

Securities Houses Compliance Officers Group

Chairman's Report 2012

Dear SHCOG Member,

I usually try to send out my Annual Report earlier in the year than June! I think, however, that for many of us the first few months of 2012 have been exceptionally busy and so I hope you will now allow me to provide you with a round up of the last year's activities and a preview of what SHCOG is expecting to achieve during the remainder of this year.

First let me mention, as I believe you all know, that 2011 was SHCOG's 25th Anniversary year, its Silver Jubilee, and a very exciting year it turned out to be! More about this later in the report.

Let me start with the details about new members of both the Group and the Steering Committee, as we saw a number of changes during 2011.

New Members of the Group and the SHCOG Steering Committee

We were delighted to welcome 22 new member firms to SHCOG during 2011; as normal we also lost a few firms. The net increase, however, was 10% of membership and this has had a beneficial effect for all firms in terms of the level of subscription fees.

We welcomed the following firms during 2011:

Alpha Bank	GE Capital
Arden Partners	GETCO Europe Ltd
Aviate Global LLP	Hobart Capital Markets Ltd
Banco Itau BBA International SA	NedBank Ltd
BlueBay Asset Management	Newedge Group
Canaccord Genuity Ltd	Numis Securities Ltd
Close Asset Management	Oppenheimer EU Ltd
Creditex Brokerage	Peel Hunt LLP
E* Trade Securities Ltd	Pharo Management (UK) LLP
Exane Ltd	StormHarbour Securities LLP
FxPro Financial Services Ltd	West Pac Banking Corporation

Regarding the Steering Committee, Gill Clarke, Alan Williams and Dan Batchelor joined and added their expertise in Asset Management, Financial Crime Prevention and Small Investment Firms Compliance, respectively, to the Committee's strength. Caz Marshall was appointed as Treasurer. Elizabeth Canning moved to Pershing, Adrian Lewis to Credit Suisse and Antony Whitehouse took on the role of Head of UK Compliance at BNP Paribas.

Chair	Leon Vardon	G. H. Financials Ltd
Deputy Chair	Antony Whitehouse	BNP Paribas
Secretary	Merope Sylvester	Barclays Bank
Treasurer	Caz Marshall	Nomura International
TECC Planning Committee Chairman	Jonathan Bibby	UBS AG
	Dan Batchelor	StormHarbour Securities LLP
	Richard Brearley	Investec
	Elizabeth Canning	Pershing
	Nick Child	CITI
	Gill Clarke	Close Asset Management Ltd
	Mark Goulden	JP Morgan
	Adrian Lewis	Credit Suisse
	Antony Lowther	Commerzbank
	Kevin Ludwick	The Bank of Tokyo-Mitsubishi UFJ
	Alan Williams	Royal Bank of Scotland

Securities Houses Compliance Officers Group

2011 – A LOOK BACK

Monthly Meetings

Once again, the SHCOG monthly meetings proved to be the mainstay of the Group's activities with high attendances at all the very topical sessions. In particular, a meeting early in the year on the new Bribery Act, which Simon Deutsch from Deutsche Bank and Ed Crosse from Osborne Clarke co-presented, attracted a record attendance of 170. Everyone agreed that it was an excellent practical session with great legal input. A full list of meeting topics is available on the SHCOG website. (www.shcog.co.uk)

On behalf of the SHCOG membership, I should like to thank all the speakers who contributed to making these meetings so helpful and informative for our members.

We are, as ever, particularly grateful to Bank of America Merrill Lynch for its continued support in allowing SHCOG to utilise its excellent meeting facilities at very advantageous rates. My sincere thanks go to the firm for providing this valuable benefit for the Group.

Conferences and Other Events

TECC Lisbon 2011

For TECC 2011 we welcomed over 170 delegates from 17 countries to the beautiful city of Lisbon. This proved to be a most popular choice with the venue and weather providing a stunning setting for a truly excellent programme. Jonathan Bibby once again headed up the Planning Committee with participants drawn from SHCOG members and the European compliance community. We are particularly grateful to Marjolein van Hellemond from ING for chairing the conference with great aplomb. A broad ranging programme tackled a wide variety of technical issues and strategic challenges facing the Compliance function. We were particularly pleased to be able to welcome Carlos Tavares, the vice chair of ESMA, as our keynote speaker.

The TECC Conference goes from strength to strength each year. It is not only an excellent learning opportunity for compliance staff at all levels but is also an increasingly important networking and benchmarking opportunity for senior compliance managers from across Europe. If you haven't been to TECC so far, I thoroughly recommend it!

SHCOG Compliance Week

The Steering Committee decided to celebrate SHCOG's 25th Anniversary with its first ever 'Compliance Week' (14 – 18 November 2011) offering a different Compliance event every day. I am told that during the week over 500 people attended one event or another.

The SHCOG Compliance Week opened on the Monday with a networking dinner, kindly hosted by BNP Paribas, to which the Heads of Compliance from the largest firms (Membership Group E) were invited. The Committee had felt that it should do more to provide a forum for this segment of its membership and the discussions over dinner were very informative.

Securities Houses Compliance Officers Group

On the Tuesday, we held a buffet supper for all members and the evening was well attended and most enjoyable - marred only, so they tell me, by a 'not very good' sound system that prevented several people from hearing my speech – well perhaps that was their good luck!

On Wednesday, we held the Financial Crime Prevention Day and on Friday the Compliance Toolbox Day. Both events were well attended and benefited from the usual high standard of content and presentation. These two full day events flanked our regular monthly meeting on the Thursday afternoon which was another well attended event on MiFID II.

I would very much like to thank everyone involved in the planning and presentation of all of these events. I want especially to thank Kevin Holland and Merope Sylvester for their excellent planning skills in putting together the Financial Crime Prevention and the Compliance Toolbox Days. Lastly, my heartfelt thanks go to Caz Marshall and Georgina Hickleton whose hard work and determination ensured that the whole initiative was a great success.

ACTIVITIES IN 2012

Compliance is an ever-changing, challenging industry to be a part of and I don't think 2012 will disappoint or be any different.

TECC Lisbon 2012

As you know, TECC has already taken place this year – and was once again a huge success. Planning for TECC 2013 is already underway – and, confidentially(!), I can tell you that we are currently researching Istanbul as a possible venue.

Annual Drinks Reception

As usual, the SHCOG Steering Committee will be holding its annual reception for members. Details on this will be circulated later in the year.

New Website

Unfortunately, the website development stalled last year for different reasons but it is intended to resurrect this initiative in the summer, in time for an autumn launch.

Autumn Events

We shall be holding a series of 1-day events in the autumn, so please save some of your training budgets for these and look out for the announcements in due course.

Compliance Academy

The Compliance Academy 2012 is well under way with one or two 1-day (and occasional ½-day) training workshops a month. The Compliance Academy provides high quality training seminars for people transferring into Compliance from other areas, for senior staff with identified skills gaps and for junior executives seeking to learn from an experienced Compliance professional.

Securities Houses Compliance Officers Group

Membership Fees

Given all these activities, the SHCOG subscription fees continue to provide excellent value for money. Due to the substantial increase in the number of member firms it has been possible to keep subscription fees at 2011 levels, namely:-

Group A	(1-5)	£520
Group B	(6-10)	£760
Group C	(11-20)	£1,255
Group D	(21-30)	£1,675
Group E	(Large Firms & Groups)	£2,750

(Numbers in brackets indicate the number of Compliance Professionals in a firm.)

In addition, as a one-off for 2012, firms with only one or two Compliance personnel have been given a discount off the Group A rate.

Networking

SHCOG traditionally has just two key objectives – ongoing professional education and networking. It is a friendly Group, so please always take the opportunity to introduce yourself to new people at a SHCOG event; you'll never know when that contact may prove invaluable.

Finally...

To close, I would sincerely like to thank all members of the SHCOG Steering Committee for their commitment to providing you with the best value-for-money education and networking opportunities. I also wish to thank Georgina Hickleton who, with her team at *'On Location Conferences'*, continues to manage our small association with untiring energy and enthusiasm. But most of all, I want to thank you, the members, for your unfailing support of SHCOG.

With all the regulatory changes in train around the globe, the role of the Compliance professional becomes ever more important and more challenging. It is right that we continue to support each other and I look forward to seeing you at one or more of our events during the remainder of 2012.

Thank you.

Yours sincerely,

LEON VARDON
SHCOG Chairman

June 2012