

COMCEC CAPITAL MARKET REGULATORY AUTHORITIES

CONFERENCE and ROUNDTABLE

16 September 2011, Istanbul

Opening Speech,

(A. Vedat Akgiray, Chairman, Capital Markets Board of Turkey)

Distinguished representatives of

- Organization of Islamic Cooperation Member States Capital Market Regulatory Authorities,
- International organisations,
- Ministry of Development, Turkey, as COMCEC Secretariat
- Istanbul Stock Exchange
- Ladies and gentlemen,

I would like to welcome you all to Istanbul, Turkey for this very first gathering of its kind under the COMCEC and let me allow to express my appreciation for your interest in this **initiative**.

COMCEC, as being a Standing Committee for economic cooperation and development for Organization of Islamic Cooperation (OIC) since **1984**, has a long history for enhancing cooperation on commerce, agriculture, transportation, tourism nevertheless joint work on “*monetary and financial issues*” as being designated another cooperation area is rather recent yet has been very productive so far.

In this regard, I would like to congratulate the “**OIC Stock Exchange Forum**” progress since **2005**. They now manage a well-established OIC stock-exchanges cooperation producing fruitful work. I know that they have gone through along way for calculating and creating a benchmark index and tradable indices and make Islamic finance instruments more visible in international arena.

Since 2009, there is **cooperation among the monetary authorities, Central Banks** on operation, regulation and oversight of payment systems.

In this setting, we consider that **OIC-COMCEC capital market regulatory authorities**, working together, supporting each other whether this is for market development, product diversification or compliance to international standards shall provide momentum to the improvement OIC financial markets. This has become ever more important in today's global economy no matter, if, emerging, developing or advanced; financial markets are much more integrated and interdependent than they were ten or twenty years ago. So, every country should be better prepared to deal with the consequences of global macroeconomic fluctuations, through coordinated work and common international standards in other words more regulatory cooperation.

While the need for cooperation is high up on the agenda for regulatory and supervisory authorities worldwide, at the same time **we are here in response to the calls by the 25th and the 26th COMCEC Meetings in 2009 and 2010 for establishing a “COMCEC Capital Markets Regulatory Authorities Forum”**. Taking into account the link between capital market development and economic growth, we believe this call is not only timely but also vital for our markets and economies. Therefore, during today, I would like to invite you to share your ideas for cooperation under the COMCEC umbrella and discuss efficient methods of collaboration on the most fruitful topics.

From emerging markets perspective, if we put the challenges and opportunities in context; our common issues are;

- reinforcing the capacity of regulators to efficiently exercise their responsibilities,
- providing a viable alternative to bank funds for debt, equity finance to the private sector, offering a secondary market in ownership by increasing low capitalisation and liquidity levels.

While our issues are common, in terms of market structure, 57 OIC countries financial markets follow different paths. Some are in **conventional finance pattern**, some are in **co-existence model**, some (Iran) following **solely Sharia principles**. On the basis of this fact, we think of a Forum structure embracing all these, conventional and islamic finance models.

On the other hand, Islamic finance is becoming much more prominent throughout the financial institutions of the world, rapidly growing from a niche industry to a mainstay of finance. OIC with a population over 1,5 billion, and Islamic finance market, global value estimated at more than \$1.1 trillion. These assets are largely invested in developed markets, such as London New York. Therefore, OIC markets have good reasons for upgrading their capital markets. For promoting and enhancing the soundness and stability of the Islamic financial services industry, as you know there is **Islamic Financial Services Board (IFSB)** in Kuala Lumpur, Malaysia. CMB is also a member of the IFSB as of 2010. We firmly believe that cooperation mechanisms, **IFSB or OIC working together or on their paths shall together raise the bar for our countries financial markets and economies.** Speaking for Turkey, our capital markets matured institutional and infrastructure in capital markets, its well-established stock exchange dating back to 1981, public disclosure platform, experience in implementation of international financial reporting standards, dematerialisation and derivatives exchange may contribute to the COMCEC members in their respective jurisdiction and markets.

Ending my words, with the best spirit of cooperation, I pledge my full support to find a common ground, a level playing field and lay the foundations of establishing a Forum. A **COMCEC Capital Markets Regulatory Authorities Forum**, with its Task Forces, Working Committees, regular meetings, technical assistance arrangements.

I hope we have a lively discussion, a successful conference and a roundtable throughout the day and wish you a nice stay in İstanbul.