

## **STATUTE FOR CAPACITY BUILDING TASK FORCE**

### **CONCEPT**

The global economy is facing many interrelated and multi-dimensional challenges which make it difficult to make decisions or to build consensus. The Capacity Building Task Force (TF) contributes to Forum members' vision of strengthening their national capacities in order to achieve their own goals on the capital market issues.

The latest global financial crisis has shown that designing policies by regulatory authorities is crucial and vital. For this reason, regulators' coordinated efforts in supporting the capability of human resources to make and enforce market rules and regulations would be an asset for COMCEC capital market regulators. Therefore, capacity building is at the heart of the Forum's mandate and the related training activities under this task force is expected to be the main agenda. In this regard, the ability to provide regulatory and supervisory assistance is expected to produce effective securities regulation.

### **MANDATE**

The mandate for this TF had been discussed and decided through consensus by the delegates at the September 2012 Forum meeting. In this context, the delegates considered the following issues as essential to TFs mandate.

- **Chair/co chair for the Task Force**

Chair/co chair for the Capacity Building Task Force is elected by consensus at the General Assembly of the COMCEC CMR Forum. The terms of TF chairmanship would be for one year however this can be changed for two years term at the annual General Assembly meeting.

In coordination with the Forum Secretariat, Chair and Co-Chair determines the topics for co-operation to be pursued as the main work of the Task Force.

- **Working procedures**

Chair and Co- Chair may select some of the cooperation proposals set out in this Statute or they may also choose to work on a different topic relevant with the subject matter of the Task Force.

In case more than one topic determined for co-operation, prioritizing the topics would be important therefore Task Force Chair and Co-chair have to set a target and a timetable for the task force workings. If the Task Force is working on more than one issue then establishing working groups would be in the responsibility of TF chair/co-chair. As a general

argument for the task force, number of working groups would depend on the topics the task force covered. And it would also be dependent the way task force organizes its work. A member authority can be a member in more than one working group in the Task Force. The Secretariat of Forum shall create a special e-mail account for this TF in order to facilitate the sharing of information and experience among members.

- **Co-operation Tools**

Preparing surveys, evaluating survey responses, drafting need-gap analyses and guidance reports, organizing conferences, training seminars for member authorities, establishing an information database for researchers should be considered as co-operation tools.

- **Meeting arrangements**

TF physical meetings shall be twice a year. The number of meetings may also depend on the workload and availability of Task Force members. One of the meetings will be held in Istanbul a day before the general meeting (General Assembly) of the Forum. The second meeting will be held at an appropriate date and place decided by the chair/co-chair of the Task Force and the Forum Secretariat. Also the chair and co-chair will decide how often they would meet electronically.

- **Reporting requirements**

Quarterly reporting; the Task Force Chair/Co-Chair should report to the Forum Secretariat four times a year regarding the outputs of their workings.

- **Communication arrangements**

Forum website should be used as a tool for effective communication.

COMCEC CMR Forum website shall be a tool for sharing of task force working documents, information and other related documents. Every member authority will have the opportunity to upload some of their important country-specific developments/information at the website.

- **Membership**

Every member authority can be a member of the Task Force. Members should designate a contact person and notify to the Forum Secretariat.

This Mandate is not intended to create any legal rights or obligations.

## **POSSIBLE CO-OPERATION PROPOSALS FOR CAPACITY BUILDING TASK FORCE**

The increasing internationalisation of financial activities and the globalisation of capital markets has revealed a vital need for international cooperation. With special focus to

training of expert personnel of the regulators, capacity building task force will enhance the regulating and monitoring capacity of capital market regulators.

Under Capacity Building Task Force some of the cooperation titles could overlap with other task forces issues. Some of the topics in this task force may be common with other task forces such as market surveillance, transparency requirements etc. However the approach could be different due to the mandates of the task forces. For example in terms of Capacity Building Task Force, the idea is particularly supporting human resources or regulatory capacities by way of institutional capacity building issues. Among other things, Capacity Building Task Force issues shall be complementary for other task forces.

Owing to the fact that the experts exercise the legislative powers of those regulatory authorities, they should be fully informed about the issues listed below.

- **Regulators Knowledge Management and Operation Systems**

There may be an important need to share information at the international level with other regulatory authorities. International cooperation between those regulators is very essential for the effective capital market operation systems. Although regulators have different regulatory approaches, each of them will have a common benefit in experience sharing and Cooperation on each other's regulatory and operating systems.

- **Reporting to Regulator and Disclosure of Public Information Systems**

Comprehensiveness, consistency, reliability, timeliness, and comparability of financial information are very crucial for an informed decision making. Those countries which can set up a well developed and efficient capital market disclosure/information systems will have a well functioning capital markets. In this regard, cooperative partnerships and sharing of experiences in these areas are expected to come up with successful results for the member regulators.

- **Internationally Harmonized Capital Market Regulations**

Since, the international financial arena is continuously changing and there are rapid developments which are affecting investors and market participants, it is very important for regulators to follow the recent developments in capital markets and make regulations timely. Otherwise any regulation will be outdated as soon as a new development emerges on this issue. For this reason, it is important to review and analyse critical developments in the area (the new principles of IOSCO, the works of FSB etc) and adopt new regulations.

- **Corporate governance framework and enforcement**

After the global financial crisis corporate governance framework has been of great importance. In order to minimize the risks of failure in the whole market, full compliance with corporate governance criteria has been a required obligation rather than willing ones. On the other hand, the enforcement has started to be mentioned more frequently after the financial crisis. Because the markets generally come across with the same problems, the exchange of the enforcement experiences by the member states would be beneficial for the countries and best practices can be inspirational for the other countries.

- **Market surveillance**

A well established market surveillance system is the address for eliminating the market disorders, misbehaviors of the investors and any other possible problems. In order to prevent market failures, the authorities need to oversight their capital markets in a more controlled and systematic way. Especially during the global financial crisis every state authority has faced many hardships and disorders. Therefore, it can be asserted that, there shall be lots of issues/areas for co-operation under the headline of market surveillance. Under this task force, Forum members will try to find the cooperative partnerships how to enhance their supervision capacity.

## **REGIONAL/INTERNATIONAL ORGANISATIONS**

The COMCEC CMR Forum may act as an organisation for enhancing Forum members' capacity for the implementation of IOSCO Principles and other international standards. In this regard, some technical partnerships may be established with IOSCO and other international organisations.

Islamic Development Bank and SESRIC are observer members of COMCEC CMR Forum Capacity Building Task Force and they volunteer to share their experinces with the member authorities on the capacity building activities.