

**COMCEC CAPITAL MARKETS REGULATORY AUTHORITIES CONFERENCE
AND ROUNDTABLE**

**REPORT OF THE COMCEC CAPITAL MARKETS REGULATORY AUTHORITIES
CONFERENCE AND ROUNDTABLE
ISTANBUL, 16 SEPTEMBER 2011**

**The Marmara Hotel
Istanbul, September 2011**

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**REPORT OF THE COMCEC CAPITAL MARKETS REGULATORY AUTHORITIES
CONFERENCE AND ROUNDTABLE**

(Istanbul, September 16th, 2011)

1. COMCEC Capital Markets Regulatory Authorities Conference and Roundtable convened in Istanbul on September 16th, 2011.
2. The Meeting was attended by the representatives of capital market regulatory authorities from the following COMCEC Member States:
 - Commission d'Organisation et de surveillance des Opérations de Bourse, COSOB
 - La Banque Centrale du Cameroun
 - Indonesia Capital Market and Financial Institutions Supervisory Agency (BAPEPAM-LK)
 - Securities & Exchange Organization of Iran (SEO)
 - Iran/Central Securities Depository of Iran (CSDI)
 - Jordan Securities Commission
 - Financial Supervision Committee of the National Bank of Kazakhstan
 - Khartoum Stock Exchange
 - Bursa Malaysia
 - Securities and Exchange Commission of Pakistan
 - Capital Market Authority of Saudi Arabia
 - Syria Commission on Financial Markets and Securities, Syrian Arab Republic
 - Securities and Commodities Authority of United Arab Emirates
3. Representatives from COMCEC Coordination Office (CCO), Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRIC), Organisation for Economic Co-operation and Development (OECD) and also Istanbul Stock Exchange (ISE) attended the Meeting.

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

OPENING SESSION

4. The Meeting was opened by Mr. A. Vedat AKGIRAY, Chairman of Capital Markets Board of Turkey. Mr. AKGIRAY briefly informed the participants about the COMCEC and the OIC Stock Exchange Forum progress since 2005. He emphasized that 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.

While Mr. AKGIRAY underlining the need for cooperation, as high up on the agenda for regulatory and supervisory authorities worldwide, he mentioned that this conference has been arranged 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*”.

Mr. AKGIRAY stated that Islamic finance is becoming much more important throughout the financial institutions of the world and rather than being a rapidly growing industry evolving to a mainstay of finance. He also added that cooperation mechanisms, IFSB or OIC working together or on their paths shall together raise the bar for the OIC member states’ financial markets and economies.

Each member state has its own different financial market pattern such as, conventional, Islamic or co-existence. In accordance with this issue, Mr. Chairman depicted the diversification and the variety in OIC financial markets structure and instruments of member state countries. Therefore for the productivity of cooperation, a Forum structure which will embrace all these patterns should be favored

The Chairman concluded his speech with his full support for finding a common ground with the best spirit of cooperation and a level playing field for establishing a Forum with its Task Forces, Working Committees, regular meetings, technical assistance arrangements.

5. Hüseyin ERKAN, Chairman & CEO of the Istanbul Stock Exchange, has expressed his support to the establishment of a separate forum. Mr. ERKAN has informed the participants about the ongoing activities, projects of the OIC Stock Exchanges Forum. He has illustrated the way Islamic financial markets are functioning and emphasized the necessity of a common index and a more transparent market.

6. M. Metin EKER, General Director of COMCEC Coordination Office, saluted the delegates and underlined the importance of financial cooperation in the COMCEC agenda. He mentioned his belief on establishing the “COMCEC Member States Capital Markets Regulatory Authorities Forum” with the help of this conference and added that it will focus on

regulatory and legal infrastructure in order to achieve more harmonized policies and regulations.

Finally, Mr. EKER concluded that given the uneven development of financial systems of the countries, this platform will render greater support to member countries which need technical assistance and human resource capacity-building so as to promote the common development goals of the COMCEC members.

PRESENTATION SESSION

After the Opening Session, the Meeting proceeded with the Presentation Session.

7. Seçil SAYIN GÜNDÜZ, Chief Legal Expert and Mustafa TAŞDEMİR, Expert, Capital Markets Board of Turkey, delivered a presentation on current state of COMCEC member states' capital markets. The first presentation is based on four topics including brief information about the OIC member states, COMCEC, the objective of the conference, a general outlook of the Turkish economy and capital markets main indicators. Besides, international cooperation of CMB is discussed and finally OIC Member States' financial landscape is generally illustrated in accordance with the survey responses from each country. (A copy of Ms. Secil SAYIN GUNDUZ, Mr. Mustafa TAŞDEMİR's presentation is herewith attached as Annex 2)

8. Wan Rizaidy Wan Mamat Saufi, Head of Islamic Capital Markets, Bursa Malaysia delegate has depicted the building blocks of the Malaysian financial system such as regulatory structure, legal framework, Malaysian Islamic financial offerings and securities market. In addition, funds, Malaysian sukuk, bonds market and derivatives markets have been discussed so as to grasp the play of current state.

(A copy of Mr. Wan Rizaidy Wan Mamat Saufi's presentation is herewith attached as Annex 3)

9. Muhammad Ali, Chairman, Securities and Exchange Commission of Pakistan delegate has outlined Pakistan capital markets regulatory structure, securities market and stock exchanges covering non-banking finance companies sector and insurance sector. Following the overview of Pakistan economy and its financial indicators, major reforms, work in progress projects and suggestions for cooperation have been emphasized.

(A copy of Mr. Muhammad Ali's presentation is herewith attached as Annex 4)

10. Mats ISAKSSON, Head of Corporate Affairs Division, has made a speech on the OECD, its vision and corporate governance related work and also OECD's initiatives for the

MENA and Eurasia regions, joint projects which were supported by the CMB and the ISE. He has declared OECD's support for further cooperation with the OIC member states. He has underlined that joint efforts of OECD will provide a visible and substantial contribution to private entrepreneurship, successful cooperation and long-term economic growth.

11. Selcan OLCA, Chief Expert, Capital Markets Board of Turkey delivered a presentation on global financial crisis and its impact on emerging markets. This session highlights the impact of global financial crisis to the emerging markets. Also identifies the most common financial regulatory responses to the crisis in the emerging markets and the key observations from the emerging markets perspective have also been stressed on the basis of IOSCO Emerging Markets Committee survey results.

(A copy of Ms. Selcan OLCA's presentation is herewith attached as Annex 5)

ROUNDTABLE MEETING

12. In this Session, the representatives of COMCEC Member State Capital Market Regulatory Authorities got the chance to share their views and ideas for possible cooperation topics and responding to the calls by the 25th and 26th COMCEC Meetings for establishing an *"OIC Member State Capital Market Regulatory Authorities Forum"*

13. Mr. AKGIRAY, Chairman of the CMB, has brought forward two options available for cooperation mechanism whether establishing a separate COMCEC Capital Markets Regulatory Authorities Forum or joining the Current OIC Stock Exchange Forum. To this proposal, Iran delegate, Mr. Ali Saeedi stated that a separate forum alternative is more proper to harmonize the rules and responsibilities of the regulators. Following this remark, Pakistan delegate, Mr. Mohammad Ali supported to establish a separate forum emphasizing the difference between stock exchanges and market regulators pertaining to perspective, scope of duty and focus. And finally Malaysia delegate, Mr. Wan Rizaidy Wan Mamat Saufi, on behalf of Malaysia Securities Commission declared Malaysia's support for the establishment of a separate forum option.

14. Mr. AKGIRAY commented that a forum should have multilateral aspects. He noted that the CMB has concluded MoU with only six COMCEC member states so far, only 9 member COMCEC states are member of the IOSCO Multilateral MoU If there is no regulatory understanding, problems occur. This might happen once in five years but these ones is the turning point. Global funds travel at places where internationally standards are

applicable because money wants to feel safe. Therefore, it is essential to support cooperation effort between the regulators.

15. For having the approval of all member states' to establish a Forum, COMCEC Coordination Office has clarified that in 2009 and 2010 COMCEC meetings, a clear call was made to establish a forum and added that a clear adoption by the representatives of authorities is necessary. At this point, referring to the fact that a political decision was already made in 2009-2011 COMCEC meetings, Mr. AKGIRAY suggested to establish a forum and clarified that this Forum will not be an alternative, a substitute to any other existing forum or cooperation mechanism. It will complement and can be used as an instrument for several purposes. Malaysia, Pakistan and United Arab Emirates have supported this proposal, After having discussed the name of the forum, 'COMCEC Capital Market Regulators Forum' proposal is considered to be appropriate and the forum is established by the participants' consensus.

16. Mr. AKGIRAY remarked that regional closeness matters for deciding on regional committees. Iran delegate stated that functional groups should be prioritized to regional groups. COMCEC Coordination Office also underlined the importance of determining some cooperation areas and clarifying the functions of sub-committees.

CMB Chairman introduced Turkey's cooperation areas proposal as follows:

- **Market development**

1. Facilitate cross-border listing,
2. Improve market infrastructure
3. Physical, communication, ICT
4. Product diversification (Conventional finance)
5. Product diversification (Islamic finance)

- **Capacity building**

1. Compliance to international standards
 - a. Financial reporting
 - b. Audit
 - c. Corporate governance
 - d. Transparency and information disclosure

The abovementioned issues should be realized through exchanging best practices and technical assistance programs.

- **Islamic Finance**
- **Financial Literacy**

17. Pakistan and UAE delegates, Mr. Muhammad Ali and Mr. Obaid Al Zaabi respectively, remarked that the proposals for cooperation, task forces lay a proper ground for working together. It was commented that equity financing is compliant with Islamic finance principles. Iran delegate, Mr. Ali Saeedi noted that Islamic financial market equals to conventional financial market plus some limitations. Malaysia delegate, Mr. Wan Rizaidy Wan Mamat Saufi depicted the importance of better regulation of Islamic finance.

18. Mr. AKGIRAY noted that the forum could be the voice of OIC members on international financial circles. Therefore, in order to enhance effectiveness and efficiency tele/video conferences and e-mail groups could be used. The participants also supported the view that the newly established “Capital Market Regulators Forum” could work in cooperation with the “OIC Stock Exchanges Forum” in accordance with market development and financial education task forces

19. The participants of the Roundtable concluded that CMB Chairman, Mr. AKGIRAY should be the Chair of the COMCEC Capital Market Regulators Forum and accordingly the CMB as, the secretariat of the Forum.

20. Finally, it is decided that the minutes of this conference, roundtable and member states’ responses about task forces will be sent to the COMCEC Coordination Office before 15 October 2011 for approval by the 27th COMCEC meeting in 17-20 October 2011.

PROPOSALS, RECOMMENDATIONS AND DECISIONS

The following decisions were taken at the meeting:

1. “COMCEC Capital Market Regulators Forum” is established among the COMCEC member countries’ regulators. Mr. AKGIRAY is designated as the Chairman of the Forum and the CMB, as being the secretariat.
2. Regarding the structure of the Forum, it will have four Task Forces on the areas of:
 - Market Development
 - Capacity Building
 - Islamic Finance
 - Financial Literacy
3. Decisions of the Forum shall be submitted to the COMCEC Sessions.

4. The Forum will work in close cooperation with the “OIC Stock Exchanges Forum”.
5. The next meeting of the COMCEC Capital Market Regulators Forum shall be held in Istanbul on a date to be further announced by the Secretariat.
6. COMCEC Capital Market Regulators Forum shall be held once a year.