

## **Resolution of the Presidents Committee**

**on**

**the imposition of sanctions upon the State Service for Financial Market Regulation and Supervision under the Government of the Kyrgyz Republic for repeated failure to pay membership contributions**

**(Resolution 02/2020)**

**CONSIDERING** that Article 14.1 of the IOSCO By-laws states that annual membership contributions for the calendar year are required to be paid before 30 June of that year and that the annual contribution will be deemed outstanding if the member does not make the payment by that date;

**CONSIDERING** that the State Service for Financial Market Regulation and Supervision under the Government of the Kyrgyz Republic (SSFMRS) has an outstanding balance with IOSCO of 46,809.77 Euros, corresponding to almost four prescribed financial contributions for the period 2016-2019;

**CONSIDERING** that Article 77 of the IOSCO By-laws states that the Presidents Committee may, upon recommendation of the IOSCO Board, impose sanctions upon members for repeated failure to pay contributions;

**CONSIDERING** that the Presidents Committee endorsed in 2013 the Resolution on Graduated Measures for members who fail to pay their annual contribution (Resolution 7/2013) establishing a set of measures structured in a graduated manner to encourage the timely payment of annual contributions;

**CONSIDERING** that the Secretariat has fulfilled the requirements in Stage 1 of the graduated measures in the Presidents Committee Resolution 7/2013, which consist of: (i) an escalation of reporting with notice to the defaulting member before proceeding subsequent stages, (ii) reporting to the Finance and Audit Committee (FAC) and notifying the SSFMRS that this case was being reported to the FAC, (iii) reporting to the Asia Pacific Regional Committee and Growth and Emerging Markets Committee Chairs, and (iv) reporting the case to the IOSCO Board;

**CONSIDERING** that Stage 2 of the graduated measures in the Presidents Committee Resolution 7/2013, consisting of sanctioning the defaulting member to withdraw from policy committees if the member has two outstanding membership contributions, is not applicable to the SSFMRS given it not a member of these committees;

**CONSIDERING** that the Resolution 7/2013 states that the IOSCO Board may recommend to the Presidents Committee the suspension of voting rights (in respect of ordinary members only) of members that have outstanding dues of two membership contributions;

**CONSIDERING** that the Presidents Committee Resolution 7/2013 states that the IOSCO Board may recommend to the Presidents Committee the suspension of membership of members that have outstanding dues of three membership contributions, whereby that such members will not have the right to belong to or attend meetings of the IOSCO Committees, including the Presidents Committee, Regional Committees, the GEMC, and the AMCC;

**CONSIDERING** that Article 78 of the IOSCO By-laws states that before the IOSCO Board recommends that the Presidents Committee impose sanctions against a member, the IOSCO Board must give that member:

- a) reasonable notice of its intention to recommend the imposition of sanctions; and
- b) an opportunity for that member to make representations concerning the intended recommendation;

**CONSIDERING** that given the SSFMRS has not responded positively to the notice from the Board to address this situation, the IOSCO Board agreed at its meetings of June and November 2020 to propose the application of Stage 3 of the Graduated Measures, which would entail the suspension of the SSFMRS' voting rights as a result of its repeated non-payment of its annual financial contributions;

**CONSIDERING** that the IOSCO Board also agreed at its meetings of June and November 2020 to propose the application of Stage 4 of the Graduated Measures if the SSFMRS does not pay its outstanding contributions by the end of December 2020, which would entail suspension of membership for the SSFMRS;

**CONSIDERING** that the IOSCO Board agreed to inform the SSFMRS of its intention to seek approval from the Presidents Committee to impose the referred sanctions, and, in accordance with the provisions in Part 12 of the By-Laws, the Board agreed to provide the SSFMRS with 30 calendar days to communicate formally in writing and to make any representations or settle the outstanding balance before it formally recommends to the PC the imposition of the referred sanctions;

**CONSIDERING** that the SSFMRS has been duly informed and given reasonable notice of the Board's intention to recommend the imposition of sanctions and has been provided the opportunity to make any representations, and has not responded satisfactorily to the request by the Secretary General;

**IT IS AGREED:** To apply Stage 3 of the Graduated Measures with immediate effect and to suspend the SSFMRS' voting rights. In addition, if the SSFMRS does not pay its outstanding contributions by the end of December 2020, **IT IS AGREED** to apply Stage 4 of the Graduated Measures and to suspend the SSFMRS membership.