

SEC Thailand Public Conference

Envisioning the next horizon: A way towards a connected future of capital markets

June 16 | Bangkok, Thailand

Centara Grand & Bangkok Convention Centre at CentralWorld

- Your Excellency,
- Distinguished guests,
- Ladies, and gentlemen,
- Good morning and welcome.
- I am pleased to see so many of you here today at the Conference organised by the SEC Thailand in conjunction with the IOSCO Annual Meeting that ended yesterday. After such a busy few days of meetings and personal interactions, I feel this is a good opportunity for all of us to take a step back, to reflect on the challenges faced by capital markets and dialogue with stakeholders.
- Dear Secretary General Mr. Thawatchai Pittayasophon,
- Dear Colleagues of the SEC Thailand,
- As IOSCO Board Chair, I wish to express a sincere and warm **THANK YOU** for welcoming the entire IOSCO family in Bangkok this week for such an important week and for your friendly hospitality.
- Let me also congratulate you and all those involved in the preparation of today's public Conference.
- You have done an incredible job of putting together a remarkable list of speakers. This is a testimony to your professionalism and to the relevance of the topics you have selected for discussion today.
- I am particularly pleased that the theme of today's conference is so empowering and forward looking: "*Envisioning the next horizon: A way towards a connected future of capital markets*".
- It very much aligns with my thinking that we have a joint responsibility to contribute our share to shaping the world and the capital markets of tomorrow.
- This title also reflects the importance of building this future together, collaboratively. It adheres to my vision that global challenges are, as far as possible, best addressed at global level.
- This is certainly true for the two topics you have asked me to cover in my keynote speech, i.e. sustainable and digital finance.

- These transitions require a ‘*whole of society approach*’ in which global organizations such as IOSCO play a key role in establishing global standards that account for jurisdictional or regional specificities.
- We are at a crossroads, and IOSCO has achieved a great deal over the past 12 months on the sustainable and digital finance agenda, which are amongst our highest priorities.
- For this, I would like to thank Martin Moloney (Secretary General IOSCO), Tajinder Singh (Deputy Secretary General IOSCO), and the entire General Secretariat, as well as all IOSCO members and their staff for their important contributions to this journey.
- Together with the Management Team and the IOSCO Board Level Task Forces, we delivered and are about to deliver on a number of important initiatives.
- I also wish to thank the IOSCO Board Vice-Chairs: Mohamed from the FRA (Egypt), Shigeru from the JFSA (Japan), and Russ from the CFTC (USA) for their continuing support.
- Thank you also to Rodrigo from the CNMV (Spain), who chairs the Sustainable Finance Task Force, and Tuang Lee from the MAS (Singapore), who leads the Fintech Task Force, for their commitment of time, resources and intellectual capabilities, and all the leadership of the other committees.
- As a membership organisation, we are appreciative of the resources dedicated by our members.
- **So, from the perspective of IOSCO, what is the *next chapter in the sustainable and digitalized capital markets?***
- Climate-related risks are a source of financial risk that can affect specific firms and entire sectors, but also the stability of the financial system as a whole.
- They can also be a source of significant investor harm through greenwashing, which is the worst outcome from an ‘investor protection’ perspective.
- We must be able to contribute to a system that can redirect financial investments where they are most needed.
- We need our companies to be conscious of the climate-related financial risks that underpin their activities, but also of the associated opportunities. We need investors to be able to make investment decisions on the basis of their sustainability-related preferences.
- How do IOSCO and securities regulators go about this?
 1. *First*, we need to reduce the complexity and fragmentation of the existing reporting standards landscape for sustainability-related information (addressing the so-called alphabet soup of standards),
 2. *Second*, we need to provide investors with more consistent and comparable information (addressing greenwashing),
 3. *Third*, we need to provide capital markets (including asset managers) with information on entities’ climate-related transition and adaptation efforts and

4. *Fourth*, we must reduce the complexity of the reporting environment for preparers.

- IOSCO's role is therefore closely linked to that of IFRS Foundation International Sustainability Standards Board (ISSB), which has committed to release its first set of standards for General Requirements for Disclosure of Sustainability-Related Financial Information (IFRS S1) and for Climate-related Disclosures (IFRS S2) before the end of this month.
- Once published, it will be IOSCO's responsibility to decide whether they offer an appropriate response to investors' demand for an effective global framework for non-financial corporate reporting.
- This is a significant step. Dare I say it, this would be a game changer.
- A potential IOSCO endorsement of these standards would give impetus to the adoption of a first global and inclusive framework for sustainability-related disclosures by corporates around the world.
- This is a global issue, and that means we need a global framework, for mandatory or voluntary use across developed and emerging jurisdictions alike.
- But we must account for regional differences, so while the train of non-financial related disclosure must leave on time, the size and the speed may differ.
- IOSCO has therefore clearly set out its expectations that both disclosures and assurance standards should be ready for use by corporates for their end-2024 accounts.
- Now, let me turn to crypto assets.
- I was struck, though not surprised to hear that Thai investors are amongst the most invested in crypto-assets in the world, with 45% of respondents indicating that they have purchased cryptos in the past 12 months.
- I was also pleased to hear about SEC Thailand's thoughtful approach to this development, with a view to protecting investors.
- This is exactly the approach taken by IOSCO.
- The recent crypto winter and the FTX collapse have brought to light the importance of international standards and cooperation.
- There are many significant risks in the crypto-asset market which regulators need to address. These risks include fraud, money laundering, misappropriation of funds and market manipulation – all of which are present in the market.
- Virtual activities are truly global by nature and operate on a cross-border basis, thereby transcending traditional jurisdictional reach.
- Compliance with existing, well-established principles for fair, orderly, and efficient markets is weak in the crypto-asset market. This calls for global response.
- Regulators need to ensure that they apply their current regulatory frameworks, or build new ones, as needed, to reduce these risks, and address consumer protection and market integrity concerns.



- Against this backdrop, the 18 recommendations for Crypto and Digital Assets proposed by IOSCO last month create the baseline for shared regulatory outcomes and internationally consistent standards.
- They will form the backbone of consistent and effective regulation of Crypto-Asset Service Providers – known as CASPs – across the world.
- I am confident this report will mark a positive and much-needed turning point for the crypto sector, in the interests of investors.
- I encourage you all to contribute to the IOSCO consultation. The deadline is the end of July. We will then look to finalize the recommendations for publication at the end of Q4 of this year.
- On this positive note, let me thank you once again for the invitation to speak and I wish you a successful event.