



31<sup>st</sup> Annual Conference of  
The International Organization of Securities Commissions (IOSCO)

7<sup>th</sup> June 2006  
Hong Kong

**Opening Ceremony**

***Dođan Cansizlar***

*Chairman, Capital Markets Board of Turkey  
and  
Chairman, IOSCO Emerging Markets Committee*

**Dr. Dođan CANSIZLAR**

**Chairman of the Capital Markets Board of Turkey (CMB)**

**Chairman of the IOSCO Emerging Markets Committee (EMC)**

**IOSCO 31st ANNUAL CONFERENCE**

**OPENING CEREMONY**

**7 June 2006, Hong Kong**

**14:00-15:30**

**Honorable Acting Chief Executive,**

**Chairman of the Securities and Futures Commission of Hong Kong,**

**Dear Members of IOSCO,**

**Distinguished Guests,**

**Good afternoon to you all.**

It is a great honor and privilege for me to be here with and address to you today for opening the 31st Annual Conference of IOSCO. I would like to take this opportunity to express my gratitude to the Securities and Futures Commission of Hong Kong for their remarkable hospitality. I believe all participants will enjoy this year's Conference and this event will be yet another fruitful and memorable event.

**Ladies and Gentlemen,**

In the last few years the financial markets enjoyed benign macroeconomic conditions and a very stable environment. Financial institutions remained strong and continued structural improvements in markets strengthened systemic resilience. Nevertheless there have been some potential risk factors all along. External imbalances, high levels of household sector indebtedness in some countries and low risk premia in the financial markets have been these risk factors.

Nevertheless, global economy and financial markets are healthy. Global economy is expected to post strong growth again in 2006. Developing countries have been enjoying one of the strongest periods in recent years with high economic growth. Many countries have current account surpluses and also have easy and cheap access to the global financial markets.

On the other hand, in recent weeks we have observed increased volatility in the financial markets. In recent years, as a result of low interest rates in the developed countries, global financial markets had enjoyed abundant liquidity. Nevertheless as a result of strong economic growth and increased commodity prices, US Federal Reserve increased interest rates substantially. European Central Bank also increased interest rates and Bank of Japan has been abandoning its excessively loose monetary policy. In addition to these, as a result of changing perceptions regarding inflation we have seen an overall adjustment process.

Where do the IOSCO and its members play their part in this process? I believe that as IOSCO and its members strengthen the structural fundamentals - at least in their compartment of the financial markets - financial markets increasingly become ready to weather more volatile periods. It is this process of preparing and perfecting the regulatory infrastructure of the financial markets where IOSCO and its members can contribute. I strongly believe that IOSCO and its members have accomplished a great deal in this regard.

In all our meetings we again and again talk about the effects of globalization and the globally interdependent nature of each nation. We all know that this interdependency renders treatment at the national level ineffective in dealing with global challenges and as a result we need global standards. At this point, I would like to emphasize the importance of dynamic and continuous international standard setting process to respond to the needs and challenges of this rapidly changing world. Additionally and maybe more importantly the implementation of these international standards (i.e. IFRS, IVS, ISA, Corporate Governance Principles, and IOSCO Principles) should be enforced in each and every jurisdiction in order for them to be effective in getting the globally desired results.

When talking about the global challenges for securities markets, we are fortunate to say that IOSCO, as a strongly supported, leading and dynamic international standard setter, ensures the convergence of global regulatory standards by issuing and updating clear and consistent general standards. To be more specific, IOSCO has determined the Principles of Securities Regulation applicable to any jurisdiction's regulatory system to attain the fairness, efficiency and transparency of securities markets, the low systemic risk and high investor protection objectives of the organization.

Furthermore, the role of IOSCO has been transforming from being only an international standard setter to the supporter of effective implementation of the issued standards as well. IOSCO declared this new focus at the previous annual conference held in Colombo by issuing Presidents Committee resolutions regarding the change of strategic direction of the Organization.

The IOSCO methodology, which was established in 2003 to assess the level of progress for the implementation of the IOSCO principles, now serves as an effective way to get feedback on the difficulties of implementation and constitute a base for the organization's new focus of ensuring effective implementation.

I think we can all take honor and pride in the developments within the Organization and the way it operates.

I strongly believe that effective implementation of international standards is more important than ever for emerging markets to increase their competitiveness at the international scale and to catch up with the level of developed markets. As no one can contradict, investments will naturally flow to the markets that meet international standards on investor protection and market efficiency.

**Distinguished guests,**

Corporate collapses of the recent past turned all our attention to the effect of such global failures on investors and to the issue of good governance of global companies. When we look at what was behind these failures we can obviously see that there was nothing wrong with the existence of necessary international principles and standards. However the existence of such standards had no use since there existed inefficiencies in their implementation and enforcement.

Increased international cooperation is an important tool in eliminating these inefficiencies. Since, cooperation of national regulatory authorities with their foreign counterparts increases the effectiveness of regulation and enforcement activity in securities markets, IOSCO Multilateral Memorandum of Understanding (MMoU) has become one of the most important current concerns of IOSCO. There is no doubt that the increased number of signatories will increase the enforcement power of domestic regulators via cross border information sharing. This will result in lower securities violations, lower systemic risk and higher investor protection. These characteristics of IOSCO MMoU make it very attractive for emerging markets. I believe becoming a signatory to the MMoU will strongly help the development of emerging capital markets.

Besides, I should like to mention the regional training seminars organized by EMC members and Seminar Training Programmes organized by IOSCO General Secretariat to clarify these processes and to share their knowledge and experience. I believe all these valuable efforts of the organization will continue in the future as well.

IOSCO initiatives and targeted technical assistance play a crucial role for emerging markets to realize reforms in line with the adoption of new global standards.

To sum up, in the course of international standard setting, implementation and enforcement through improved cross-border cooperation, there will always be challenges faced by the regulators as well as the industry. One might also think that everything is not going as fast as it should be, if it seems totally under control. There will always be steps to be taken toward attaining more transparent and efficient financial markets and more enhanced investor protection, not only in emerging markets but also in developed ones. Coordination and cooperation between institutions on both national and international levels are the most important aspects of this dynamic process.

**Dear guests,**

I would like to remind you that in this year's annual conference 4 panels will be held during which we will have the opportunity to discuss the important global issues for world securities markets. I believe all these discussions will provide powerful insights to the related shortcomings and the optimal solutions.

Before closing up, I would like to say a few words since my term as Chairman of the Emerging Markets Committee has concluded. It has been a great personal honor and a privilege for me to be a part of this Organization and to serve in this position for the last 4 years.

I believe that under the leadership of its new Chair, Mr.Domadoran, the EMC will keep having an important role within IOSCO.

Last but not least, I take this opportunity to express my special thanks to you all for the support, cooperation and friendship I have received during this time and my appreciations to the members of EMC for their hard work, dedication and invaluable contributions to the organization.

I wish you all a pleasant Conference.

Thank you...