

IOSCO and Panama(*)

The Organisation of the International of Commissions of Securities (IOSCO, by its abbreviation in English) coordinates the regulatory authorities of the securities markets worldwide. IOSCO is equivalent in the matter of securities to the Basel Committee for banking supervision. Panama is a member of this international organization by virtue of the CNV. Several years ago IOSCO presented to the international community a Multilateral Memorandum of Understanding (MMOU, by its abbreviations in English), that has as its objective creating a single agreement for all the securities regulators of the world in order to enhance the indispensable international cooperation in the matter of regulation and supervision between securities regulators. One looks to the MMOU to assist in the fight against such matters as international fraud in the matter of securities, price manipulation and insider dealing.

In order to be able to sign this MMOU it is necessary that the securities regulator's legal powers are subject to a technical evaluation on the part of other regulatory authorities. This verification group will determine, after consulting the regulator of the interested country, among others, if the legislation of the regulator of the country applicant allows the regulatory authority to sign the MMOU. It is a process that takes time since it is not acceptable for a regulator to sign a MMOU if it cannot meet its obligations.

If the regulator can sign the MMOU, its name is included in an Annex to the MMOU. To date 23 regulators have signed the MMOU. If the verification committee determines that the regulator does not have sufficient legal powers to allow it to sign the MMOU, but the applicant regulator wishes to show his interest formally to promote changes to its national legislation so that it can sign the MMOU, the committee, after consulting again the regulator of the applicant regulatory authority, makes a recommendation to IOSCO so that the regulator is included in Annex B of the MMOU.

Annex B currently includes four regulators that in the next five years will do their best to be able to sign the MMOU and be included in Annex A.

On the 3 of February of 2005 IOSCO emitted an important public official notice (www.iosco.org) which sets out a concrete plan of action for the organisation in respect of the MMOU.

This document clarifies that IOSCO will initiate a campaign of confidential dialogues with the different countries that are not included in either of the annexes mentioned in order to encourage them to sign the MMOU. For those regulators that do not have the legal powers to sign it, IOSCO will encourage them to make the changes necessary to be able to do so in the near future. IOSCO has announced that it does not have any intention, so far, to create any lists with negative connotations (as has been done by other authorities) and which Panama knows very well (and understands the negative effect on image that it entails).

In respect of the MMOU, Panama has been added recently to the list of, so far, four countries (in Annex B) that, although they cannot sign the MMOU, have made a solemn declaration, as is necessary in a globalised financial world, of its intention to make legislative changes in order to be able to sign this MMOU and to thus form part of the group of cooperating nations in the matter of regulation and supervision of the securities markets. The CNV, in the three last years that it has been working on this subject, has completed its work. The cooperation of all the national people in charge is now needed so that by means of a constructive dialogue, agreement can be obtained on what must be a goal for the whole country: To send a message of seriousness, responsibility in the fight against fraud and to attract serious and permanent foreign investment, for the benefit of all.

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