Members of the IOSCO executive committee

Invited guest speakers

Distinguished delegates

Members of the media and attendees

We are privileged as the Financial Services Board (“FSB”) to have been afforded the opportunity to host the 36th IOSCO annual conference. On behalf
of the FSB, I wish to extend our heartfelt gratitude to numerous delegates of the IOSCO here present for your support. We are indeed honoured to be the host of this important international standard setting forum on securities regulation.

As you are all aware, the recent World Economic Forum, Competitiveness report, ranks South Africa 1st out of 139 countries for its regulation of securities exchanges. This is an improvement for South Africa from 2\textsuperscript{nd} place ranking in the previous assessment.
The Financial Services Board is delighted by such an achievement as it positively reflects on our securities regulatory regime in South Africa. This achievement further affirms our seriousness in complying with the IOSCO principles for maintaining effective and transparent capital markets in South Africa as well as ensuring that the interests of investors are addressed.

The FSB believes in maintaining a close working relationship with the supervised industry, with special reference to the self-regulatory organisations. The FSB also aspires to stay abreast of innovations and new product developments within
our markets. Indeed, this approach assisted the FSB during the previous global financial crisis to take swift and decisive decisions in the furtherance of the objects of our securities regulation.

In a recent Financial Sector Assessment Programme, the FSB was confirmed to be in compliance with most of the IOSCO principles of securities regulation. In fact, we have already made substantial strides in complying with the new principles adopted in June last year in Montreal, Canada.

Work streams are already underway to regulate –
• hedge funds (I must mention that hedge fund managers are already regulated under the Financial Advisory and Intermediary Services Act, 2002);
• credit rating agencies – a Credit Rating Services Bill has been prepared;
• certain OTC derivatives - a task team appointed by the FSB in 2010 has submitted its report with certain recommendations to regulate OTC derivatives, which are currently being considered in consultation with our National Treasury;
Ladies and gentlemen, IOSCO’s principle on the monitoring, mitigation and management of systemic risk receives special attention. The recently appointed Regulatory Council will play an instrumental role in this regard and will further enhance cooperation between the regulatory authorities in South Africa in the interest of financial stability. We look forward to the panel discussion on systemic risk later today.

To effectively respond to regulatory and market developments and the financial crisis, we have prepared a new Financial Markets Bill, which will replace the current Securities Services Act, and we
are also in the process of revising the Collective Investment Schemes Control Act.

We have devoted special attention to enhance our enforcement powers, as we strongly believe that effective enforcement is a prerequisite for achieving the objects of our securities regulation.

To this end, violations of all the laws administered by the FSB, including insider trading, market misconduct and material misstatements by public companies, are now sanctioned through an administrative tribunal, called the Enforcement Committee. The Enforcement Committee has
powers to impose unlimited administrative penalties, compensation orders, and cost orders. We are confident that the Enforcement Committee plays an important role in maintaining the integrity of our markets.

I am pleased to announce that the merger between the Bond Exchange of South Africa (BESA) and the JSE in 2009 is almost completed. We have no doubt that it will be completed successfully. We are, in consultation with all role-players, in the process of developing a strategy to grow and further develop our bond market. Special attention will be given to
further enhance the transparency, price formation and risk management of this market.

The FSB is committed to regulatory cooperation and the fulfilment of its duties and responsibilities under the IOSCO Multilateral Memorandum of Understanding. In close consultation with its counterparts within the SADC region, the FSB has embarked on a project to harmonise the securities regulation within the Region. This process is aimed at promoting cross border cooperation, to enhance the effectiveness of the regulatory regimes within the Region and to prevent regulatory arbitrage.
In close cooperation with the Self Regulatory Organisations and South African financial institutions, we host an annual familiarization program with the aim of exchanging regulatory experiences and practices with our regulatory colleagues in SADC.

Honourable guests and delegates, we have established a dedicated Consumer Education Department, responsible for facilitating consumer education by our supervised financial industry. This Department actively collaborates with African Regulatory Authorities and other international organisations such as the Organisation of Economic
Cooperation and Development’s International Network of Financial Education (INFE). As a serving member of the INFE Advisory Board, the FSB’s Consumer Education Department provides inputs into matters such as the development of national strategies for consumer education, financial education in schools and measurements of financial literacy levels.

Consumer Education is currently a hot button topic worldwide, which deserves special attention by Panel 4 tomorrow.
The honourable Minister Pravin Gordhan in his opening address has encouraged delegates to explore our beautiful country. The South African rainbow nation has many attractions you could enjoy, including the big five in our parks. I am confident that many of you will take this opportunity to visit our nature’s wonders before leaving.

On behalf of the FSB, I wish to warmly welcome you in our rainbow country and I look forward to a memorable and successful conference.

As they often say in isiXhosa “Nangomso”

I thank you.