

# **PRESS RELEASE**

## **Asia-Pacific Regional Committee**

### **Asia-Pacific Securities Regulators Reinforce Commitment to Greater Co-operation**

**4 February 2002**

Securities regulators from the IOSCO Asia Pacific Regional Committee (IOSCO APRC) today reiterated their commitment to greater regional co-operation in the regulation of the capital markets. Particular focus was given to the enhancement of co-operation, mutual assistance and information-sharing in the enforcement of illegal securities activities. The regulators, comprising Chairs and senior officials of capital market regulatory authorities, were in Bali, Indonesia at the meeting of the IOSCO APRC held on 4 February 2002. The meeting, which was hosted by the Capital Market Supervisory Agency of Indonesia ("Bapepam"), saw various issues raised on international co-operation and enforcement most notably the developments so far in fighting the proliferation of "cold-calling" scams in the region.

"The region's growth and attraction with regards to its capital market activities is very much dependent on the credibility of its regulators and our ability to work together towards common goals objectives and regulatory standards", said the IOSCO APRC Chairman Datuk Ali Abdul Kadir, who is also the Chairman of the Malaysian Securities Commission. He further stressed the need for enhanced co-operation in the light of the recent events of September 11.

The need for regional co-operation was reiterated by Bapepam Chairman Mr. Herwidayatmo, who said that "such arrangements will maximize the positive aspect of globalization on one hand and at the same time minimize its negative impact on the other. This in turn will lead to a great contribution towards the achievement of the three objective of securities regulation, namely: protecting investors; ensuring fair, efficient, and transparent markets; and reducing systemic risk."

The IOSCO APRC discussed the viability of exploring further measures towards enhanced regulatory co-operation. The IOSCO APRC had previously discussed a regional multilateral memorandum of understanding ("MOU") amongst APRC members. However, since then, as a result of the events of September 11, IOSCO established a Special Project Team on co-operation, which is developing an IOSCO-wide multilateral MOU. The APRC is contributing to the work of the IOSCO Special Project Team and will further consider its regional MOU initiative in light of developments of the IOSCO-wide MOU.

The IOSCO APRC also discussed areas of co-operation to counter cross-border cold calling and boiler room schemes operating in the region. In this regard, the IOSCO APRC is formulating a regional approach in combating these illegal operations, which have affected

investors in the region. This mutual assistance has led to a number of charges against persons involved in such activities (see the attachment for details). Many countries in the region have also issued investor alerts to prevent the investing public from falling prey to these scams. In addition, the meeting agreed, to the extent permissible under local laws, to publish the names of unlicensed operators operating within their jurisdictions. This strategy has proved very useful in warning investors about known cold calling organizations.

Two new areas of work have been proposed, on the regulation of remote access terminals in the region and investor recourse and safeguards. Remote access terminals are trading terminals, which are placed by exchange or markets outside their own countries to provide overseas investors with direct access to their systems. The IOSCO APRC regulators agreed to provide feedback on their own regulatory approaches to such systems in order that experiences and lessons could be shared.

The IOSCO APRC Enforcement Directors also met concurrently in Bali. This meeting, chaired by Bapepam, acknowledged the increased significance of the role of Securities regulators after the events of September 11. In particular the Enforcement Directors discussed the issue of money laundering within the securities regulatory framework and its relationship with the funding of terrorist activities. Members expressed their views as to the important role capital market regulators play in this area. Other matters discussed included the range of enforcement actions available in addition to criminal prosecution to ensure more effective and efficient enforcement of securities laws.

The APRC, one of the four regional committees of IOSCO consists of 22 members from 19 jurisdictions namely Australia, Bangladesh, China, Hong Kong, India, Indonesia, Japan, Korea, Kyrgyz Republic, New Zealand, Pakistan, Papua New Guinea, the Philippines, Singapore, Sri Lanka, Taiwan, Thailand, Vietnam and Malaysia.

IOSCO is a world-wide forum for securities regulators that addresses issues and demands related to the regulation of securities and futures markets. Regulators from more than one hundred jurisdictions are members of IOSCO.

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Enforcement action taken by APRC members include:

- The Thailand Securities and Exchange Commission filed criminal complaints against five cold-calling firms located in Thailand; as well as took public action that resulted in four companies ceasing their operations. In mid July 2001, Thai authorities raided several cold-calling firms located in Bangkok, and 84 foreigners were arrested.
- The Monetary Authority of Singapore brought proceeding against an unlicensed person who had been soliciting funds from Singaporean investors in relation to the latter' cold-calling activities in the Philippines.
- The Philippine Securities and Exchange Commission took action in mid July 2001 against 15 foreigners involved in cold-calling firms operating in Manila.
- Indonesia's Bapepam carried out several on the spot investigations of suspected boiler room operations in Indonesia, resulting in several firms ceasing operations.
- In late 2001, the Australian Securities and Investments Commission successfully obtained a court order preventing a suspected cold caller from leaving Australia. In a subsequent hearing, the suspect pleaded guilty to 21 charges of unlicensed securities dealing and securities hawking in Australia, relating to his cold-calling activities in Thailand and the Philippines. He received two six month sentences, as well as a fine.
- In December 2001, the Hong Kong Securities and Futures Commission co-operated with Hong Kong Police leading to the arrest and prosecution of two suspects involved in cold calling and boiler room activities in Hong Kong.