

FINANCIAL MARKET INTEGRITY INDEX™

# GERMANY

2010



## **CFA Charterholders and Professional Integrity**

*CFA Institute is the not-for-profit, professional association of 99,000 financial analysts, portfolio managers, and other investment professionals in more than 130 countries, of whom 87,000 hold the Chartered Financial Analyst® (CFA®) designation. The Standards and Financial Market Integrity Division is the research, policy, and advocacy arm of CFA Institute.*

*The CFA designation is widely recognized as the designation of professional excellence within the global investment community. CFA charterholders must pass three rigorous examinations that test their understanding of a number of financial disciplines, including ethics and professional standards, and must complete several years of qualifying financial work experience to earn the charter. To retain the designation, CFA charterholders also must annually renew their pledge to adhere to the CFA Institute Code of Ethics and Standards of Professional Conduct.*

*In 2002, when CFA Institute and the United Kingdom Society of Investment Professionals partnered, UKSIP members were adopted into CFA Institute and holders of the corresponding FSIP and ASIP designations were accepted into CFA Institute membership based on the comparable level of rigor needed to obtain these designations. Although all CFA Institute members adhere to an ethical standard, only CFA, FSIP, and ASIP designees also have displayed a level of mastery in investment principles. Therefore, this research does not include responses from all CFA Institute members but, rather, only from those who are active members with CFA, FSIP, or ASIP designations; all will be referred to collectively as “CFA charterholders” throughout this report.*

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# Introduction

# Concept of This Index

The Financial Market Integrity Index was developed by the Standards and Financial Market Integrity Division of CFA Institute (formerly known as the CFA Institute Centre for Financial Market Integrity) to gauge the perceptions investment professionals have about the state of ethics and integrity in six major financial services markets and how these perceptions evolve over time. Specifically, the index measures the level of integrity that

the work of CFA Institute in conducting regulatory outreach and developing enhanced professional standards.

The Financial Market Integrity Index is distinguished from other market surveys and is proprietary in that it capitalizes on our exclusive access to seek the opinion and perspective of the CFA Institute membership (see inside cover for details). CFA charterholders are investment professionals

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*The Financial Market Integrity Index was developed to gauge the perceptions investment professionals have about the state of ethics and integrity in financial services markets.*

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investment practitioners experience in their respective markets—Canada, Germany,<sup>1</sup> Hong Kong, Japan, the United Kingdom, or the United States—and the practitioners' beliefs in the effectiveness of regulation and investor protections to promote such integrity. This pragmatic input from working investment professionals will help raise awareness of leading issues in the capital markets and will inform

who have earned the CFA designation and are required to adhere to a stringent code of ethics. The informed opinion of this particular respondent group offers valuable insight into the current state of ethical practices and standards in select global markets and will help to inform regulators and other financial industry thought leaders concerning potential areas for improving the investment profession.

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*CFA Institute provides this report to advance the cause of ethics and integrity in financial markets.*

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CFA Institute provides this report on the findings of the survey (the Report) to advance the cause of ethics and integrity in financial markets through the views and opinions of trained investment professionals so as to:

- Inform investors and regulators of the perceived ethics and integrity of practitioners and the effectiveness of regulatory systems in the market;
- Encourage investors to consider whether they are likely to be treated fairly and ethically if they invest in the market;
- Help assess whether a particular country or market has specific integrity issues that need to be addressed by regulators; and
- Inform practitioners in the market about how others perceive their actions and honesty, in general, and to stimulate remedial actions on their part where appropriate.

Each Financial Market Integrity Index Report measures the sentiments expressed by a cross section of survey respondents concerning ethical standards and investor protections of a particular market. The ratings discussed in this Report represent the opinions of a distinct group of professionals, CFA charterholders, responding to a series of questions about their experiences with practitioners, regulations, and investor protections in Germany. This Report was specifically designed to gather the perceptions of only the German market. Because respondent populations differ significantly between markets, we believe it will be more valid and informative to assess each country's report independently of the others rather than to try to make cross-country comparisons.

<sup>1</sup> In 2010, Germany replaced Switzerland as a market covered by the Financial Market Integrity Index due to a number of factors, including the size of the German economy, a critical mass of CFA Institute members in Germany, and the interest of the German CFA Society in participating in the annual survey.

# About the Index Methodology

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*The Financial Market Integrity Index is constructed to give equal weight to two dimensions of evaluation:*

*(1) the ethics of market participants and*

*(2) the effectiveness of market systems in ensuring market integrity.*

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The Standards and Financial Market Integrity Division of CFA Institute, in consultation with Harris Interactive, developed the Financial Market Integrity Index to specifically reflect the perspectives and opinions of investment professionals identified as being committed to the highest level of professional ethics. CFA charterholders and holders of the ASIP and FSIP designations were asked to evaluate and rate a number of financial “market participants,” including sell-side analysts, hedge fund managers, board members, and others as well as “market systems,” such as market regulation and investor protections, including corporate governance, shareholder rights, and transparency. The questions relate

to how market participants and market systems contribute to financial market integrity (see **Figure 1**). Respondents were asked to answer a number of questions that rate on a five-point scale the ethical behavior of these market participants and systems.<sup>2</sup>

More than 2,700 professionals in 80 countries who hold the CFA, FSIP, or ASIP designations participated in the research for the 2010 Financial Market Integrity Index by taking the survey either online or by scripted telephone interview between 1 February and 9 March 2010. For the first time, in 2010, the out-of-market ratings and comments for each Financial Market Integrity Index Report were extended

### Financial Market Integrity Index Questions and Rating Scales

Please rate the overall ethical behavior exhibited by the following groups in Germany.



For each of the following, please rate the overall effectiveness of market systems for ensuring market integrity in Germany.



**Figure 1**

*The ethical behavior of market participants and the effectiveness of market systems are the two dimensions of evaluation that produce the final Financial Market Integrity rating.*

to CFA charterholders from around the globe and not limited to the six markets covered by these Reports. CFA Institute believes that this will allow us to gather responses from a more diverse cross-section of our membership.

To provide the most statistically reliable opinions, this Report will use in-market ratings when referring to an index rating or score, unless otherwise noted.<sup>3</sup> Out-of-market ratings will be used for discussion and comparisons only where noted because these results are statistically less significant as a result of smaller sample sizes.

The Financial Market Integrity Index is constructed to give equal weight to two dimensions of evaluation: (1) the ethics of market participants and (2) the effectiveness of a market’s regulations

and investor protections (referred to herein as “market systems”) in promoting and upholding market integrity. Data gathered during phone interviews were adjusted to align them with online responses so that all responses could be accurately integrated into one pool of responses. For more comprehensive information regarding the overall Financial Market Integrity Index methodology, please refer to the separate report available on the CFA Institute website at [www.cfainstitute.org/ethics](http://www.cfainstitute.org/ethics).

This is an opinion-based survey, and CFA Institute makes no representations concerning accuracy or otherwise warrants use of the Financial Market Integrity Index for any purpose by readers.

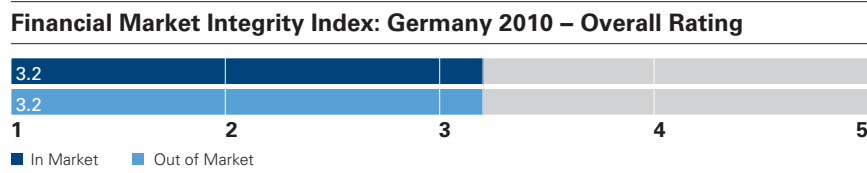
<sup>2</sup> One question dealing with severity of unethical behavior or ethical lapses was an exception and listed a score of 1 as not severe at all and 5 as extremely severe. This question did not figure in the final calculations of the Financial Market Integrity rating.

<sup>3</sup> In this Report, in-market ratings are those from respondents inside Germany and out-of-market ratings are those given by respondents outside Germany.

# Executive Summary

**Figure 2**

*In 2010, in-market respondents gave the German market the same overall Financial Market Integrity rating (3.2) as did those outside Germany (3.2).*



Survey respondents inside and outside Germany gave the German market an overall rating of 3.2, or slightly above “average,” on a scale of 1 to 5 (see **Figure 2**).<sup>4</sup> Of the 15 component ratings making up this overall in-market score, only three, or 20 percent, of the ratings received a rating of less than 3.0, or “below average,” by those who work and live in Germany.

Based on the ratings given by survey respondents, the ethical behavior of financial advisers, hedge fund managers, and private equity managers elicit the most cause for concern; each earned a rating of below 3.0, or “somewhat ethical,” from German survey respondents. Corporate governance standards, financial transparency, and regulation in the German market all earned a mark of 3.0, or “somewhat effective.”

In their comments, survey respondents singled out German advisory board members as the financial professionals whose ethical behavior

caused the most concern in the German market. A number of high-profile corporate governance lapses by supervisory boards in recent years has likely fueled this concern about the behavior and competency of supervisory boards.

A question unique to the German market asked survey respondents their thoughts about the effectiveness of supervisory boards at financial institutions in Germany. Survey respondents showed more concern than confidence about the independence and financial expertise of supervisory boards at German financial companies.

Survey respondents also revealed considerable concern about the ethical behavior of financial advisers in Germany; this group garnered the second-most comments from survey participants. Concerns about the behavior of financial advisers mostly focused on the conflicts of interest inherent in the current adviser incentive structures in the German market.



## Conclusions

- When asked about the responsibilities and expertise of supervisory board members at financial corporations, respondents in the German market said they are most concerned about supervisory board independence and competence.
- Survey respondents seem most concerned with the ethical behavior of German hedge fund managers, private equity professionals, and financial advisers, each earning a below-average rating of 2.8 (out of 5.0) or lower from German survey respondents.
- When asked to rate the regulatory and investor protections of German capital market systems, survey respondents expressed the most concern about corporate governance, financial transparency, and regulatory standards. Each of these market system components earned a rating of 3.0 from survey respondents in Germany.
- Survey respondents inside Germany generally agreed with those outside the German market concerning the effectiveness of German capital market systems. The groups tended to disagree, however, concerning the ethical behavior of German financial professionals, with those outside the market ranking the ethical behavior of German financial advisers, hedge fund managers, and private equity professionals significantly higher than did those inside Germany.
- Approximately 84 percent of those in Germany are likely or very likely to recommend investing in the German market based solely on the integrity of financial professionals and the effectiveness of market protections. However, only about 57 percent of survey respondents outside the German market are likely or very likely to recommend investing in Germany based on the same criteria.
- Respondents who provided open-ended comments in addition to their survey rankings most often cited supervisory boards (44 comments) and financial advisers (36 comments) in Germany as their main causes for concern.

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Respondents said they are **most concerned about** supervisory board independence and competence.

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<sup>4</sup> A market's overall rating is composed of the 10 factors that make up the financial professionals rating and the 7 factors that make up the market systems rating. The final, overall rating for this market was created by taking the average rating or score from two sets of questions. The first question set contained 10 equally weighted components from a set of questions pertaining to investment professionals (i.e., market participants). The second question set contained 7 equally weighted components of questions pertaining to the effectiveness of capital market systems in ensuring market integrity. These two sets of questions were averaged as a set, and then each set carried equal weighting in the final determination of the Financial Market Integrity Index rating for this market.

# Key Findings

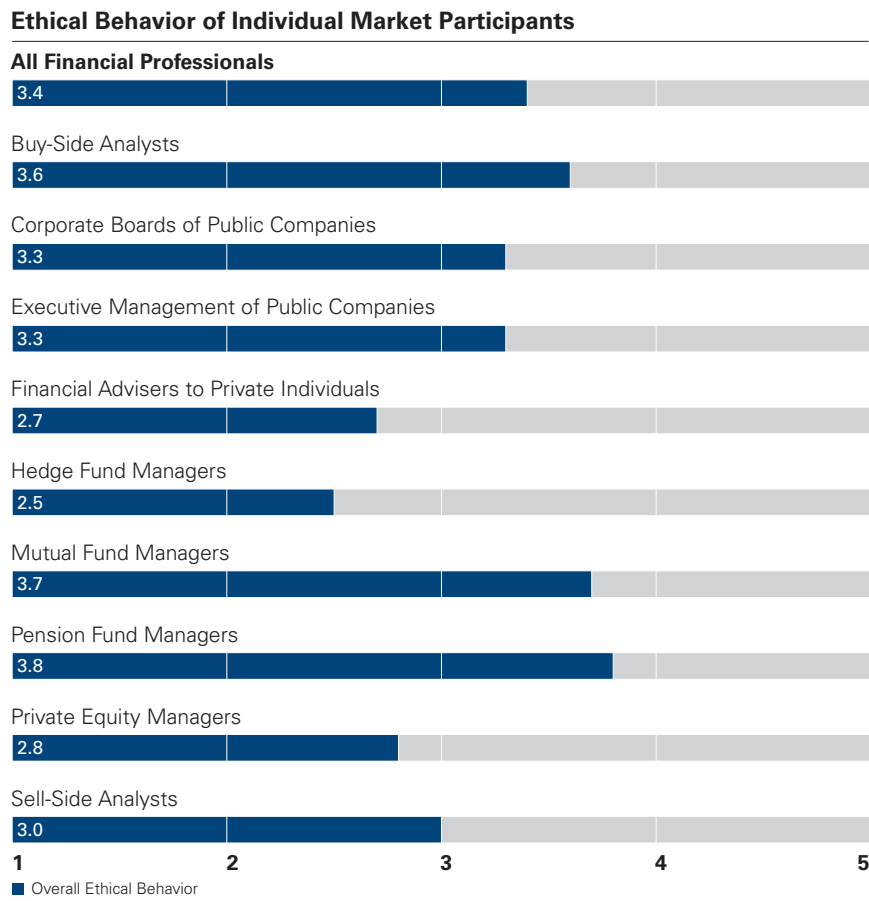
# Ethical Behavior of Individuals

The first group of Financial Market Integrity Index survey questions asked respondents their opinions concerning the ethical behavior exhibited by various financial professionals—also referred to as “market participants”—in the market over the past year. Overall, “all financial professionals” received an above-average rating

of 3.4. This rating is not simply an average of the nine ratings linked to the ethical behavior of specific professions; it is based on a separately asked control question. (The average of the ratings of the nine professions is 3.2.)

As shown in **Figure 3**, survey respondents in Germany showed the most

**Figure 3**  
 Respondents were asked to rate the ethical behavior of financial professionals as a whole as well as the ethical behavior of specific financial professionals.



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“  
*Conflict of interest in supervisory boards [is a concern]. Employee representatives do not have shareholder interests in mind. Shareholder representatives are often members of a club of few who are members in multiple supervisory boards. Also, often former CEOs are made supervisory board members, making it difficult for new CEOs to make major strategic changes.*

— Auditor  
INSIDE GERMANY

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confidence in the ethical behavior of pension fund managers (3.8), mutual fund managers (3.7), and buy-side analysts (3.6).

In contrast to these highly rated financial professionals, three groups earned ratings below 3.0, which equates to a

rating of “somewhat ethical.” Hedge fund managers (2.5), financial advisers (2.7), and private equity managers (2.8) all earned ratings below 3.0.

The perception of hedge fund managers in Germany echoes the perceptions of these professionals in

# Ethical Behavior of Individuals

(continued)

“

*Corporate governance [is a concern]. The boards are very linked to management.*

— Portfolio Manager  
INSIDE GERMANY

”

the other markets we surveyed; hedge fund managers consistently earned the lowest rating in this category in nearly every market surveyed. The perception of hedge fund managers in Germany, however, is the lowest we saw this year at 2.5.

When given the opportunity to provide open-ended comments on issues

or behaviors they thought should be addressed, respondents most often cited the behavior of supervisory boards of German public companies as a concern. To be certain, recent public scandals involving the supervisory boards at such companies as Porsche, Volkswagen, and Siemens have damaged the reputation of supervisory boards in Germany.

“

*Financial advisers to private individuals tend to be led by commission instead of the client's needs. Risk aspects are often ignored by this group.*

— Head of Investment Risk and Performance Measurement  
INSIDE GERMANY

”

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“

*Conflicts of interests of financial advisers—incentive systems in the market [that] are not in the interests of the private investors—that is the main issue.*

— Portfolio Manager  
INSIDE GERMANY

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Survey respondents also showed a great deal of concern about the ethical behavior of financial advisers, with 36 comments focusing on the ethical conduct of this group. These concerns overwhelmingly focused on whether financial advisers to private clients are adequately fulfilling their fiduciary duty to those clients.

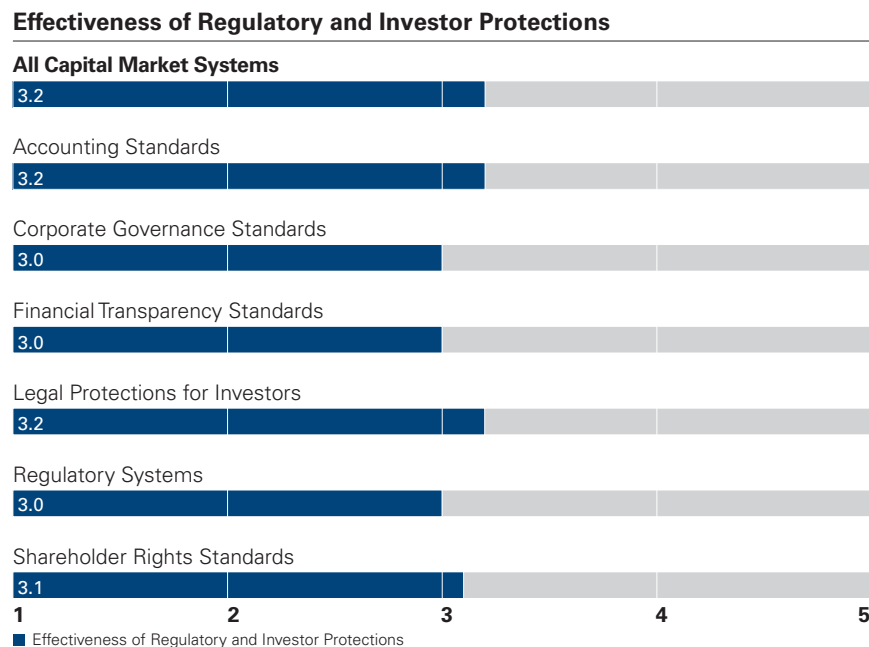
# Effectiveness of Regulatory and Investor Protections

The second group of Financial Market Integrity Index questions asked respondents to rate the effectiveness of regulatory and investor protections in the market (referred to as “market systems”) over the past year. In the control question seeking ratings of all capital market systems, this group of investor protections received a less-than-adequate rating of 3.2. This control question rating was somewhat higher than the average rating of 3.1 earned by the group (see **Figure 4**).

Survey respondents in the German market show the most confidence in the legal protections offered investors as well as German accounting standards, with each earning a rating of 3.2.

These same survey respondents show the most concern with the German regulatory system and corporate governance in the German market, giving each a 3.0 rating. These ratings of “somewhat effective” for regulation

**Figure 4**  
 Respondents were asked to rate the overall effectiveness of capital market systems as a whole as well as the effectiveness of specific systems and standards.



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“  
*Financial transparency is not given by banks and insurance companies.*

— Group Finance Director  
INSIDE GERMANY

”

---

and corporate governance may help explain the somewhat recent action by shareholders to influence corporate boards in Germany at such blue chip companies as Siemens and Infineon Technologies. Such activism by shareholders is a relatively new phenomenon in the German market.

Financial transparency standards was the only other market system to receive a score of 3.0.

Transparency also generated the most comments from survey respondents

(27) among market system topics. These calls for greater transparency, however, were not limited to financial transparency and also included greater transparency concerning corporate governance practices, better transparency in relation to financial adviser fee structures, and more information concerning the inherent risks in financial products offered by advisers.

Survey respondents who commented on the need for an improved regulatory structure in Germany most often cited the need for better enforcement.

# Effectiveness of Regulatory and Investor Protections

(continued)

Even so, 16 comments noting a need for regulatory improvement is modest compared with other markets surveyed in recent years, where faulty regulatory structures were seen as a main cause of the global financial crisis.

Respondents were also asked two subquestions about capital market systems to further explain some of the rationale behind the individual scores given to the various market system

components. These subquestions do not figure in the final calculation of ratings. The first subquestion asked about the effectiveness of capital market regulation policies themselves. Specifically, we sought respondents' perceptions on whether the regulations and investor protections available in the market represent the industry standard or best practice and, if implemented correctly, would those market systems offer a solid framework for investor rights. Respondents

---

“  
*Very weak regulator/  
enforcement of market  
supervision is a cause for  
concern.*

— Portfolio Manager  
INSIDE GERMANY

”

---



rated these regulations and policies just below “average” by assigning an average rating of 2.8 out of 5.0.

The second subquestion focused on the effectiveness of implementation or enforcement of such regulations and policies. Respondents appear more concerned with regulatory enforcement in Germany than they do in regulatory policies themselves, as they rated regulatory-policy enforcement only 2.6 out of 5.0.

# Willingness to Invest in Germany

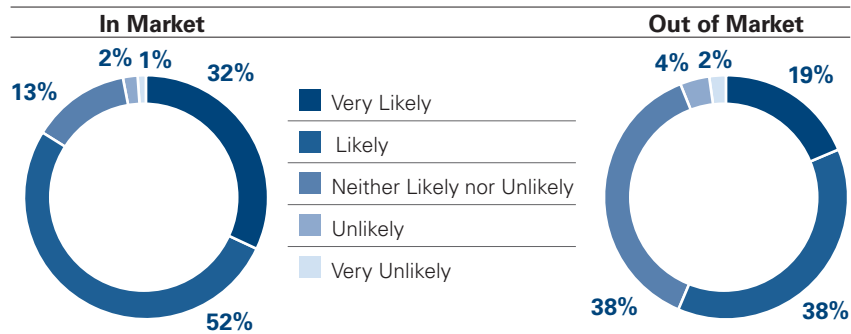
Although survey participants convey relative confidence in the ethical behavior of market participants and markets systems, they cite the ethical behavior of hedge fund managers, private equity managers, and financial advisers as well as German corporate governance systems and financial transparency as areas in need of improvement.

Despite these concerns, survey respondents in Germany are fairly optimistic about investing in Germany: Approximately 84 percent said they were likely

or very likely to recommend German-market investment based solely on the integrity of market participants and the effectiveness of regulatory and investor protections (see **Figure 5**).

Those outside the German market proved much less sanguine about the prospect of investing in Germany. Indeed, only about 57 percent of out-of-market survey respondents said they were likely or very likely to recommend investing based on the same criteria. Many of those outside the German

**Figure 5**  
Likelihood of in-market respondents to recommend investing in Germany based solely on the ethical behavior of market participants and the effectiveness of capital market systems.



## Based Solely on Ethical Behavior and Capital Market Systems, Would You Recommend Investing in Germany?

NOTE: Percentages may not total 100 percent because of rounding.

market appear to be taking a wait-and-see approach because 38 percent of those outside the German market stated that they were neither likely nor unlikely to recommend investing, while fewer than 10 percent of survey participants said they were unlikely or very unlikely to recommend investing in the German market.

When asked to share their main concerns about financial market integrity in the German market, a number of survey respondents outside Germany expressed concerns about supervisory boards in Germany and a lack of transparency. Many also noted recent corporate governance lapses as a cause for concern. If these concerns are addressed in the near future, we would expect a rise in the willingness to invest by those outside the market in future iterations of this survey.

## Other Key Survey Considerations

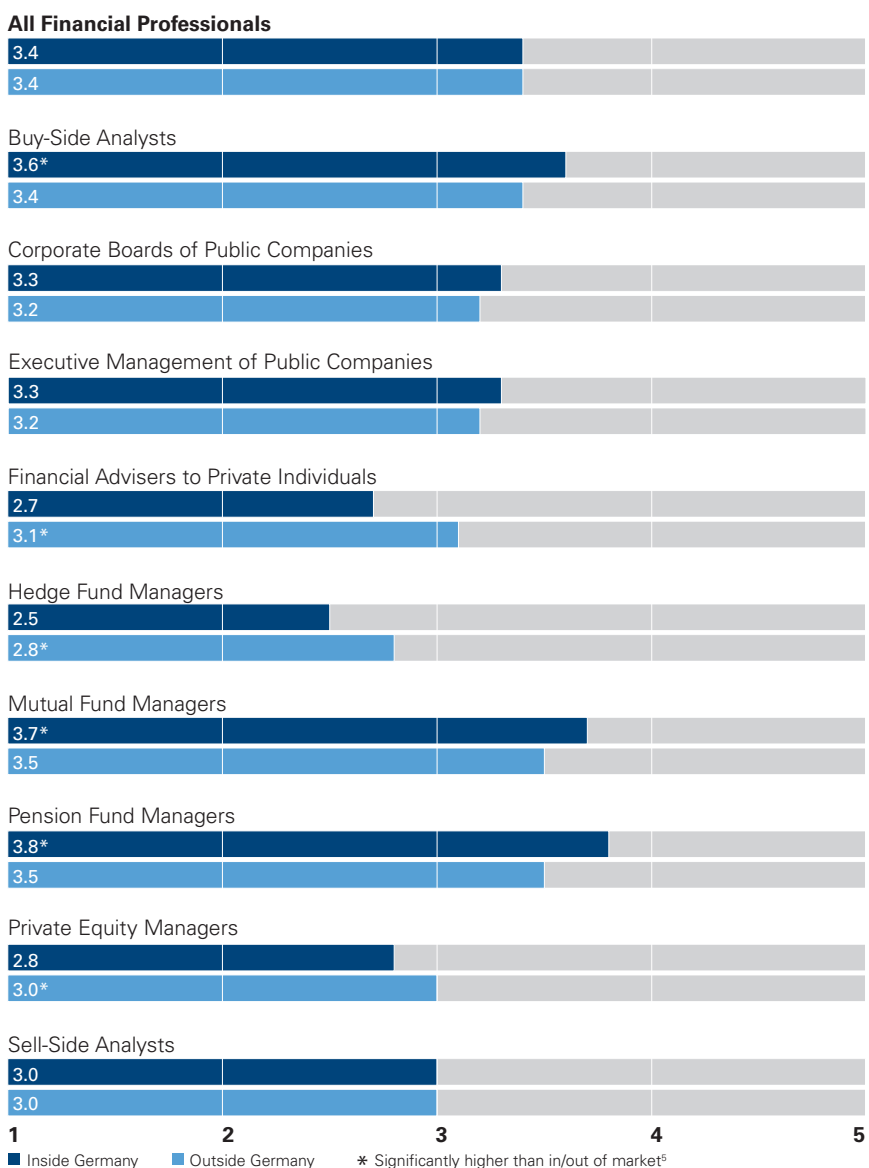
# In-Market vs. Out-of-Market Perceptions

For purposes of this Financial Market Integrity Index, charterholders from markets around the world were given the opportunity to rate and comment on the German market. (Survey respondents were given the option to skip questions pertaining to any market about which they did not think they were knowledgeable.)

Survey respondents in Germany tended to rate the integrity of pension fund managers, mutual fund managers, and buy-side analysts significantly higher than those outside the German market (see **Figure 6**). In comparison, survey respondents outside the German market tended to rate hedge fund managers, private equity managers, and financial advisers significantly higher than did their peers in Germany.

### Ethical Behavior of Individual Market Participants

Figure 6

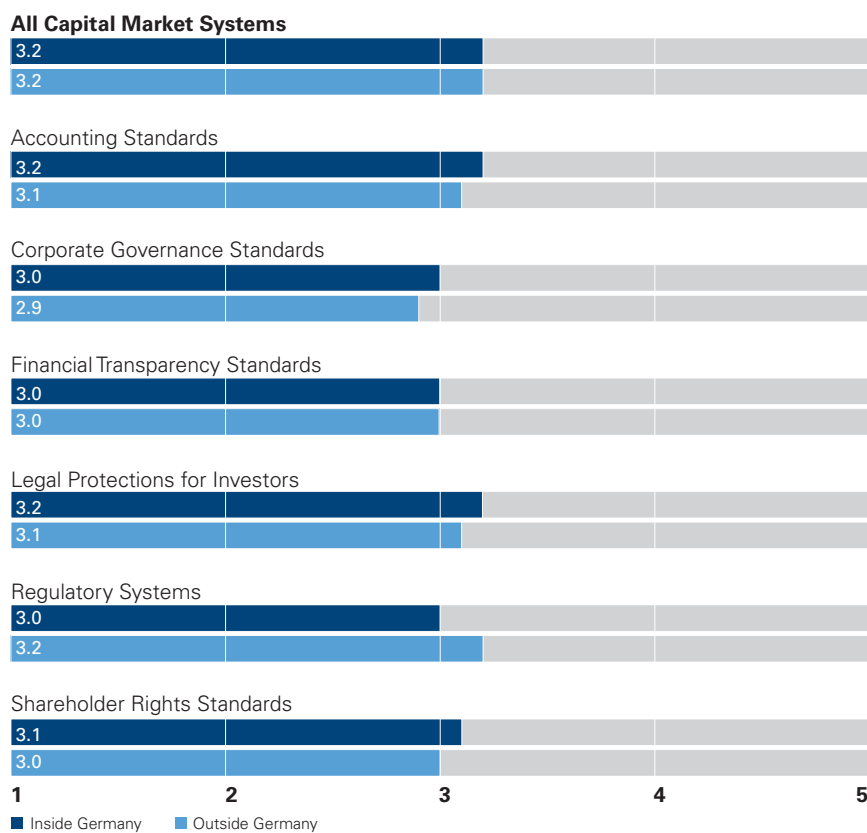


<sup>5</sup> A market's overall rating is composed of the 10 factors that make up the financial professionals rating and the 7 factors that make up the market systems rating. The final, overall rating for this market was created by taking the average rating or score from two sets of questions. The first question set contained 10 equally weighted components from a set of questions pertaining to investment professionals (i.e., market participants). The second question set contained 7 equally weighted components of questions pertaining to the effectiveness of capital market systems in ensuring market integrity. These two sets of questions were averaged as a set, and then each set carried equal weighting in the final determination of the Financial Market Integrity Index rating for this market.

# In-Market vs. Out-of-Market Perceptions

(continued)

Figure 7 Effectiveness of Regulatory and Investor Protections



Sentiment concerning the effectiveness of capital market systems proved to be about the same between those inside and outside Germany (see **Figure 7**), as the ratings given by those inside Germany only differed from those given by respondents outside Germany by more than 0.1 for one category, regulatory systems.

# Market-Specific Questions

In the 2010 Financial Market Integrity Index survey, we offered survey respondents the opportunity to answer a market-specific question addressing an issue of particular importance to participants in a given market. Not all surveys included a market-specific question, but both in- and out-of-market respondents to the German survey were asked to indicate the extent to which they agreed or disagreed with certain statements about supervisory boards at financial corporations in Germany.

Survey respondents were asked the extent to which they agreed or disagreed with a number of statements concerning supervisory boards at financial companies in Germany. These

statements focused on four areas: the board’s duty to shareholders, knowledge of the financial industry, independence from management, and whether supervisory board members demonstrate an understanding of the responsibility financial companies have to the German economy as providers of capital.

The answers given by survey respondents inside Germany appear to focus the most concern on the independence of supervisory board members at financial companies in Germany (see **Figure 8**). Only 17 percent of those surveyed agree that supervisory boards exhibit independence from management (none, or 0 percent,

**Figure 8**  
Inside German market

**Please indicate the extent to which you agree or disagree with each of the following statements about supervisory boards at financial corporations in Germany.**



NOTE: Percentages may not total 100 percent because of rounding.



strongly agreed). Nearly half of those surveyed show some level of concern about the independence of supervisory boards, as 48 percent disagree or strongly disagree that supervisory boards at financial corporations in Germany currently act in an independent manner.

The knowledge and expertise of supervisory board members appears to be the second-most noted concern, with just over 25 percent of those surveyed in Germany agreeing or strongly agreeing that supervisory boards possess adequate knowledge about the financial industry. Roughly 37 percent of those surveyed disagree or strongly disagree with the same statement.

For each question, the answer “not sure” was the most common response from survey respondents outside Germany (see **Figure 9**). This finding comes as little surprise because many who follow or invest in the German market from outside the country are likely not as familiar with corporate governance standards in the German market as are those inside Germany. Although concerns about supervisory board independence and perceived lack of knowledge take precedence among respondents outside Germany, the level of concern regarding those same issues is actually greater among survey respondents in Germany.

**Please indicate the extent to which you agree or disagree with each of the following statements about supervisory boards at financial corporations in Germany.**

**Figure 9**  
*Outside German market*



# Comments of Survey Respondents

More than 250 respondents offered comments to expand on their opinions about the current state of financial market integrity in Germany. Respondents were given opportunities to provide written comments in response to several of the survey questions. In particular, additional comments were solicited in the survey section concerning individual market participants and, again, after questions concerning market systems. At the completion of the survey, respondents also were asked for additional issues of concern and for any other comments.

More than 300 substantive comments were received; those responding with “no answer” or “nothing to add” were excluded.

The various responses were examined and then categorized based on the concerns addressed in each comment (e.g., corporate governance, transparency, fraud). The key areas of comment and the topics raised most often are highlighted in **Figure 10**. In instances in which an individual raised more than one concern, each separate concern was identified and counted.

**Figure 10**

*Survey respondents commented most about supervisory boards, advisers, and conflicts of interest.*

Issues Raised Most Frequently	
Supervisory Boards	<b>44</b> comments (34 inside Germany/10 outside Germany)
Advisers	<b>36</b> comments (34 inside Germany/2 outside Germany)
Conflicts of Interest	<b>32</b> comments (28 inside Germany/4 outside Germany)
Transparency	<b>27</b> comments (18 inside Germany/9 outside Germany)
Executives	<b>26</b> comments (20 inside Germany/6 outside Germany)
Regulation/Regulatory Systems	<b>16</b> comments (12 inside Germany/4 outside Germany)

## Supervisory Boards

When given the chance to comment on the integrity of financial professionals in Germany or to comment on the effectiveness of capital market systems in the country, survey respondents most often singled out the supervisory boards of German companies as a cause for concern.

“  
*There is still a network of top executives in supervisory boards who have connections with each other, which may create conflicts of interest.*

— Head of Investor Relations  
INSIDE GERMANY

”

“  
*Boards need to have more capital market know-how. Even the top 30 DAX names have boards that lack a fundamental understanding about how capital markets work.*

— Vice President  
OUTSIDE GERMANY

”

These comments focused on two main concerns: competency of supervisory board members and the ability of supervisory boards to put the interests of shareholders above those of management or the supervisory board itself.

# Comments of Survey Respondents

(continued)

## Advisers

Concerns about the ethical behavior of financial advisers received the second-greatest number of comments from survey respondents. The overwhelming majority of comments in this area focused on advisers to private investors and incentive structures that do not always place the interests of the clients above the advisers' own interests.

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“  
*Private advisers are the main concern. They are under a huge pressure to sell products, [and] the crisis did not change that at all.*

— Specialist Trainer in Equity  
and Derivatives  
INSIDE GERMANY

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“  
*Financial advisers to private investors are routinely found to recommend not the product most suitable for the client but the product most suitable for maximizing their own provisions.*

— Manager, Transfer Pricing  
INSIDE GERMANY

## Conflicts of Interest

Many survey respondents who offered additional comments noted conflicts of interest as an issue of concern. Although many did not elaborate, those survey respondents who gave a more detailed response most often noted conflicts of interest between clients and financial advisers. A number of survey respondents also noted important conflicts between supervisory boards and corporate management.

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“  
*The major problem is financial participants do not respect the client’s interests.*

— Financial Analyst  
INSIDE GERMANY

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”

# Comments of Survey Respondents

(continued)

## Transparency

Concerns about transparency covered a number of areas—from calls for more transparency about adviser fees and the inherent risk of products offered by advisers to requests for more financial transparency from German corporations. A number of survey respondents simply listed transparency as a main cause for concern without providing any further comment.

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“  
*They [advisers] do not show  
transparency regarding fees.*

— Specialist Research and Asset Allocation  
INSIDE GERMANY

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“  
*My main concern is that supervisory boards are not  
very effective in holding management [accountable].  
There is too much cross-linking of members and  
managers within the supervisory companies.*

— Senior Risk Manager  
INSIDE GERMANY

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## Executives

Most of the comments concerning corporate executives in Germany focused on conflicts of interest between corporate executives and shareholders, particularly the relationship between advisory boards and management that may disadvantage shareholders.

## Regulation

A small number of individuals commented on the need for regulatory reforms or better regulatory enforcement in Germany. Many in Germany think that their regulatory model held up well through the recent global financial crisis, although those in Germany who see room for improvement cite the area of regulatory enforcement as a concern.

“  
*In general, the enforcement is not as high as the written policy standards; they are more or less advisory.*

— Portfolio Manager  
INSIDE GERMANY

”

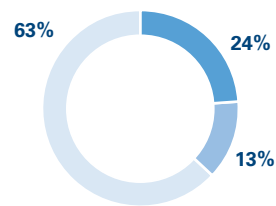
# Demographics

The following figures indicate some of the key demographic information about the respondent base (please see the complete methodology report at [www.cfainstitute.org/ethics](http://www.cfainstitute.org/ethics) for further details).

## Overview of Out-of-Market Respondents

### Market

- **24%** Americas
- **13%** Asia Pacific
- **63%** Europe/Middle East/Africa



## Respondent Profiles for German Market

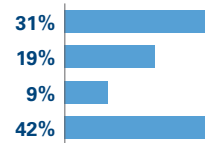
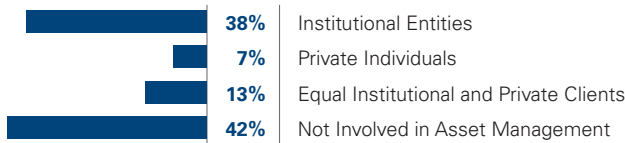
In Market (287 respondents)

Out of Market (304 respondents)

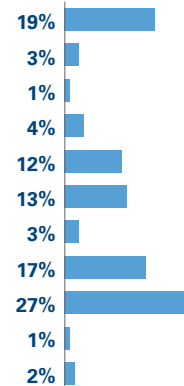
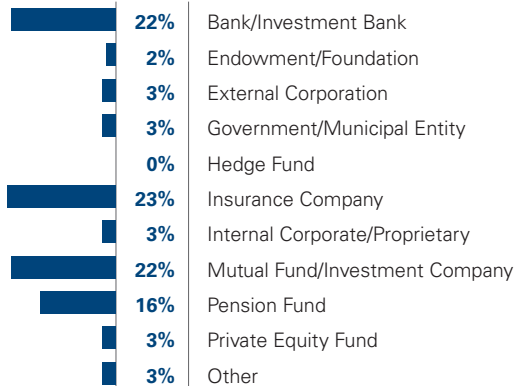
### Buy/Sell Side



### Client Asset Base



### Institutional Asset Client Type



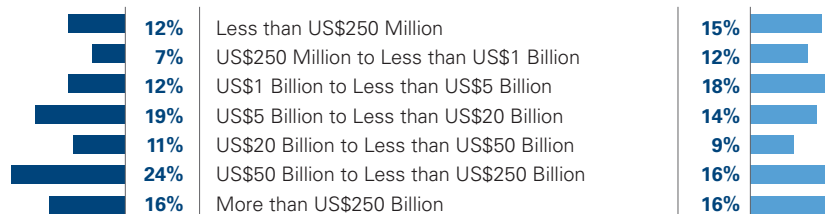
*These results represent only those respondents identified as being in the "Institutional Entities" Client Asset Base category.*



## Respondent Profiles for German Market (continued)

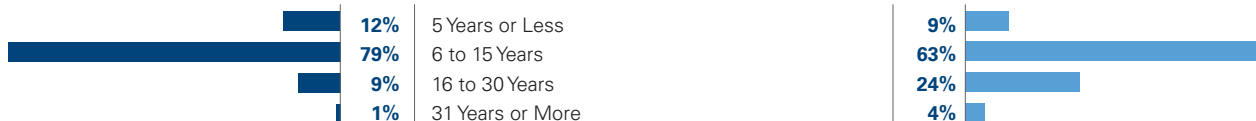
In Market (287 respondents) Out of Market (304 respondents)

### Assets Under Management

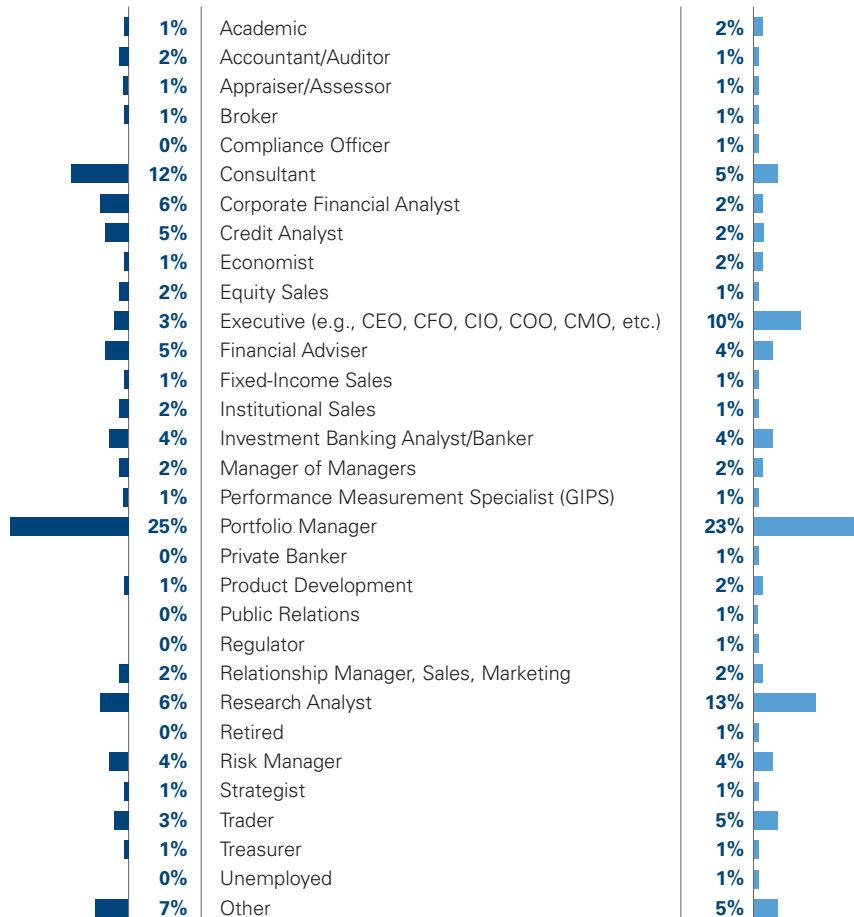


*These results represent only those respondents identified as being in the "Institutional Entities" Client Asset Base category.*

### Years in the Investment Industry



### Primary Job Function



NOTE: Percentages may not total 100 percent because of rounding.

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