



Suruhanjaya Sekuriti
Securities Commission

S P E E C H E S

**WELCOME ADDRESS FOR THE IOSCO ASIA PACIFIC REGIONAL COMMITTEE
CONFERENCE**

by
Encik Ali Abdul Kadir Chairman,

IOSCO Asia Pacific Regional Committee Chairman,

Securities Commission (SC) Malaysia

12 March 2001

Assalamualaikum w.b.t., and a Good Morning to all. Welcome to the Conference on the occasion of the Asia Pacific Regional Committee Meeting of the International Organisation of Securities Commissions (IOSCO).

First of all, I would like to express our gratitude to Yang Berhormat Tun Daim Zainuddin, the Minister of Finance and Minister of Special Functions for being here today to present his Keynote Address and to officially open the APRC meeting. His presence here is a clear sign of support for our efforts in the international developmental and regulatory efforts. YB Minister, thank you very much.

It is indeed a great honour for me to welcome to Malaysia and to the SC, the Heads and senior officials from the capital market regulatory agencies of the region. We have with us today delegates from Australia, the People's Republic of China, Hong Kong, Indonesia, Japan, Korea, New Zealand, Singapore, Sri Lanka, Taiwan and Thailand. Also participating in this Conference are distinguished participants from the private sector and academia. My thanks also goes to our other participants for taking time off from your busy schedules to be here today.

By way of a brief background, let me introduce to you the International Organisation of Securities Commissions or IOSCO. It is an organisation with 97 members consisting of capital market regulators from all over the world. It is an organisation mandated for the promotion of high standards of regulation and members have resolved to co-operate, mutually assist and share information for the development of domestic markets, to maintain just, efficient and sound markets as well as to promote the integrity of capital markets. As evidence to IOSCO's commitment to the establishment and maintenance of high regulatory standards for the securities industry, it has published a set of principles for securities regulation which need to be practically implemented under the regulatory frameworks of its members to achieve the three objectives of securities regulation, that are, the protection of investors; ensuring that markets are fair, efficient and transparent and the reduction of systemic risk. The importance of this document (this set of principles) should not be understated as it provides the international

regulatory community with a yardstick against which domestic progress towards effective regulation can be measured.

The Asia Pacific Regional Committee or APRC is one of four regional committees within IOSCO. The APRC establishes an effective forum for the promotion of co-operation and sharing of information as well as relationship building to promote integration, and to enhance the cohesiveness of regional markets and market regulators. The APRC consists of 22 capital market regulatory authorities from 18 jurisdictions.

Ladies and Gentlemen,

In recognition of its value, the SC has been very active in the work of IOSCO. Other than the APRC, we are also a member of the Emerging Markets Committee and chair the Working Group on the Regulation of Secondary Markets. The SC is also a member of several Task Forces established under IOSCO such as the Task Force on Securities Settlement Systems and the Internet Task Force.

Let me say that the SC has benefited immensely from our interaction within IOSCO and with members on a bilateral or multilateral basis. As a developing country, it is imperative that we monitor and familiarise ourselves with the developments in the global markets, particularly in more advanced markets. The IOSCO platform has allowed for increased information flow in this regard.

The co-operation and information sharing process as well as the contribution of knowledge and experience of capital markets regulators of the region and internationally was particularly enhanced during the development of our newly launched Capital Market Masterplan. In the work conducted, the SC has benefited significantly from the exchange of ideas and experiences with market regulators and policy makers within the region. The ideas and experiences we gathered from our counterparts assisted in the formulation of the key recommendations for the continued development of the Malaysian capital market . As has been said before, although the focus of the Masterplan is local, its frame of reference is global, to strengthen market capacity in light of future liberalisation and be able to adapt within a changing global environment. With the launch of the Masterplan, we have now begun the task of implementing the recommendations within the Masterplan. Let me take this opportunity to thank my counterparts from around the region for their invaluable contribution and we look forward to further co-operation and contribution from you during our implementation process.

The SC has also been very active in its developmental role within the emerging markets. We have shared our experience and knowledge with many other counterparts from emerging markets. The SC has continued to receive requests both from within the region and outside for training and secondment programmes and, wherever possible, we have attempted to assist our colleagues in enhancing their knowledge of capital market development and regulation. Taking this experience into account, the SC felt that we have a role to play in the development, education as well as information sharing and co-operation efforts between developing markets, especially in jurisdictions where the development of capital markets are at its nascent stage. Thus, next month the SC will be launching our inaugural educational programme for capital market regulators in emerging markets.

Ladies and Gentlemen,

The programme for today was developed with the intention of generating discussion between regional market regulators and capital market participants. The issues which will be discussed are among the most pressing and thought provoking issues affecting our regional capital markets today. The first session of the Conference seeks to address the market outlook for regional markets. We will be analysing factors which are currently affecting our markets in terms of its performance as well as development, such as the potential impact the US economic outlook may have on our capital markets. We will also be examining the phenomena of the dotcom era in the region and its future prospects as well as the exchanges for the listing of high growth companies.

The issue of corporate governance has been at the forefront of capital market development efforts in this region in the last few years. Regulators have vigorously promoted greater corporate accountability and shareholder activism to ensure better protection of stakeholders' rights. In Malaysia, for example, the Capital Market Masterplan further reinforces efforts towards the strengthening of corporate governance through measures which will seek to enhance shareholders' rights, instil responsibility on corporates to focus on shareholder value maximisation as well as protect investor interests through more timely, relevant and accurate disclosures on market activity. Extensive developments in this area has also occurred in many other jurisdictions in the region. Thus it is that in the second session, we will share regional experiences on enhancing and promoting better corporate governance and disclosure standards.

The third session will consider the area of regulatory reform, deregulation and liberalisation of markets. Again, this has been an area of tremendous and rapid change as capital markets seek to adapt themselves to be able to respond to challenges posed by the globalisation of the marketplace as well as the blurring of product lines and financial market activities, and in order to remain competitive in a dynamic environment driven by technology and rapid innovation. Regulators see the need for concerted efforts to be made in ensuring that regulatory parity and hence, competitive neutrality is assured to all capital market intermediaries. Most importantly, regulatory obligations of all capital market participants must be commensurate with their respective functional role and risk. Regulatory gaps, duplication and overlaps must be minimised. Thus, seamless regulation principally based on function rather than institutional form should be applied in capital market regulation to enhance the competitiveness and efficiency in the financial system and promote a high level of confidence in it. Indeed, it will be interesting to share the experiences of our speakers on the area of regulatory reform, deregulation and liberalisation as it is an issue that is constantly a challenge to capital market regulators.

Ladies and Gentlemen,

I do not wish to delay the agenda any longer. Let me reiterate that this is a Conference for the purpose of sharing information and knowledge. Furthermore, it is a very good opportunity for Malaysian capital market participants to interact with prominent regulators and policy makers of the region. Thus, I hope you will take full advantage of this Conference by actively participating in the discussions, sharing your views and posing questions that would stimulate further dialogue with our panelists.

With that, I would like to invite Yang Berhormat Tun Daim Zainuddin, Minister of Finance and Minister of Special Functions to deliver his keynote address.

Thank you.

SECURITIES COMMISSION
12 March 2001