



Report from the Chair of the Growth and Emerging Markets (GEM) Committee

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I am pleased to present this year's Report of the Growth and Emerging Markets (GEM) Committee, which provides an account of our initiatives throughout 2017. Working together with the GEM Vice Chairs, the GEM Steering Committee, and GEM members, the Committee has made significant progress in several important areas.



In this regard, the Committee's overarching priorities have focused on strengthening regulatory and policy work on emerging market issues, enhancing the regulatory capacity of emerging market regulators as well as reviewing the implications of global developments on emerging markets.

Further, there continues to be significant interest in the efforts and initiatives of the GEM Committee, whose membership stood at 107 members at the end of 2017. International organizations, as well as regulators in developing and developed markets, are showing increasing interest in participating in the meetings and initiatives of the GEM Committee.

Strengthening GEM policy work

A key IOSCO focus area for the GEM Committee is Sustainable Financing. The work is aimed at understanding better the key imperatives for creating a facilitative ecosystem for sustainable financing and the role of securities regulators in this area. The GEM Committee's work also aims to gain a better grasp of the issues and challenges impacting the development of sustainable financing in capital markets, including the development of sustainable asset classes in emerging markets.

The GEM Committee established in 2017 a working group in this area, co-chaired by GEM Vice Chair Marcos Ayerra and myself. Following the approval of the mandate, the Working Group conducted a survey at the end of 2017 to elicit information on the approaches and initiatives across GEM jurisdictions regarding sustainable financing. The work will culminate in a report to be completed by end 2018.

As a follow up on the GEM Committee's *Report on Corporate Governance in Emerging Markets*, published in September 2016, the GEM Committee hosted a Corporate Governance Dialogue with institutional investors on 30 June 2017 in London. Close to 50 participants including capital market regulators, institutional investors, and key market participants attended the event. This meeting was the Committee's first discussion with institutional investors on key governance issues impacting investment decisions of institutional investors in emerging markets.

Enhancing GEM regulatory capabilities

Several initiatives were launched in 2017 to support GEM members in their efforts to strengthen regulatory capacity and promote the cross-sharing of expertise. This includes the establishment of a Data Sharing

Platform and a Help Desk facility, as well as a Regulatory Cyber Workshop.

(i) Data sharing platform

The GEMC, working with the IOSCO General Secretariat, launched a Data Sharing Platform for sharing practical and organizational information among GEM regulators, as a way to foster the cross-sharing of expertise and strengthen regulatory capacity. This information includes, for example, operational data and practices, market data, legal frameworks, etc., to facilitate the development of effective regulatory frameworks for securities regulation. Thirty jurisdictions submitted data to the Data Sharing Platform via an online questionnaire.

Phase 1 of the Data Sharing Platform is accessible to all participating GEM Committee members, who will be able to download the whole dataset and sort the information by jurisdiction and by topic. Phase 2 of the Data Sharing Platform is expected to include additional functionalities, such as more sophisticated data comparison tools, and the option to extract charts, graphs. Phase 2 of the Data Sharing Platform was expected to be launched by May 2018.

(ii) Help desk facility

This facility is intended to act as a one-stop facility where members can call upon the help desk and use it as a sounding board or seek advice in the event of a significant market issue (e.g., market stress or an extreme market volatility event). Members can also use the help desk as a conduit for channeling general regulatory discussion topics or questions to IOSCO and fellow regulators. The IOSCO General Secretariat will help provide prompt feedback to members' inquiries, including facilitating responses from other members.

(iii) Regulatory Cyber Workshop

As part of the GEM Committee's efforts to strengthen regulatory capabilities and preparedness in addressing cyber threats, it held a Regulatory Cyber Workshop during its Annual Meeting in Sri Lanka. The workshop, conducted in collaboration with market experts, included a cyber simulation exercise and involved over 100 participants from GEM Committee and the Asia-Pacific Regional Committee (APRC) jurisdictions. Recognizing very early the importance of strengthening cyber resilience, the workshop in Sri Lanka followed the earlier exercise conducted at our GEM annual meeting in Indonesia in January 2016.

The Regulatory Workshop provided participants with a better understanding of critical cyber developments



and risks, such as emerging copycat attacks, new technology, and methods to breach and compromise information and financial systems. The Workshop also analyzed scenarios and measures to strengthen regulatory responses and recovery, sharing of information and intelligence, and the communication channels of regulators. The GEM Committee agreed that a key takeaway from the workshop was the need to draft a Guidance Note for GEM regulators as a tool to better manage and mitigate cyber risks.

GEM Annual Meeting and Conference

The GEM Committee held its annual meeting in Colombo, Sri Lanka in September 2017. Hosted by

the Securities and Exchange Commission, Sri Lanka, the two-day event comprised meetings of the GEM Steering Committee and the GEM Plenary, a Regulatory Workshop on Cyber Resilience and a Conference on *Enhancing sustainable and innovative market-based financing*.

The key themes of the GEM Conference were based on issues impacting emerging markets and the areas on which the GEM Committee is focusing. These included challenges in developing sustainable market-based financing in emerging markets and the role of policy makers, regulators, and market participants in promoting relevant market based responses to these issues. The Conference also discussed key factors



impacting liquidity in emerging markets, as well as the effectiveness of measures in improving liquidity. Another important theme related to Fintech in capital markets, and how emerging markets can leverage on innovative technology while ensuring robust regulatory frameworks.

This was the first time that the GEM Annual Meeting and Conference were held back to back with a regional committee meeting, in this instance the Asia-Pacific Regional Committee meeting. The events brought together regulators from both emerging and developed markets, allowing for greater engagement and collaboration among the members. Future GEM Committee Annual Meetings are expected to be held

back to back with other regional committee meetings. We look forward to having the next GEM Annual Committee Meeting and Conference in conjunction with the Inter-American Regional Committee Meeting in September 2018.

Finally, I would like to express my appreciation to the GEM Vice Chairs, Marcos Ayerra and Paul Muthaura, and members of the GEM Steering Committee for their contribution. I would also like to acknowledge the contribution of the IOSCO Secretary General and the GEM team at the General Secretariat. I look forward to GEM members actively participating in our work to continue the Committee's efforts and advance its important agenda.