

Opening Remark **“ASEAN Capital Markets Legislation and Supervision Training Course”**

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At the Training Course funded by AusAID
13 December 2005, Bangkok

Good Morning, Ladies and gentlemen

1. It is a pleasure to be invited to give the opening remark for the ASEAN Capital Markets Legislation and Supervision Training Course. This program highlights the invaluable contribution of AusAID through the Regional Partnership Scheme, which aims to facilitate the cooperation among ASEAN countries. Moreover, I'm very happy to be speaking in front of fellow capital market regulators in Southeast Asian region. I believe that my message here today will be fully captured in the way it was meant to be. During the last decade the world has moved towards globalization and so have our capital markets. In the financial world, capital movement from one market to another can be seen every second and every minute. Local companies have much more opportunities nowadays to seek funding from both local and foreign markets. Trading transactions can be done across the globe within the blink of an eye. Thanks to the modern information technology. That's the trend of global capital market. The trend that is becoming more evident year by year.

2. The question I'm going to raise to you today is therefore how that change might affect our work as capital market regulators?

3. My first respond is that it makes us having to work much harder trying to catch up with the fast moving development. If the rules are too strict, they will prevent financial innovation and limit the expansion of financial services offered in the market. That's going to hurt local investors. Therefore, the rules have to leave enough space for the business unit to broaden its business offerings to investors. Regulators must also play the role of the facilitator as well as the regulator. Not only must the rules be liberal, it must also be of high standards. The rules must also be comparable to those of developed markets. In order to tap the much-needed capital inflows into our economies, especially for our small and medium size businesses, our rules must build confidence. This is when the standard setting body like IOSCO comes into the picture. IOSCO's standard of capital market regulation is now the benchmark for global capital market regulation. Without such compliance, international investors will simply turn away. That's why I said there is much hard work ahead of us trying to fully adopt international standards just to ensure our places on the global investment map.

4. Second, the modern financial world requires integration of capital markets. In case of ASEAN region, each of us alone is too small to compare with the developed countries. I'm happy to say that this effort has already been launched in various official forums including the ASEAN Capital Market Forum. In order to become more integrated, the rules and standards must be either harmonized with each other or, as the first step, mutually recognized. This effort cannot lie on the shoulder of only any one country, but it

must be truly a joint effort from all ASEAN countries. The harmonization and mutual recognition process can start in different aspects also. For example, it can start by two countries joining together in some specific areas of regulations. And then it can later be broadened in both scope and the number of countries involved. This effort can be seen in the signing of Letter of Intent between Thailand and Singapore in September this year. The first topic that will be worked on will be the selling of collective investment units across borders. We shall hope one day for Thai mutual fund units to be offered for sale at the retail level in Singapore and vice versa.

5. Third, globalization requires more efforts on information sharing among regulators. If we are to allow freer trade activities, we must be able to share more information with each other. This can be underlined in the case of market enforcement. A person that is barred from undertaking securities business in one country should also be barred from doing the same in other ASEAN countries.

6. In closing, I'm truly delighted that this training course is taking place. The training course like this will definitely help bridge the knowledge gap among ASEAN regulators and shorten the time required for the market integration. I'd like to thank AusAID especially for helping to fund this program. I'd also like to extend my sincere thanks to all notable speakers throughout the 3 day course. Ladies and gentlemen, the future is becoming much more demanding. This is your best opportunity to learn not only from the speakers but also from each other. This is your best opportunity to prepare yourself for the future.

Thank you.