvent institutions and to foster recapitalisation of institutions deemed solvent.	257 (5%)	546 (11%)	1139 (22%)	2329 (46%)	820 (16%)
Full disclosure of bank assets, asset valuations, and valuation assumptions to the market.	276 (5%)	743 (15%)	1153 (23%)	1656 (33%)	1266 (25%)
Government doing nothing: the markets will sort this out without additional government intervention.	2581 (51%)	1292 (25%)	562 (11%)	349 (7%)	292 (6%)

Q4. The markets remain volatile even after the measures taken by governments in recent weeks. To what extent have the following contributed to the continuing volatility? (1 = not at all; 5 = completely agree)

	1	2	3	4	5
The unwillingness of commercial banks to lend to each other.	41 (1%)	140 (3%)	434 (8%)	1824 (36%)	2670 (52%)
Concern about the likelihood of a global recession.	29 (1%)	282 (6%)	166 (821)	2498 (49%)	1481 (29%)
Concern that financial institutions continue to hold assets at values that do not accurately reflect current market value.	69 (1%)	415 (8%)	804 (16%)	2226 (44%)	1599 (31%)
Lack of coordinated actions by regulators across regions.	364 (7%)	1143 (22%)	1509 (30%)	1445 (28%)	630 (12%)
Mark-to-market accounting.	741 (15%)	1247 (24%)	1289 (25%)	1200 (24%)	620 (12%)
Slow pace of implementation of the original US\$700 billion bailout package in the United States.	610 (12%)	1436 (28%)	1464 (29%)	1160 (23%)	437 (9%)
The end of the ban on short selling in the United States.	1453 (28%)	1539 (30%)	1083 (21%)	751 (5%)	277 (5%)

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About CFA Institute

CFA Institute is the global association for the investment profession. It administers the CFA and CIPM curriculum and exam programs worldwide; publishes research; conducts professional development programs; and sets voluntary, ethics-based professional and performance-reporting standards for the investment industry. CFA Institute has more than 96,500 members, who include the world's nearly 83,000 CFA charterholders, in 134 countries and territories, as well as 136 affiliated professional societies in 57 countries and territories. More information may be found at www.cfainstitute.org.

About CFA Society of Sydney

CFA Society of Sydney (CFA Sydney) is a member society of CFA Institute. It was established in 1996 and has over 830 members, of whom 85 percent hold the CFA designation. CFA Sydney is a member-focused organisation, run by a group of dedicated volunteers elected by the members. The society is an association of local investment professionals engaged in a wide variety of roles, including portfolio management, security analysis, corporate finance, and investment advice. CFA Sydney aims to promote the highest ethical and professional standards within the investment industry. It encourages professional development through the CFA program and continuing education; it facilitates the exchange of information and ideas within the local investment community and beyond; and it works to further the recognition of the CFA designation and what it stands for. As one of 135 CFA Institute



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