



CAPITAL MARKET
REGULATORS FORUM
COMCEC

FINAL REPORT

COMCEC 2nd CAPITAL MARKET REGULATORS FORUM

19 September 2013

Istanbul

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COMCEC 2nd CAPITAL MARKET REGULATORS FORUM
(Drafted by the COMCEC CMR Forum Secretariat)

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Original: English

REPORT OF THE 2nd COMCEC CAPITAL MARKET REGULATORS FORUM

(Istanbul, September 19)

COMCEC 2nd Capital Market Regulators Forum and Roundtable convened in Istanbul on September 19th, 2013. 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 2nd 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 Bangladesh, Cameroon, United Arab Emirates, Gambia, Iran, Kazakhstan, Kuwait, Lebanon, Malaysia, Maldives, Pakistan, Senegal, Saudi Arabia, Sudan, Tunisia, Oman and Turkey have participated the meeting. Furthermore the representatives of the OIC, COMCEC Coordination Office and Islamic Development Bank have also joined the Forum meeting.

This year Forum meeting has focused on the output of "*Capacity Building*", "*Market Development*", "*Islamic Finance*" and "*Financial Literacy*" Task Forces. In 2012 and 2013 Forum Task Forces prepared survey questionnaires to determine the current state of status at member countries in terms of capital market infrastructures for market development, Islamic capital market, financial literacy and regulators' capacities for market surveillance. On the basis of the analysis of the member authorities' responses and research, the Task Forces have prepared the following reports titled;

- “*Development of Capital Market Infrastructures*”, (TF Market Development)
- “*Enhancing Financial Literacy in Capital Market*”, (TF Financial Literacy)
- “*Enhancing Infrastructure for Islamic Capital Market*” (TF Islamic Finance)

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:

- Securities and Exchange Commission of Bangladesh
- Banques des Etats de L'Afrique Centrale
- Ministry of Finance Gambia,
- National Bank of Kazakhstan
- Capital Market Authority of Kuwait
- Capital Market Authority of Lebanon,
- Capital Market Authority, Oman
- Securities Commission Malaysia
- Capital Market Development Authority of Maldives.
- Securities & Exchange Organization of Iran
- Securities and Exchange Commission of Pakistan
- Central Bank of West African States,
- Capital Market Authority of Saudi Arabia
- Central Bank of Sudan
- Financial Market Council of Tunisia
- Capital Markets Board of Turkey
- Securities and Commodities Authority United Arab Emirates

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

19 September 2013

I. Task Force Sessions

- **Market Development Task Force Session**

Background Smooth functioning of securities market infrastructure is vital for the proper functioning of the market, economies and the stability of financial systems. In this context, the Market Development Task Force aims to provide guidance to OIC capital market regulators for the development of market infrastructure is to ensure that the design and operations of capital market infrastructure in the member jurisdictions are sound, safe, and efficient, to promote efficiency and competition in the capital markets that would reduce the transaction costs, and to ensure market fairness, i.e., all investors have a reasonable opportunity to trade at the best price available for their transaction size. These objectives foster creation of an integrated securities market infrastructure for the OIC securities market. The ultimate goal is that investors within the OIC should face similar costs and conditions whether they are settling a domestic trade transaction or an OIC wide trade transaction.

Ms. Khalida Habib Director, representing Securities and Exchange Commission Pakistan, Chair of Market Development Task Force made a presentation in the report titled “*Development of Capital Market Infrastructures*”. Her presentation has focussed on preconditions for Development of Capital Market Infrastructure, macroeconomic environment, institutional and legal environment, institutional and retail investors, existing capital market infrastructure in place in OIC member countries. Furthermore, structure, risk management, settlement and default management, central securities depositories and settlement systems, access to capital market infrastructures, system efficiency, effectiveness and transparency issues are evaluated in the Task Force presentation. Also from an institutional perspective the presentation elaborated role and mandate of market regulators, and other authorities relevant for capital market infrastructures.

- **Islamic Finance Task Force Session**

Background Islamic Finance Task Force aims to determine the current state of development and address the country specific needs and issues. To this end the Task Force aims to identify the current status of ICM implementation in the COMCEC Member States, highlight key implementation issues and challenges on Islamic capital market (ICM) by the regulatory and supervisory authorities; and to propose recommendation on how the Islamic Finance Task Force can assist the regulatory and supervisory authorities in implementing the ICM.

Mr. Syed Azhan and Mr. Mohd Radzuan Ahmad Tajuddin (Assistant General Manager, and Deputy General Manager, Securities Commission Malaysia,) and Dr Aishath Muneeza (Director General, Capital Market Development Authority, Maldives), representing Chair and Co-Chair Securities and Exchange Commission Pakistan, Chair of Market Development Task Force made a presentation in the report titled “*Enhancing Infrastructure for Islamic Capital Market*”. In their presentation, the Task Force has submitted survey findings to the delegates emphasized their recommendations as to legal, regulatory, tax framework, shariah governance, talent development products and services.

- **Financial Literacy Task Force Session**

Background Financial literacy as an active process encompassing objectives of communicating information at the beginning and empowering consumers to take action to improve their financial well-being ultimately. In order to achieve this objective, and in purpose of share information and best practices, survey questionnaire gathered information about programs have been carried out or is planned to be performed in member countries. The Analysis Report by the Task Force evaluates effectiveness and efficiency of programs with the help of input from the survey as background information for future initiatives and adopts recommendations to improve financial literacy among member countries.

Dr Ali Saeedi, and Mr. Meysam Hamedi, (Board member and Expert at Securities and Exchanges Organization, Iran) Chair of Financial Literacy Task Force made a presentation regarding their work titled in the report titled “*Enhancing Financial Literacy in Capital Market*”. The presentation has elaborated the concept of financial literacy, made a literature review, an

evaluation of international standards regarding financial literacy. The Chair of the Task Force SEO colleagues have informed the delegates on the survey findings and shared their recommendations as to allocation of a leader (coordinator), determining relevant stakeholders, incentives for financial literacy, new categorization of target groups, specific considerations for capital market, delivery methods of providing financial literacy programs and monitoring progress

- **Capacity Building Task Force Session**

Background 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. The responses to the Capacity Building Task Force Questionnaire are regarded essential in drafting need-gap analyses as it will be used to determine current state of development and address the country specific needs and issues. After gap analyses, organizing conferences or training seminars for member authorities on selected topics will be reconsidered.

Ms. Seçil Sayın and Mr. Musa Bilgehan Nacakçı (Senior Expert, Expert at the Capital Market Board of Turkey) Chair of Capacity Building Task Force made a presentation regarding Market Surveillance topic for Capacity Building Task Force. The Capacity Building Task Force aims to strengthen COMCEC Forum members' national capacities in terms of human resources, infrastructure, technology, certifications for market participants. TF Chair has emphasized that by the help of the survey TF should detect most favored/needed areas for technical assistance through training programs. The survey particularly focusses on the tasks attached to the regulator for supervision of stock trading, supervising a sound functioning capital market and surveillance with respect to disclosure requirements, investment firms surveillance collective investment schemes and financial reporting/audit/rating surveillance. In this context, the presentation has set out regulators' and exchanges' powers, available sanctions, surveillance system capabilities, public disclosure platforms of the respondent COMCEC CMR Forum member authorities.

II. Opening Remarks and Afternoon Session

The afternoon session was opened by Dr. Vahdettin ERTAŞ, 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 briefly informed the participants about the COMCEC Capital Market Regulators Forum and the establishment process 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 compliance with international standards namely on Islamic finance and market development is essential in order to integrate to the global financial system. In this regard, he also stated the importance of internationally recognized standards on corporate governance and accounting in order to attract foreign investors to COMCEC member states financial markets. The Chairman has also presented the delegates about the improvements, ongoing capital market reform in Turkey. With respect to Islamic finance he has also touched upon the developments as to regulatory framework and informed the audience about the forthcoming establishment of the “*World Bank Global Islamic Finance Center*” in Istanbul stating that the center would be a knowledge hub for developing Islamic finance globally and conduct research and training. The Chairman concluded his speech with his full support and finding a common ground with the best spirit of cooperation, wishing a fruitful 2nd COMCEC Capital Markets Regulators Forum meeting.

Following the opening remarks of Dr. ERTAŞ, Mr. Selçuk KOÇ, Director of COMCEC Coordination Office made his opening speech. He stated that he was pleased to witness the improving process of the Forum and high attention and attendance from COMCEC CMR Forum member authorities. Mr. KOÇ touching upon the qualities of international financial marketplace expressed his belief on the value of Forum initiative and stated that Capital Market Regulators Forum is going to be very important discussion forum to bring about new dimensions to cooperation in this field.

Opening remarks are followed by Task Force representatives' briefings restating their plans for 2014.

Dr. ERTAŞ has opened the discussion session for Task Force activities, plans, COMCEC CMR Forum 2014 Future Work Program and Chairman of the Forum, Chair/Co-Chair Election for the Task Forces. In accordance with the views expressed by the Forum, following decisions have been made by consensus.

-For providing feedback, verifying the content of the draft reports submitted by the Task Forces and also sending responses to the Task Force Questionnaires (for the member authorities which have not yet responded) the Forum has determined two months review period. Taking into account the sacrifice eid period, the Secretariat and Task Forces will appreciate to receive responses and comments by 2 December, 2013, the latest.

-TF Chairs and Co-Chairs term of office have been lengthened for one more year due to the provisions set out in their Statutes.

-Dr. Vahdettin ERTAS, current Forum Chairman is appointed as Chairman for a two year period according the COMCEC CMR Forum Statute.

-Islamic Development Bank who is an observer member of the Forum, is due to the request of the Bank's delegate is designated as the observer member of the Islamic Finance Task Force.

By an informative Forum website session, delegates are kindly invited to harness Forum website for sharing their accomplishments, best practices and events in order to create a useful platform for colleagues from member authorities and researchers. Finally, Capital Market Development Authority Maldives and Capital Markets Board of Turkey have presented the latest developments for Islamic Finance in their markets and jurisdictions.

COMCEC 1st CAPITAL MARKETS REGULATORS FORUM

Participant List

Place/Date : Istanbul-26-27.09.2012

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	Selçuk Koç	COMCEC Coordination Office	Director
3	Okan Polat	COMCEC Coordination Office	Expert
4	Sheikh Mahbub Ur Rahman	BANGLADESH /Securities and Exchange Commission of Bangladesh	Director
5	Gaston Dikwe	CAMEROON/Banques des Etats de L'Afrique Centrale	Economic Policy Manager
6	Omar Jallow	GAMBIA/Ministry of Finance and Economic Affairs Gambia	Fiscal Officer
7	Dr. Ali Saeedi	IRAN/ Securities & Exchange	Board Member

		Organization of Iran (SEO)	and Deputy for Executive Affairs of the SEO
8	Meysam Hamedi	IRAN/ Securities & Exchange Organization of Iran (SEO)	Expert
9	Kuat Kozhakhmetov	Republic Of KAZAKHSTAN/National Bank of Kazakhstan	Chairman of the Committee
10	Faisal Al-Fahad	KUWAIT/Capital Markets Authority	Commissioner
11	Sami Saliba	LEBANON/Capital Market Authority	Executive Board Member
12	Mariyam Visam	MALDIVES/Capital Market Development Authority	Director General
13	Dr. Aishath Muneeza	MALDIVES/Capital Market Development Authority	Head of Islamic Finance
14	Mohd Radzuan Ahmad Tajuddin	MALAYSIA/Securities Commission Malaysia	Deputy General Manager
15	Syed Azhan Syed Mohd Bakhor	MALAYSIA/Securities Commission Malaysia	Assistant General Manager
16	Ahmed Sulaiman Al Qassabi	OMAN/ Capital Market Authority, Oman	Director

17	Zafar Abdullah	PAKISTAN/Securities and Exchange Commission of Pakistan	Commissioner
18	Khalida Habib	PAKISTAN/Securities and Exchange Commission of Pakistan	Director
19	Amadou NGOM	SENEGAL/ Ministère de l'Economie et des Finances Sénégal	Direction Monnaie et Crédit
19	Ahmed Al-Rajed	SAUDI ARABIA/Capital Market Authority	Senior Director
20	Al-Walid Al-Senani	SAUDI ARABIA/Capital Market Authority	Manager
21	Zaid Al-Mufarih	SAUDI ARABIA/Capital Market Authority	Officer
22	Dr. Nagwa Sheikh Eldin	SUDAN/Central Bank of Sudan	Manager
23	Mashair Mohamed Ibrahim	SUDAN/Central Bank of Sudan	Deputy Manager
24	Salah Essayel	TUNUSIA/Financial Market Council	Chairman
25	Amel Maghrebi	TUNUSIA/Financial Market Council	International Relations

			Specialist
26	Dr. Obaid AL-ZAABI	Securities and Commodities Authority United Arab Emirates	Research Advisor
27	Murat Koç	TURKEY/ Capital Markets Board Of Turkey	Board Member
28	Himmet Karadağ	TURKEY/ Capital Markets Board Of Turkey	Board Member
29	Bülent Gökrem	TURKEY/ Capital Markets Board Of Turkey	Board Member
30	Eser Şağar	TURKEY/ Capital Markets Board Of Turkey	Expert
31	Musa Bilgehan Nacakçı	TURKEY/ Capital Markets Board Of Turkey	Expert
32	Ayşegül Ekşit	TURKEY/ Capital Markets Board Of Turkey	Head of Strategy Development Department
32	Seçil Sayın	TURKEY/ Comcec Secretariat	Senior Legal Expert
33	Hanifi Koroglu	TURKEY/ Comcec Secretariat	Expert
34	Haseeb Siddiqui	IDB	Senior Economist

