Panel 4: Challenges Related to the Implementation of the IOSCO Principles and of the IOSCO MOU in Emerging Securities Markets

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Challenges related to the implementation of the IOSCO principles and of the IOSCO MOU in Morocco

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Why is Morocco an interesting case?

- A young market and recent legislation, easier to make changes
- A self-assessment program to know where we stand
- A small and closed market, easier to drive towards international principles
- But a strong feeling of national sovereignty
Legislative Moroccan Background

- September 1993: a comprehensive body of new legislation on stock market, intermediaries, regulator, collective investment schemes and public issues
- December 2004: amendments to the law enabling the authority to supervise new activities and strengthening its enforcement powers
- A new possibility to edict soft rules, already accepted by the operators
- Never had any action on justice on capital market matters
The self assessment program

Phase 1 : Internal Self assessment
- October 2004 : project launch
- One internal coordinator, a staff of 9 people, and 2 IOSCO experts (France/Canada)
- Internal review of all our legislative framework
- Draft of an initial self assessment report
The self assessment program (2)

Phase 2 : Experts review
- Review of the report by the external experts
- Questions and answers
- Visit of the experts to CDVM
- Assessment report by the experts, + proposed action plan
- Internal review of the experts assessment report
- Discussions
- Final report + action plan
## Results

<table>
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<th>Principles</th>
<th>OK</th>
<th>Largely applied</th>
<th>Partially applied</th>
<th>Non applied</th>
<th>NA</th>
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<tr>
<td>The regulator (5)</td>
<td>3</td>
<td>1</td>
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<tr>
<td>Self Regulation (2)</td>
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<tr>
<td>Enforcement (3)</td>
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<td>1</td>
<td>2</td>
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<tr>
<td>Cooperation (3)</td>
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<td>-</td>
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<tr>
<td>Issuers (3)</td>
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<tr>
<td>Collective investment schemes (4)</td>
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<tr>
<td>Intermediaries (4)</td>
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<td>Clearing and settlement (1)</td>
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<td>4</td>
<td>3</td>
<td>9</td>
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Hidden benefits (and costs)

- An internal review process to discuss the principles
- Helps the staff to understand the principles and the way they are implemented elsewhere
- Take a longer time than expected (18 months instead of 6)
- Give a good appraisal of where we stand
- Give strong arguments to negotiate for new changes
Next steps

- An action plan to address the issues raised, mostly in enforcement and cooperation
- New laws are to be drafted and implemented over two years
- Moroccan will apply to be signatory of MMOU
Enforcement

- Anti-laundering law is behind the Parliament
- A formal cooperation with the central bank is being discussed
- Other types of cooperation with local authorities?
Cooperation

- Need to have a prior agreement with the country (selection of countries)
- Need to have a similar qualification of the offence
- MMOU vs National Sovereignty?
Conclusion

- Self assessment program was a very useful learning process
- Market still small and domestic, not easy to convince of the need to change laws for MMOU
- Market globalization forces will drive progressive convergence towards MMOU
Thank you for your attention

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