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## AQR@10

AMERC QUARTERLY REVIEW

*The AMERC Quarterly Review, marks its tenth year anniversary this year. Resulting from concerns raised by members on the need for a medium for improved communication and dissemination of information within the region at the 2005 Sri Lanka meeting, and the AMERC Secretariat's willingness to take up the challenge, here we are today.*

The Bulletin was born in June 2005 with the caption "AMERC Canvasses Better Deal from IOSCO". It was

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### Editorial Board

Tunde Kamali - Chairman  
Ojone K. Kabir - Deputy Chair  
Dupe Nelson - Member  
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Imran Mora - Member  
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## IOSCO holds Annual Conference

...repositions to confront the Challenges of a New Financial World



The International Organization of Securities Commissions (IOSCO) held its 40<sup>th</sup> Annual Conference in London between 14<sup>th</sup> and 18<sup>th</sup> June, 2015 to progress work across its policy, research, capacity building and co-operation agenda. The Conference had the theme: 'Building a New Financial World', with a renewed focus on the challenges which the financial industry and regulators increasingly face.

In his address, the Board Chairman, Greg Medcraft, noted that IOSCO work agenda continues to reinforce its role as the key global reference point for

securities regulation during a period of rapid change. He added that the Organisation would continue to be proactive in building trust and confidence in markets which are grappling with emerging opportunities and risks, including those posed by digitization.

The IOSCO Board among others, discussed and obtained the approval of the Presidents' Committee on the new Strategic Direction (IOSCO 2020). This will be implemented through 43 initiatives and 6 action plans covering Research and Risk Identification; Standard Setting and Developing Guidance; Implementation

Monitoring; Capacity Building; Co-operation and Information Exchange; as well as Collaboration and Engagement with other International Organizations. The IOSCO 2020 is designed with a particular emphasis on members from Growth and Emerging Markets

The IOSCO Growth and Emerging Markets (GEM) Committee also met during the conference week. The meeting furthered the Committee's work on risk identification and capacity building. It resolved to conduct policy work in the areas of Impact of digitization and innovation on capital markets; Strengthening Corporate Governance,

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# IOSCO holds Annual Conference ...Contd. from pg 1

and the development of a toolkit on Crisis Management and contingency planning for emerging markets. Members also agreed to publish the Committee's report on SME Financing through Capital Markets, which identifies ways to facilitate capital market financing for SMEs in emerging markets.

During the conference, the four regional committees and the Affiliate Members Consultative Committee (AMCC) also met.

In line with the current focus of the Organisation, the Africa Middle East Regional Committee (AMERC), which held its 35<sup>th</sup> meeting during the Conference, discussed issues around the implications of digitization for regulation, investor protection and systemic stability.

A paper on the topic "Changing

Technology and Implications for Regulation, Investor Protection and Systemic Imbalance in Emerging Markets", presented by Mr. Bukar Kyari, Managing Director, Central Securities Clearing System Plc, Nigeria, noted among others, that technological changes are emerging at an unprecedented rate and impacting the role of market institutions hence call for innovations in regulatory oversight. Examples of emerging risks he stated included Data theft; service disruption and cyber terrorism, with implications such as market efficiency and transparency; operational agility; market stability and integrity; opportunities for outsourcing/vendoring, and risk management and control. The paper concluded with recommendations for investor protection and market stability.

In the area of capacity building, the

Board discussed the following among others; steps to establish pilot hubs for capacity building activities; Design of a global certificate ; Expanding on the successful education and training seminars for IOSCO members; Progress in developing the IOSCO Capacity Building Online Toolkit and the International Secondment .

Preliminary discussions were held on AMERC's proposal for the adoption of Arabic language as an official language and the matter was scheduled for further consultations at the Board meeting holding in Toronto, Canada later in the year.

The Conference though has come and gone, however, it has in its wake set the stage for repositioning IOSCO for deeper engagements and due recognition as the pre-eminent standard setter for securities markets.

# AQR @10!

## AMERC QUARTERLY REVIEW

produced in hardcopies with contributions, comments and suggestions from members. In view of technological innovations however, the bulletin has metamorphosed into an electronic journal.

The AQR serves as a medium for regular dissemination of information, on the progress

in IOSCO work with a particular focus on the AMERC region. It is aimed at keeping staff of member authorities on regional developments, IOSCO initiatives and other relevant global capital market issues amongst others.

Please Join us to wish the AQR a happy birthday.

### PLEASE TAKE THIS QUICK SURVEY

The AMERC Secretariat is excited about the coming of age of the bulletin and would wish to get your views on the coverage of the journal. We kindly request that you take a few minutes to respond to the following questions:

- 1 What would you want included in subsequent editions of the bulletin?
- 2 What section of the bulletin appeals more to you?
- 3 How can we improve on the bulletin?
- 4 Do you find time to read the bulletin?
- 5 Do you prefer the electronic version of the bulletin to the hard copy?

Please send your comments to us @ [intrelations@sec.gov.ng](mailto:intrelations@sec.gov.ng).

Thank you.



**Angola:****Approval of the Securities Code and the Financial Institutions Act**

The Angolan Parliament approved on 21<sup>st</sup> April, 2015, the new Securities Market Code and a set of amendments to the Law of Financial Institutions. These complete the legal architecture for the full functioning of the Angolan capital market. The Capital Market Commission (CMC) welcomes this fact, made possible by cooperation between financial sector regulators, the Government and Parliament.

The document will establish mechanisms for the (CMC) to regulate securities, issuers, public offers of securities, the capital market and its infrastructure in accordance with internationally recognized standards.

The revision of the Financial Institutions Act, a collaborative effort between BNA, CMC and ARSEG, has made the coordination between the three financial sector supervisory authorities more efficient, with the creation of a National Council of Financial Supervisors.

The Securities Market Code revokes the former Securities Law, therefore reforming the basic legal framework of the securities market and derivatives. It incorporates recommendations of international standards setting bodies, particularly the International Organization of Securities Commissions (IOSCO).

**CMC holds Investment Forum on Public Debt**

The Capital Market Commission

(CMC) and the Angolan Stock Exchange (BODIVA) held on 7<sup>th</sup> May, 2015, the National Investment Forum on Public Debt with the aim of stimulating trade in treasury bonds in the secondary market is expected to enhance liquidity for government bonds and enable investors to undertake continuous purchases and sales based on price transparency and adequate securities maturity terms.

The Forum targeted banks, investors and Angolan government bond holders. It sought to highlight the possibility and benefits of buying and selling securities issued. Participants also had the opportunity to network with a bid to laying the foundations for future trading activities in treasury bonds.

**Dubai:****DFSA Fines Deutsche Bank AG for Serious Breaches**

The Dubai Financial Services Authority (the DFSA) has fined the DIFC branch of Deutsche Bank AG ("DBDIFC"), US\$8,400,000 for serious contraventions which included misleading the DFSA, failures in DBDIFC's internal governance and systems and controls and in its client take-on and anti-money laundering processes.

The DFSA's action followed an investigation which focused on its activities from January 2011 to January 2014. The DFSA uncovered that DBDIFC was aware that its Private Wealth Management (PWM) business was operating in breach of DFSA requirements, but did not take adequate steps to address the issue. In addition, certain employees of

DBDIFC provided false information to the DFSA on several occasions about the nature and scope of activities undertaken by PWM. The DFSA also found material failings in DBDIFC's governance and had directed DBDIFC to remediate its concerns.

DBDIFC agreed to settle the matter and the fine was imposed by way of a Decision Notice agreed with the Bank with a 20% reduction in the fine amount.

**Malawi:****RBM Hosts CISNA Meeting - Commits to harmonisation of Regulatory Frameworks**

The Reserve Bank of Malawi hosted the 34<sup>th</sup> Meeting of the Committee of Insurance, Securities and Non-Banking Authorities (CISNA) from 20<sup>th</sup> to 24<sup>th</sup> April 2015, at the Bingu International Conference Centre (BICC) in Lilongwe, Malawi.

The 34<sup>th</sup> Meeting brought together all SADC member states except South Africa, Democratic Republic of Congo and Mauritius. The Minister of Justice and Constitutional Affairs Honourable Samuel Tembenu was the guest of honour and presided over the opening ceremony. In his opening remarks, he stated that the non-bank financial sector often brings resilience to the financial sector and the economy particularly in times of financial crises.

The non-bank financial sector is key to enhancement of financial inclusion, especially in increasing access to finance. For financial regulation to have a far reaching impact, it requires all the regulatory authorities to follow international standards and promote a spirit of sharing information, knowledge

and experience.

The Governor of the Reserve Bank of Malawi, Mr. Charles Chuka echoed the Minister's remarks that CISNA's vision is to facilitate development and implementation of a harmonised, risk-based regulatory framework for member states in the SADC region. He pointed out this as an important objective for advancing progress in the SADC integration agenda. He reiterated that the Reserve Bank of Malawi is committed to CISNA's harmonisation agenda having already carried out financial sector reforms aimed at strengthening regulatory and institutional frameworks. Malawi already introduced new laws in areas of pension, insurance, banking micro-finance and capital markets.

CISNA was established in 1998 and forms part of the Trade, Industry, Finance and Investment Directorate within the Southern African Development Community (SADC).

### **Oman:**

#### **CMA signs MoU with IFTA, hosts CMOs to a Training**

The CMA, Oman, during the period under review, conducted a training on "Technical Analysis" in cooperation with the International Federation for Technical Analysts (IFTA).

The programme which held for 3 days, had in attendance representatives of capital market firms in the Sultanate. On the sidelines of the event, H.E. Shiekh Abdullah Al Salmi, Executive President of CMA also signed a Memorandum of Understanding with IFTA represented by its President Dr. Rolf Weitzer. The MoU is intended to promote mutual

cooperation and the exchange of information and capabilities related to developing educational and qualifying programmes in the field of technical analysis.

It will also provide for the exchange of experiences and related scientific researches as may be necessary for the development of the financial services industry.

#### **CMA Board decided 15 days for disclosure of initial annual and quarterly statements**

The CMA on 15<sup>th</sup> April 2015 approved the term for disclosure of unaudited annual and quarterly initial statements through the Muscat Securities Market (MSM) website immediately after being approved by the companies' board of directors in not more than 15 days from the end of the quarter or the financial year.

The statements should disclose the total sales or revenues, sales costs, net expected profits after deduction of taxes and comparisons with the results of the previous financial year together with any items that may be requested by CMA or as the issuers wish to disclose.

This move comes after measuring the responses of listed companies to the CMA's circular issued in May 2014. Then, it was recorded that 77% of the companies had disclosed their initial statements within that period making MSM the best GCC market in timely disclosure, hence the CMA resolved that time was ripe to amend the provisions regulating the disclosure

of issuers in the Executive Regulation of the Capital Market Law.

#### **CMA solicits inputs into the new Code of Corporate Governance**

The CMA has recently sought the opinion of public companies, audit firms, law firms and the public on the draft amendments to the Code of Corporate Governance which was prepared by the Corporate Governance Committee constituted by the CMA to review the Code to develop corporate governance practices in the Sultanate.

The new draft includes additions to certain provisions to enhance the principles of wise governance including special procedures for independent directors in the boards of public companies with new requirements to ensure independence of the director.

There are also procedures for constitution of two committees "audit committee and nomination and remuneration committee" as standard for constitution of other committees of directors. There is also a requirement banning the chairman of the audit committee from acting in any other committee to enhance independence and ensure non-interference as one of the pillars of governance.

The CMA is currently reviewing feedbacks received on the Code.

# Upcoming IOSCO Events And Trainings

## 2015 IOSCO Seminar Training , Madrid, Spain

The Annual IOSCO Seminar Training Programme will take place from 20<sup>th</sup> - 23<sup>rd</sup> October 2015 at IOSCO's premises in Madrid, Spain. The Programme will be free of charge and open to all IOSCO members.

## 10th Joint FSI/IOSCO Seminar on Trading Book Issues and Market Infrastructure, Basel, Switzerland

The annual FSI/IOSCO Seminar will be jointly hosted by the Financial Stability Institute (FSI) and the International Organization of Securities Commissions (IOSCO) from 18<sup>th</sup> – 20<sup>th</sup> November 2015 in Basel, Switzerland. The seminar will be free of charge and open to bank supervisors and securities regulators.

## IOSCO Affiliate Members Consultative Committee (AMCC) Training Seminar

The 8th edition of the IOSCO AMCC's Training Seminar, hosted by

SIX Exchange Regulation in Zürich, Switzerland, on 27<sup>th</sup> – 28<sup>th</sup> October 2015.

The Training Seminar is organized by the IOSCO Affiliate Members Consultative Committee (AMCC) and will feature panels, case studies, presentations and breakout sessions on "Implementing IOSCO Principles". It is open to all IOSCO members and free of charge.

## APEC Financial Regulators Training Initiative (FRTI) - 2015 Training

The APEC FRTI Secretariat has kindly extended an invitation to all IOSCO members, provided they are financial regulators, to send nominations for participants in any of their training seminars scheduled for 2015. APEC FRTI Seminars are primarily targeted at junior and mid-level staff of financial supervisory and regulatory agencies and stock and derivatives exchanges. The Secretariat invites and accepts nominations for participants from central banks, monetary

authorities, prudential regulators and securities and futures regulatory agencies and stock and futures exchanges.

## 11th Annual Asia Derivatives Conference Singapore

Annual Asia Derivatives Conference, organized by the Futures Industry Association (FIA) from 8<sup>th</sup> - 10<sup>th</sup> December 2015 at The St. Regis, Singapore. The Conference will gather over 700 senior-level executives and managers for an in-depth discussion on developments in global and regional derivatives markets. In conjunction with the Conference, the Monetary Authority of Singapore will be hosting a closed-door Regulators' Meeting on 8 December 2015 to discuss key issues concerning the development and regulation of Asian markets. Last year's meeting attracted representatives from over 10 countries and 13 agencies.

## The Resource Center

**1. Peer to peer lending** is the use of an online platform that matches lenders/investors with borrowers/issuers for the provision of unsecured loans.

**2. Mezzanine financing** is basically debt capital that gives the lender the rights to convert to an ownership or equity interest in the company if the loan is not paid back in time and in full. It is generally subordinated to debt provided by senior lenders such as banks and venture capital companies.

**3. A NOMAD** is a company that has been approved as a nominated advisor for the Alternative Investment Market (AIM), by an Exchange e.g. London Stock Exchange. The primary responsibility of a NOMAD is to help a

new company in its admission to the AIM, and to provide advice and avoid the delisting of the new company. The London Stock Exchange sets strict criteria for becoming an AIM Nomad in order to safeguard the integrity of the market and to ensure that existing and prospective AIM companies have access to the highest quality advice they deserve.

**4. Reverse Takeover (RTO)** is a form of BDL (Back door listing) deals which is a complex inter-corporate transactions by which unlisted private-held firms achieve a listing status through the corporate shell of publicly-listed companies. A BDL transaction is normally structured as a takeover of the private firm by the public company but in essence, the

vendors of the private firm obtain control of the enlarged public shell (a reverse takeover) at the conclusion of the event.

**5. IAASB (International Auditing and Assurance Standards Board):** is an independent standard setting body which serves the public interest by setting high quality international standards for auditing, assurance and other related activity. Furthermore, IAASB facilitates the convergence of international and national auditing and assurance standards. In doing so, the IAASB enhances the quality and consistency of practice throughout the world and strengthens public confidence in the professions of auditing and assurance.

**FSC Mauritius Gets new CEO**

P. K. Kuriachen is the Acting Chief Executive of the Financial Services Commission, Mauritius (FSC Mauritius) since April 2015. He is a financial market



professional reckoning over 19 years of experience in the banking industry and over 21 years of experience as a financial services regulator in multiple jurisdictions.

Prior to April 2015, P.K. Kuriachen was the Adviser to the Chief Executive since August 2013 and headed the FSC Mauritius Capital Markets from July 2008 to June 2010. He joined the Securities & Exchange Board of India in a senior management position in 1993 after working as Branch manager at the Federal Bank Limited since 1973.

Mr. P. K. Kuriachen is currently a member of the Financial Stability Board Regional Committee Group for Sub-Saharan Africa (FSB-RCG), a Council member of the Mauritius Financial Reporting Council and Board member of Statistics Mauritius.

P.K. Kuriachen is a Chartered Financial Analyst (CFA) and a qualified banker. He holds a Master's degree in Commerce, Diploma in Business Management and Certificate in Industrial Finance. Moreover, he has acquired knowledge and expertise on financial markets, regulation and supervision, Fund Management,

its fragilities. AMERC Secretariat congratulates the Director General on his appointment and wishes him a successful tour of duty.

**SEC Zambia Gets New Secretary General**  
The Zambia capital market has a new chief regulator in the person of Mr. Phillip K. Chitalu. Mr. Chitalu had served as Acting Secretary General and Chief Executive of the Commission since November 2014 and was appointed as the substantive head on 15<sup>th</sup> February, 2015. Prior to this appointment, he held the position of Director in the Market Transaction and Investments Directorate and has been with the Commission since August 2011. Mr. Chitalu sees the SEC not only as the protector of investors' interest but as a transformational agent which encourages innovation in the way capital markets are used by issuers in capital raising transactions. The AMERC Secretariat wishes the new Secretary General a successful tenure.

**Confirmation of SEC Nigeria Director General**

The nomination of Mr. Mounir Gwarzo, erstwhile Acting Director General of SEC Nigeria as substantive Director General, was confirmed on May 13<sup>th</sup>, 2015 following the approval of the Nigerian Parliament. This signals the commencement of a renewable 5-year tenure as stipulated by law.



The new helmsman, who also doubles as AMERC Chair was previously the Executive Commissioner Operations in the Commission.

In his goodwill message, he craved for staff rededication to the service of SEC, adding that the market was at a very delicate crossroads between recovery and growth, needing a whole change of attitude and approach to manage

its fragilities. AMERC Secretariat congratulates the Director General on his appointment and wishes him a successful tour of duty.

**SEC Zambia Gets New Secretary General**  
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## Extracts of developments from member jurisdictions

### **COSOBAlgeria**

- \* Introduced key reforms such as tax incentives and reduction of charges for companies willing to list on the exchanges. This is aimed at increasing the number of new listings to boost market capitalization.
- \* Hosted the annual meeting of the Mediterranean Partnership of Securities Regulators and the annual meeting of the Union of Arab Securities Authorities (UASA)

### **JSC Jordan**

- \* Signed two MOUs with the Central Bank of Jordan and the Companies Control Department focused on coordination and cooperation and the desire to achieve mutual objectives and perform their regulatory and supervisory functions in accordance with relevant laws.
- \* Set up a committee to facilitate the issuance of government sukuk from various government authorities mainly the Central Bank of Jordan and the Ministry of Finance. The JSC also received a number of private sector companies' applications to issue Sukuk.
- \* Commenced work on the amendment of the JSC securities law with the aim to enhance the JSC's supervisory role, investor protection, and deepen the market

### **CMA Saudi-Arabia**

- \* The CMA approved 15 securities operations made up of 6 private placements, 5 public offerings of

right issues and 4 private placements of debt instruments

- \* Executed a single trade on the Sukuk and Bonds market with a total value of USD 56.9 million within the first quarter 2015
- \* The traded value of ETFs rose by 142.5% to USD 10.7 million in the first quarter of 2015 compared to USD 4.3 million in the same period last year.

### **SEC Nigeria**

- \* The Commission carried out capital adequacy assessment of registered firm. Findings revealed that seventy-one (71) of the eighty-six (86) firms had met the new minimum capital requirements.
- \* Introduced in March 2015, the new Complaints Management Framework for the Nigerian Capital Market. New rules and amendments to existing rules covering a wide range of areas including the much anticipated rules on Securitization as well as Codes of Conduct for Rating Agencies, Underwriters and Trustees were released.
- \* The Commission was admitted into the full membership of the IFSB during the period. The approval was granted at the 26<sup>th</sup> meeting of the Council hosted by Bank Indonesia on 2<sup>nd</sup> April, 2015.

### **FSB SouthAfrica**

- \* Commenced the process of implementing an Electronic Trading Platform (ETP) for Primary Dealers (PDs) trading government bonds where the

secondary market quoting obligations under the PD contract will need to be met and satisfied on the ETP.

- \* Registered Strate, the central securities depository for equities as the new central securities depository for both equities and bonds, and an associated clearing house for bonds.
- \* Registered and approved four (4) rating agencies to carry out credit rating Activities in South Africa.

### **CMA Uganda**

- \* Held stakeholder consultations on 5<sup>th</sup> May, 2015 on the draft Real Estate Investment Trusts (REITs) regulations. The development of the REITs regulations is part of the product diversification initiative in Uganda's capital markets
- \* Published draft regulations for Exchange Traded Funds (ETFs') during the period under review. The passage of ETF guidelines is a key plank of CMA's strategy towards positioning Uganda's capital markets as a regional fund raising avenue.
- \* Organized a CEOs' forum in March 2015. The meeting brought together CEOs of licensed capital markets intermediaries to discuss various issues affecting the capital markets industry in Uganda. It also hosted the 12th Kikonyogo Capital Markets Award (KCMA) on 7<sup>th</sup> May 2015 under the theme: "Making capital markets work for savers and businesses".



From L-R: Steven Bardy (IOSCO 2020), Tunde Kamali (Head, AMERC Secretariat), Mounir Gwarzo (AMERC Chair), Greg Medcraft (IOSCO Board Chair) and David Wright (IOSCO Secretary General) during the 35th AMERC meeting in London



IOSCO Board Chair (second from left) and Secretary General (behind) flanked by delegates at the IOSCO Annual Conference in London



The AMERC Chair, Mounir Gwarzo (right) in a discussion with Mary Jo White, Chairman, USSEC. With them is Paul Leder of the USSEC



Cross section of delegates during one of the open sessions