

MEDIA RELEASE



International Organization of Securities Commissions
Organisation internationale des commissions de valeurs
Organizaç o Internacional das Comiss es de Valores
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المنظمة الدولية لهيئات الأوراق المالية

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Madrid, 30 June 2017

IOSCO Publishes Country Review of Sri Lanka’s Implementation of IOSCO Principles

The Board of the International Organization of Securities Commissions (IOSCO) today published its Assessment Committee’s *Country Review of the Democratic Socialist Republic of Sri Lanka*. The Country Review is a detailed assessment of the depth and breadth of implementation of IOSCO’s Objectives and Principles of Securities Regulation (IOSCO Principles).

This is the third Country Review conducted by IOSCO’s Assessment Committee.

The Country Review identifies the progress of the Sri Lanka Securities and Exchange Commission (SEC) in implementing the IOSCO Principles and identifies areas in which improvements are needed. The Country Review identifies challenges that the SEC faces in meeting international regulatory standards relating to the design and operation of its regulatory framework.

With respect to the framework’s design, the Country Review finds that the independence and regulatory remit of the regulator should be extended as a matter of priority. In addition, the framework needs further revisions to clarify the SEC’s powers (particularly enforcement and cooperation) and set out clear and consistent guidance across all standards, which will apply to all relevant entities.

Regarding the framework’s operation, the Country Review recommends risk-based supervision, staff development, raising standards for regulatory action as well as improving prosecutions, policy communication, emerging risk identification, internal audit processes and supervision of the audit profession.

The Country Review also sets out a road map to prioritize and implement these recommendations.

The SEC and the Sri Lankan government have recognized many of the shortcomings identified by the Country Review and have proposed measures to address several issues regarding design and operational matters. The SEC's response to the Country Review findings was largely positive, acknowledging the significant persuasive value of the findings to support comprehensive capital market regulatory reform.

This Country Review was carried out by a Review Team of seven experts nominated by member organizations from Australia ASIC, India SEBI, the Netherlands AFM, Singapore MAS and Québec AMF, and the IOSCO General Secretariat. The Review Team leader was Steven Bardy of the Australian Securities and Investments Commission. The team members collectively brought a broad range of knowledge and practical expertise to the review exercise.

Created in 2012, the Assessment Committee also conducts Thematic Reviews of specific IOSCO Principles and Standards across IOSCO's membership. The aim of these Thematic Reviews is to provide a snapshot of implementation of the IOSCO Principles and Standards and to help identify gaps, differences in approach and examples of good practice regarding implementation.

NOTES TO THE EDITORS

1. IOSCO is the leading international policy forum for securities regulators and is recognized as the global standard setter for securities regulation. The organization's membership regulates more than 95% of the world's securities markets in more than 115 jurisdictions and it continues to expand.
2. The IOSCO Board is the governing and standard-setting body of the International Organization of Securities Commissions (IOSCO) and is made up of 34 securities regulators. Ashley Alder, the Chief Executive Officer of the Securities and Futures Commission (SFC) of Hong Kong, is the Chair of the IOSCO Board. The members of the IOSCO Board are the securities regulatory authorities of Argentina, Australia, Belgium, Brazil, China, Egypt, France, Germany, Hong Kong, India, Indonesia, Ireland, Italy, Jamaica, Japan, Kenya, Malaysia, Mexico, Nigeria, Ontario, Pakistan, Peru, Quebec, Saudi Arabia, Singapore, South Korea, Spain, Sweden, Switzerland, the Netherlands, Turkey, the United Kingdom, and the United States of America.
3. The Growth and Emerging Markets Committee is the largest Committee within IOSCO, representing close to 80 per cent of the IOSCO membership, including 11 of the G20 members. Ranjit Ajit Singh, Chairman of the Securities Commission Malaysia and Vice Chair of the IOSCO Board, is the Chair of the GEM Committee. The Committee brings members from growth and emerging markets together and communicates members' views and facilitates their contribution across IOSCO and at other global

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regulatory discussions. The GEM Committee's strategic priorities are focused, among others, on risks and vulnerabilities assessments, policy and development work affecting emerging markets, and regulatory capacity building.

4. IOSCO aims through its permanent structures:

- to cooperate in developing, implementing and promoting internationally recognized and consistent standards of regulation, oversight and enforcement in order to protect investors, maintain fair, efficient and transparent markets, and seek to address systemic risks;
- to enhance investor protection and promote investor confidence in the integrity of securities markets, through strengthened information exchange and cooperation in enforcement against misconduct and in supervision of markets and market intermediaries; and
- to exchange information at both global and regional levels on their respective experiences in order to assist the development of markets, strengthen market infrastructure and implement appropriate regulation.

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