



CAPITAL MARKET
REGULATORS **FORUM**
COMCEC

FINAL REPORT ¹
COMCEC 3rd CAPITAL MARKET REGULATORS FORUM

November 2014

Istanbul

¹ This report is prepared for information purposes by the COMCEC CMR Forum Secretariat, which is executed by the Capital Markets Board of Turkey.

FINAL REPORT

COMCEC 3rd CAPITAL MARKET REGULATORS FORUM

(Drafted by the COMCEC CMR Forum Secretariat, Capital Markets Board of Turkey)

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Original: English

REPORT OF THE 3rd COMCEC CAPITAL MARKET REGULATORS FORUM

(Istanbul, November 11)

COMCEC 3rd Capital Market Regulators Forum (COMCEC CMR Forum) convened in Istanbul on November 11th, 2014. Addressing the capital market regulators of the Organization of Islamic Cooperation (OIC) and the Standing Committee for Economic and Commercial Cooperation (COMCEC) member countries, “**COMCEC 3rd Capital Markets Regulators Forum**” is hosted by the Capital Markets Board of Turkey as the Secretariat of the COMCEC CMR Forum. The delegates representing the capital market regulators from Gambia, Iran, Kuwait, Lebanon, Malaysia, Sudan and Turkey as well as representatives from the, the Union of Arab Securities Authorities, COMCEC Coordination Office, Central Registry Agency of Turkey and the Gulf Bond and Sukuk Association have participated in the meeting.

This year’s Forum meeting has focused on the output of "**Capacity Building**", "**Market Development**", "**Islamic Finance**" and "**Financial Literacy**" Task Forces’ 2014 activities. In 2014, Forum Task Forces prepared survey questionnaires to determine the current state of status at member countries in terms of Islamic capital market, financial literacy, transparency requirements and public disclosure systems.

On the basis of the analysis of the member authorities’ responses and research, the Islamic Finance and Financial Literacy Task Forces have prepared the following reports titled;

- “**Final Report Summary of Responses of the Feedback Form and Proposed Work Programmes**”, (TF Islamic Finance)
- “**Financial Literacy Orientation**” (TF Financial Literacy)

which are submitted for the first time to the General Assembly participants.

The Meeting was attended by the representatives of capital market regulatory authorities from the following COMCEC Member States:

- Ministry of Finance Gambia,
- Capital Market Authority of Kuwait
- Capital Market Authority of Lebanon,
- Securities Commission Malaysia
- Securities & Exchange Organization of Iran
- Central Bank of Sudan
- Capital Markets Board of Turkey

(The list of participants is attached in Annex 1).

11 November 2014

I. OPENING REMARKS AND PRESENTATION

The meeting was opened by Dr. Vahdettin ERTAS, Chairman of Capital Markets Board of Turkey and the Chairman of the Forum. He welcomed all the participants from member states and international organizations. Mr. Chairman, with his presentation² informed the participants about the COMCEC Capital Market Regulators Forum, recent activities of the Forum and the meeting agenda items.

Mr. Chairman kindly invited the participants to the discussions for the adoption of draft agenda. After his invitation, the agenda was adopted with the consensus of the delegates. Mr. Chairman underlined that COMCEC capital market regulatory authorities, working together, supporting each other for market development, product diversification or compliance to international standards provide momentum to the improvement of COMCEC financial markets.

The Chairman concluded his speech with his full support and wishing a fruitful 3rd COMCEC Capital Markets Regulators Forum meeting.

Following the opening remarks of Dr. ERTAŞ, Mr. Selçuk KOÇ, Director of COMCEC Coordination Office has made his opening speech. Mr. KOÇ has informed the participants regarding COMCEC's strategy, mission, activities and project cycle management procedure as a new instrument to serve the COMCEC Strategy.

Opening remarks were followed by Task Force representatives' briefings restating their 2014 activities and plans for 2015.

² Please refer to the following link for presentation by the COMCEC CMR Forum Chairman Dr. Vahdettin ERTAŞ; http://www.comceccmr.org/media/10652/1-greetprestr_son.pdf

II. TASK FORCE SESSIONS

- **Financial Literacy Task Force Session**

In 2014, Financial Literacy Task Force proposed to assess financial literacy level among retail active investors. In order to fulfill the best possible result in the field of this research, the Forum Secretariat, on behalf of the Financial Literacy TF Chair, Securities and Exchanges Organization, Iran (SEO), invited all member authorities to participate in the survey work which will be instrumental for further decisions and planning.

Kuwait, Turkey and Iran capital market authorities have contributed to this survey work by implementing the questionnaire and methodology prepared by the Task Force Chair.

Dr Ali SAEEDI, and Mr. Meysam HAMED, (Board member and Expert at SEO) made a presentation³ regarding their survey work. The SEO delegates have also informed the participants about the “Financial Literacy Orientation” report they have prepared on the basis of the abovementioned survey work. The survey work underlines findings according to investors’ gender, education level, profession, knowledge, skills and attitude towards investing in capital markets.

The presentation has specifically elaborated the TF mission, activities up to the present, concept of financial literacy, overview on the survey’s findings, the cumulative result of the survey, comparative information and recommendations for improving the financial literacy level. The suggestions of the TF are relevant to arranging a financial literacy conference, setting a specific time for financial literacy and a financial literacy quiz.

³ Please refer to the following link for presentation by the Financial Literacy Task Force Chair, SEO, Iran, <http://www.comceccmr.org/media/10655/2-comcec%20cmr%20forum.pdf>

In addition to the SEO presentation, Central Registry Agency, Turkey has presented⁴ their financial literacy survey experience and reported their findings.

- **Islamic Finance Task Force Session**

Following Islamic Finance Task Force 2013 activity on determining the current state, development of Islamic capital market, the TF, chaired by the Securities Commission Malaysia, this year has focused on a “Feedback Form” with the intention of enhancing the potential for collaboration and cooperation in Islamic capital markets. Furthermore, a “Final Report” is prepared to summarize the responses from the feedback form distributed in January 2014. The goal of “*Feedback Form*” and “*Final Report*” was to determine the most prioritized cooperation areas by the member authorities (17 responses were received by the Task Force) and to develop work programmes such as regional workshops.

The final report also proposes specific actions/initiatives via work programmes for deliberation and/or implementation. Mr. Syed Azhan Syed Mohd BAKHOR, (Assistant General Manager, Securities Commission Malaysia, Islamic Finance Task Force Chair) made a presentation⁵ covering the progress update by the Task Force. In this respect, he has explained the recommendations for cooperation and collaboration possibilities, follow-up survey 2014 (feedback form), survey findings and recommendations on work programs.

For the work programs, the TF proposes organizing regional programs on Islamic capital markets, provide training and knowledge resources at the existing capital market training institutions. Furthermore, implementation plan for 2015 proposal for Islamic capital market capacity building project proposal details and deliverables were also discussed.

⁴ Please refer to the following link for Central Registry Agency, Turkey presentation, http://www.comceccmr.org/media/10658/3-comcecc_turkey.pdf

⁵ Please refer to the following link for Islamic Finance Task Force Chair, SC, Malaysia presentation, <http://www.comceccmr.org/media/10661/4-islamic%20finance%20tf%20slides%202014-%20v2.pdf>

- **Market Development Task Force Session**

In 2014, Market Development Task Force Chair, Securities & Exchange Commission of Pakistan has developed a survey questionnaire on “Transparency Requirements – Public Disclosure Systems” for the member authorities. The survey primarily focuses on the following key areas:

- Disclosure systems in place within OIC member jurisdiction
- Disclosure requirements at the time of Initial Public Offering
- Disclosure requirements pertaining to Asset Management Companies
- Material disclosures requirements by companies
- Disclosure requirements within alternative markets (OTC/SME)
- Financial instruments disclosure requirements (Exchange traded securities)

On behalf of the Market Development Task Force Chair, Task Force Co Chair, Securities and Exchanges Organisation, Iran has reported the Task Force’s progress with a written note for ongoing 2014 questionnaire on “*Transparency Requirements and Public Disclosure Systems*”. According to the Co-Chair’s statement, 7 member authorities, Bangladesh, Iran, Kuwait, Malaysia, Maldives, Pakistan and Turkey have responded to this survey. On behalf of the Task Force Chair, Task Force Co-chair and Secretariat requested more responses from member authorities. It was announced that pursuant to the Task Force Chair’s agenda, their report and database for researchers will be available by March 2015.

- **Capacity Building Task Force Session**

The mandate of the Capacity Building Task Force is essentially to coordinate efforts in supporting the capability of human resources to draft and enforce market rules which in turn would be an asset for COMCEC capital market regulators. With special focus to training of expert personnel of the regulators, the Task Force will enhance the regulating and monitoring capacity of capital market regulators. Therefore, strengthening the human resources and capabilities of the regulator is at the heart of the Task Force’s mandate and the related training activities under this task force is expected to be the main agenda.

In 2014, Capacity Building Task Force, chaired by Capital Markets Board of Turkey invited Forum member authorities to develop and apply for “capacity building project proposals” based and funded on “Project Cycle Management” (PCM) procedure which is administered by the COMCEC Coordination Office. The project proposals were to be submitted by September 2014 and implemented throughout 2015. PCM procedure is devised as part of the COMCEC Strategy which serves to fulfill the goals such as,

- “enhancing interconnectivity” among the Member States through reducing the barriers and enabling the easier movement of goods, persons, capital and knowledge among them
- “strengthening solidarity” pooling the resources and efforts and sharing experiences and best practices,
- “improving governance” increasing the quality and effectiveness of public services and making public administrations more transparent.

Mr. Deniz GÖLE, Program Manager at COMCEC Coordination Office has delivered a presentation titled “COMCEC Project Funding: Rules and Procedures at a Glance”. The presentation clarified the project funding, management process, potential project owners, project selection, grant limits and calls, timeline for project proposals.

Since strengthening the institutional capacity and human resources of Forum members are the main objectives of the Capacity Building Task Force and “*project cycle management*” instrument provides necessary funds as grant base, Task Force has announced to continue to encourage and support COMCEC capital market regulators to benefit this instrument through their project proposals in 2015.

III. OTHER ISSUES

- **Future Co-Operation/Work Program for 2015**

The General Secretary of Union of Arab Securities Authorities (UASA), Mr. Jalil TARIF has expressed UASA’s interest to improve cooperation with the COMCEC CMR Forum due to both of the institutions’ similar objectives. This expression of interest was affirmed by the Chair of the meeting Ms. Ayşegül EKŞİT (Executive Vice Chairperson of the CMB, Turkey) and by the delegates of Forum member authorities.

In accordance with the decisions made at the meeting, the Forum Secretariat along with this Final Report for 3rd COMCEC CMR Forum General Assembly meeting shall circulate the “Financial Literacy” and the “Islamic Finance” Task Forces 2014 reports⁶ which are submitted at the meeting to the information and comment of all member authorities. Unless there are further comments and corrections the reports will be deemed adopted in one month following circulation.

Task Force Chairs are invited to report to the Forum Secretariat to report their work plan for 2015 in one month following the circulation of this final report.

- **Designation of Task Force Chairs, Co-Chairs**

Taking into account the ongoing initiatives of the Task Forces, the delegates have renewed the term of office of the current Task Force Chairs and Co-Chairs for the following year.

⁶ <http://www.comceccmr.org/reports/reports-of-the-task-forces.aspx>

COMCEC 3rd CAPITAL MARKETS REGULATORS FORUM

(Participation List)

Place/Date

: Istanbul-11.11.2014

No	Participant's Name and Surname	Country/Institution	Title
1	Dr.Vahdettin Ertaş	TURKEY/Capital Markets Board Of Turkey/ COMCEC Capital Markets Regulators Forum	Chairman
2	Omar Jallow	GAMBIA / Ministry of Finance and Economic Affairs	Fiscal Officer
3	Dr. Ali Saeedi	IRAN / Securities and Exchange Organization	Board Member and Deputy for Supervision on Financial Institutions
4	Meysam Hamedi	IRAN / Securities and Exchange Organization	Senior Expert
5	Dr. Faisal Al Fahad	KUWAIT / Capital Markets Authority	Commissioner
6	Abdulrahman K. Al Babbain	KUWAIT / Capital Markets Authority	IR Specialist

7	Dr. Saade Chami	LEBANON / Capital Markets Authority	Secretary General
8	Syed Azhan Syed Mohd Bakhor	MALAYSIA / Securities Commission	Assistant General Manager
9	Nagwa Sheikh Eldin Mohammed	SUDAN / Central Bank	Manager
10	Mashair Mohammed Ibrahim	SUDAN / Central Bank	Deputy Manager
11	Jalil Tarif	Union of Arab Securities Authorities	General Secretary
12	Kenneth Baldwin	Islamic Development Bank	Division Manager
13	Selçuk Koç	COMCEC Coordination Office, Turkey	Director

14	Deniz Göle	Comcec Coordination Office, Turkey	Program Manager
15	Cihat Takunyacı	Gulf Bond and Sukuk Association	Representative
16	Adem Mesutođlu	Central Registry Agency, Turkey	Assistant Manager
17	Ayşegül Ekşit	TURKEY/ Capital Markets Board of Turkey	Executive Vice Chairman
18	Gül Ertan İlal	TURKEY/ Capital Markets Board of Turkey	Head of Strategy Development Department
19	Seçil Sayın	TURKEY/ Comcec CMR Forum Secretariat	Senior Legal Expert
20	Selami Erbaş	TURKEY/ Comcec CMR Forum Secretariat	Senior Expert
21	Bülent Tokgöz	TURKEY/ Capital Markets Board of Turkey	Senior Expert
22	Hüseyin Has	TURKEY/ Capital Markets Board of Turkey	Expert

23	Murat Haholu	TURKEY/ Capital Markets Board of Turkey	Head of Surveillance
24	Abdülkadir Sadıkođlu	TURKEY/ Capital Markets Board of Turkey	Expert