

THEORETICAL BACKGROUND TO THE FORMATION OF THE ANALYTIC COMPETENCES OF QUALIFIED INVESTORS

© 2009 N.V. Kochetkova, Y.A. Kamaletdinov*

Keywords: legislative framework, qualified investor, information management, competence, mutual fund.

It is considered the relevance and necessity to introduce a notion of a qualified investor in order to implement various financial strategies in the market of collective investments. The authors developed the model of the competences of qualified investors receiving training in the field of additional vocational education.

Samara State University of Economics as an accredited organization by the Federal Financial Markets Service provides training in financial management, theory and practice of activities on equity market.

Acquisition of this accreditation is an absolute recognition of high level of the university faculty's intellectual potential, as well as the quality of the development of teaching materials, the use of innovative technologies within the limits of vocational retraining, that forms competences required for effective operation on the financial market.

Over the past few years the Russian stock market has undergone significant changes. The number of market participants has considerably grown, a quite developed infrastructure has been formed, the legislative framework has become more complete in order to maximize the protection of investors from various types of financial risks. On December 6, 2007 significant changes were introduced to the Federal Law on Investment Funds, allowing to actually reform the sector of mutual investment, making it more adapted for the realization of major construction and investment projects, while increasing the level of control over the sector by the regulator - the Federal Financial Markets Service of Russia.

One of the most significant innovations to the Law was the emergence of a new financial institution - a "qualified investor". Under the terms of the admission of person to be a qualified investor, it must be a legal entity that meets three out of four criteria: own capital more than 100 mln.r., the amount of assets more than 2 bln.r., turnover not less than 1 bln.r., considerable experience of committing transactions with securities. Individuals may be recognized as

qualified investors if they meet two out of three criteria: 3 mln.r. of own resources, work experience for a financial organization, documented experience in committing transactions with securities.

Professional securities market participants, banks and international nongovernmental financial organizations are reckoned in qualified investors in unconditional order.

A person can be recognized as a qualified investor by professional securities market participants, i.e. a broker, a management company of a mutual fund and other participants by act of law. The organization implementing such recognition is obliged to keep the official register of the recognized individuals, as well as design a list of internal documents that describe a scheme of providing documents of applicants for qualified investor status, a scheme of annual status confirmation, normative criteria and other related documents. The compliance of all the procedures connected with recognition as a qualified investor is under strict control. Failure to comply with such rules, for example, sale of restricted shares, i.e. intended exclusively for qualified investors is punished by suspension or revocation of the license.

The role of a qualified investor is primarily the participation in projects with relatively higher risks and the period of implementation: infrastructure projects, venture capital investment, innovative activity, product development. These are the most important areas of Russian economy, which in recent years had propensity to obtain short-term speculative profits from the resale of assets. To encourage such "long" money it is appropriate to adopt additional tax relief for individuals investing long-term.

* Natalia V. Kochetkova, post-graduate student of Samara State University of Economics; Yriy A. Kamaletdinov, post-graduate student of Samara State University of Economics. E-mail: nauka@sseu.ru.

The introduction a notion of a qualified investor is justified because the representatives of management companies will have a chance to protect the unsophisticated investor, and certainly broaden the opportunities of experienced investors. Competent investors with large amounts of savings can bring stability to the stock market, and hence, financial independence and economic security to the national economy.

The set of changes and additions to the legislation on investment funds was a special category of funds - closed mutual funds, which are available exclusively to qualified investors.

Funds for qualified investors are able to acquire property rights from a variety of investment contracts in the fields of construction, reconstruction, development, as well as shares and the share of Russian business entities, provided that more than 50 percent of companies' shares form the assets of the fund. In fact, there is a distinction in the types of activities for real estate mutual funds "for everybody" and mutual funds for qualified investors.

According to the new version of law the first type is limited in its activities only by the buyer's financial participation in construction and the transaction with already constructed real property. And the second type is able to lead developer activities, work on the reconstruction of buildings and structures, enter into agreements with third parties with the aim of attracting investment to the construction project, use third parties' land for construction, i.e. implement the full spectrum of investment and construction operations in the real estate market.

Lawmakers made such distinctions in functioning of mutual funds "for everybody" and mutual funds for qualified investors to protect investors' interests, i.e. in our case - the shareholders' interests. Lawmakers objectively considered that the implementation of complex investment and construction schemes, previously available for any real estate mutual fund, may be harmful to the interests of an ordinary shareholder unprotected from the management company's arbitrary. The legislator believes that the qualified investor has sufficient professional competence so as not to allow the real estate management company cause any harm to itself.

It is a qualified investor above all that is to be regarded as a major player in closed mutual funds. This way, management companies can

focus on the qualified investors and, as a consequence, on increasing the amount of borrowed funds.

The activities of qualified investors are linked to the ability to adequately assess the risks associated with investing in one or another financial instrument and to conduct transactions with securities on the basis of these assessments, effective decision-making on diversification of investment, participation in projects with relatively higher risks. Thus the activities of qualified investors require the possession of professional competence for working on the financial market, namely, the presence of analytic competence.

We consider professional competence to be a property of a person, characterized by high quality performance of work functions, culture and interpersonal communication, ability to solve trade problems proactively and creatively, as well as willingness to take managerial decisions and to adapt to new working conditions.

From the viewpoint of some authors, professional competence includes a combination of professional knowledge and skills, as well as methods of execution of professional activity. Professional competence is regarded as one of the components of professionalism where we can mark out quite heterogeneous indicators: professional demand, professional compatibility, professional contentment, professional success.

The model of the competences of qualified investors in the sphere of information management consists of 5 qualification levels of a professional. Superior qualification level (fifth) - this is the level of CIO (Chief Information Officer). He manages information resources at the level of corporation. The fourth qualification level is the level of project manager in the area of corporate governance. These levels are the levels of corporation's strategic management. The third qualification level is the level of the main specialists, and the second is the level of key specialists. These levels are the levels of tactical management as the specialists carry out coordination and training activities.

The first qualification level is a grade in the field of information management. In the model presented in Table 1, superior level of qualification includes competences of 4, 3, 2, 1 level, and the fourth qualification level - 3, 2, 1 levels correspondingly, etc.

The model of the competences of qualified investors in the sphere of information management

Qualification levels				Competences		
5-th qualification level	4-th qualification level	3-rd qualification level	2-nd qualification level	1-st qualification level	1. Participation in the development of research methods dealing distribution of securities	
				2. Formation of internal documentation by the results of performance		
				3. Participation in the organizational activities of trade in the equity market		
				4. Participation in the study of market conditions and trends of market, price and demand for goods and services		
				5. Ensuring the adherence to operating standards and regulations for storage, sale and transportation of goods; taking measures to improve marketing operations		
				6. Participation in the development of information system		
		7. Information system setup and user instruction				
		8. Self-development				
		3-rd qualification level	2-nd qualification level	1-st qualification level	9. Participation in negotiations with the customer and ascertainment of his primary demands and business goals	
					10. Study of customer requirements when providing services, as well as making commercial exchange transactions	
					11. Interaction with the customer during the process of project implementation	
					12. An analysis of the reliability of clients and companies involved in investment activities, features and expected changes in goods and financial markets, counseling clients on state and prospects of their development	
	13. Ensuring the development of customer relations, identifying and building demand for services, allocation of shares, bonds, other financial documents and securities					
	14. Study of fundamental factors and trends that shape the demand for financial instruments					
	4-th qualification level	3-rd qualification level	2-nd qualification level	1-st qualification level	15. The formalization of project domain and user requirements by the results of market analysis	
					16. Developing solutions to the identified problems on the basis of market analysis	
					17. Decision making under conditions of uncertainty and risk	
					18. Participation in the preparation of the commercial proposal with alternate solutions	
					19. Presentation of the proposal to the customer	
					20. Interviewing key staff of the customer to obtain information for the formalization of project domain and user requirements	
		3-rd qualification level	2-nd qualification level	1-st qualification level	1-st qualification level	21. Formation of the requirements to used technologies and methods of work
						22. Predicting possible expansion of internal and external market of goods and services
						23. Managing the team of project
						24. Execution of the organizational activities of trade in the equity market
						25. Formation of the investment income of the shareholders
						26. Managing taxation of income from investments
	3-rd qualification level	2-nd qualification level	1-st qualification level	1-st qualification level	27. Managing collective investment tools: mutual fund shares, shares of joint stock investment funds	
					28. Justification of methods used in distribution of securities	
					29. Analysis of levels of risk associated with investing in financial instruments	
					30. Developing a risk management mechanism in the markets of basic assets	
					31. Analysis of business processes of customer's enterprise and its' data ware to identify problems	
					32. Developing methods of users' training and certification	
	3-rd qualification level	2-nd qualification level	1-st qualification level	1-st qualification level	33. Choosing the methodology for project management	
					34. Managing a portfolio of projects on the basis of macroeconomic data	
					35. Methodological provision of work implementation in the project	
					36. Methodological provision of project management	

Administrative duties and corresponding knowledge and skills of qualified investors in the field of information management are listed in table.

In summary, we can say that in our country's investment practices in the market of collective investment a new and complex tool appeared that enables to pursue various financing strategies with greater comfort and freedom.

As exchange relations expand, the scope of the financial market expands, and becomes global, international in both terms the fullness of economic players' operations and in the territorial sense. Considering that, the role of the activity and competences of qualified investors grows as universal regulators of financial mar-

ket stabilization and acceleration of liquidity securities.

Molodov M. Financial instruments: a new phase of development // Security market. Highly-qualified investor. 2007. № 19.

Khokhlova A. Highly-qualified investor: first steps and perspectives // Security market. Highly-qualified investor. 2008. №23/24 (374/375).

Bashilova M.A. Individual investors at stock market // Vestnik of Samara State University of Economics. 2007. № 9 (35).

Person-oriented technologies of specialist's professional development: scientific and methodical syllabus. Ekaterinburg, 1999.

Shepel V.M. Manager's competence. Managerial anthropology. M., 1999.

Received for publication on 01.06.2009