



## Opening Ceremony

*Dr. Dayanath C. Jayasuriya*

Chairman of the IOSCO Presidents' Committee  
Chairman of the Securities and Exchange Commission of  
Sri Lanka

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Hon'ble Dr. Sarath Amunugama  
Jane Diplock, Chairperson of the Executive Committee  
Andrew Sheng, Chairperson of the Technical Committee  
Dogan Cansizlar, Chairperson, Emerging Markets Committee  
Philippe Richard, the Secretary General of IOSCO  
Channa de Silva, Director General of SEC  
Excellencies  
Distinguished Participants and Observers  
Ladies and Gentlemen

It is a pleasure and a privilege to welcome you this afternoon to the Opening Ceremony of the 30<sup>th</sup> Annual Conference of the International Organization of Securities Commissions.

The Securities and Exchange Commission of Sri Lanka was established in 1987. We became a member of IOSCO 12 years ago. Shortly after I assumed duties as the Director-General of the SEC in the year 2000, I recognized the need to foster closer cooperation with fellow regulators. As we rapidly move towards "One Global Village" with increased cross-border trading, regulators need to have access to new information gateways and channels of communication.

From the year 2000 onwards Sri Lanka's SEC has entered into several bilateral agreements and is now a signatory to IOSCO's Multilateral MOU as well. At IOSCO's Asia Pacific Regional Meeting held in Bali in 2001, I offered to host the next APRC Meeting and the Law Enforcement Directors Meeting in Colombo. These were held in Colombo two years ago and I see today in this Conference Hall several familiar faces. At the IOSCO Annual Conference in Istanbul in 2002, we made a bid to host this year's annual conference. Sri Lanka's case was ably presented by the then Chairman, the late Mr. Michael Mack. We are grateful to the Members of the Executive Committee who then decided to accept Sri Lanka's bid.

An event of this magnitude with over 400 foreign participants requires much planning. Over the past few months some of you heard reports of the preparatory work and progress at previous IOSCO Executive Committee meetings.

Sri Lanka's SEC is a relatively small organization with a staff of 45, out of whom two thirds are females. I would like to place on record our appreciation for the excellent work done by them over the past few months. I would like to thank in particular the outstanding services rendered by Malik Cader, Director, Public Relations. After having organized many international conferences in several countries where I had worked previously, I have no hesitation in considering Malik as the best conference trouble-shooter.

IOSCO and other organizations convene meetings on different dimensions of capital market regulation. At each of these meetings we heard different reports of the trials and tribulations of capital market participants and regulators as they tried to grapple with emerging issues of complexity.

The capital market of each country is unique; each has evolved following a different path, a different economic paradigm. Each regulatory regime is also unique, even when there have been attempts at harmonization. However, no regulatory model has yet emerged that provides the ultimate answer that could help maintain capital markets that are not volatile; that provide predictability to market speculators; that make mergers and takeovers painless, just and equitable; and that provide investors and shareholders all the protection and comfort they need for all times. Through a process of trial and error, we are still trying to craft the ideal regulatory model that could withstand every tempest, every storm and if I may use a word that is much in vogue today every Tsunami.

Risk, speculation and volatility are inherent features of the business we as regulators seek to regulate. It is through the application of laws, regulations, standards, principles of good practices and ethical values we seek to introduce some form of order and discipline to achieve a level playing field that is fair, just and transparent.

As we march towards one global village, we find that the path is studded with pitfalls. With economic crime taking large strides, one begins to wonder whether regulators are limping behind.

The month of April tends to be the hottest month in Colombo. During the past few days we have witnessed rain, thunder and dark clouds. Perhaps the weather patterns are changing. Is it that the weather pattern is getting accustomed to the gloomy predictions of economists and the woes of capital market regulators who are finding it increasingly a difficult task to keep under check market players who abuse the rules of the game? Is it that there is no light at the end of the tunnel?

I believe, Ladies and Gentlemen, that we need to live in hope. There is certainly light at the end of the tunnel, there are silver linings in the gray clouds and one could indeed see a rainbow in the not too distant horizon. In real terms, for capital market players and regulators, what does this light represent? What do the silver linings represent? And what does the rainbow represent?

Today, compared with a decade ago, we, as regulators, are in a better position to seek and provide information required for regulatory purposes. We can enforce the application of international benchmark standards to ensure that laws, regulations and practices address issues that help minimize abuses in trading, in information dissemination and in the presentation of accounts. There is greater acceptance today of the need for better governance in the corporate world in areas such as in the mandatory requirements for non-executive directors, audit committees, rotation of auditors and so on. Anti money laundering regimes are coming into place to ensure that dirty money linked to crime is not channeled through the share market.

If we look into the crystal ball, we can see the gradual emergence of a new culture of corporate business, a new set of ethics.

During your stay here you would have had the opportunity to taste Sri Lankan tea. Whilst our tea is well known the world over, what is perhaps relatively unknown is that Sri Lanka's share trading history goes back to the year 1896 when the Stock Brokers Association was formed. More than a century of share trading has its genesis in the registration of companies for the establishment of tea plantations by the British, the erstwhile rulers of what was then called 'Ceylon'. Members of the Association had met several times a week at the Chamber of Commerce to record tea prices and prices of shares in companies. Funds had also been raised in Colombo for the new plantations in what was then known as Malaya, which is now known as Malaysia. This was one of the earliest examples of some form of cross-border trading using a single currency. Whenever you now have a cup of Ceylon tea, you enjoy not only the finest taste but you also share in a century old tradition of share trading. Given this long history of the link between Ceylon tea and share trading, I would venture to think that perhaps we should consider "Ceylon tea" as the official drink of capital market regulators.

We are indeed honoured to have here with us as our Chief Guest the Hon'ble Minister of Finance. He is a former Secretary to the Government of Sri Lanka and an international civil servant who was attached to UNESCO headquarters in Paris. The Hon'ble Dr Amunugama's maiden budget speech a few months ago displayed a profound understanding of the dynamics of global macro economic changes as they impact on the economies of emerging countries. At the core of proposals formulated by him and the Secretary to the Finance Ministry Dr P B Jayasundera, was the quality of life of the individual and the family and encompassed welfare measures from the cradle to the tomb as it were. As regulators it is important for us to bear in mind that our decisions eventually affect the quality of life. It is the enrichment of this quality of life that makes a difference between a good regulatory decision and a bad regulatory decision.

After all, we are not expected to live and work in ivory towers in blissful oblivion of ground reality,

As we progressed with plans since Sri Lanka was chosen as the venue for this year's annual conference, Jane and the IOSCO Secretary General and his Deputy became part of our "extended family". The family grew bigger and bigger particularly after the Tsunami disaster when most delegations sent messages that all of you will be here in full strength as a sign of solidarity. The spirit of solidarity that is inspired by a natural disaster gives us all the hope and courage we need to be effective watchdogs of the capital market. As capital market regulators we have a human face, we have human values and we work best with the maximum cooperation of all concerned, but we have a duty to perform independently and impartially. And, come what may, we will not compromise that independence and impartiality. As fellow regulators we will continue to support each other as we go about our task of performing our duties. Herein lies the greatest strength of IOSCO as an umbrella organization. As regulators we seek to enforce high standards, encourage good and ethical practices, and promote transparency. Through our own conduct we need to set an example to the rest of the community. Good and just conduct is at the very core of the teachings of all the major religions, including Buddhism. We need to inculcate a new sense of business ethics that would help ensure that we have well regulated markets that are just, transparent and fair. We have the tools, the determination and the courage to promote such an approach and let this Conference which is being held in a country with a long history of share trading usher a new era.