

An Interview with Saade Chami, Secretary General

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Interview Section

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Communication and Research Department discusses with Secretary General Dr. Saade Chami the latest regulatory developments at the CMA and the upcoming Electronic Trading Platform to be launched in 2016.

CRD: What are the main achievements in 2015, what are the future steps which the CMA is aiming for? Could you tell us more about the short-term and Long-term goals?

SC: The year 2015 was a busy year for the CMA. In addition to the normal and day-to-day work load, much focus has been put on the preparation of regulations that are an essential element for the work of any regulator and a must for organizing and developing the capital markets. Three regulations have already been finalized and are being translated into Arabic: Licensing and registration, Market conduct and Business Conduct. In addition, the three other regulations namely Security Offering, Listing, and Collective Investment Schemes have been finalized after consultation with all market participants and will be translated to Arabic over the next few months before we put them into effect. Also in 2015, and under the Chairman guidance, the CMA started working intensely on preparing a Request for Proposal (RFP) for the establishment and licensing of an Electronic Trading Platform.

For 2016, the CMA will finalize the RFP, discuss it with potential interested entities such as banks, and other financial institutions, and launch it officially early in the year to solicit bidders.

Looking forward, the CMA is cooperating closely with the World Bank and IMF on the Financial Sector Assessment Program (FSAP) which provides in-depth examinations of countries' financial sectors. For Lebanon, the FSAPs will focus on the development aspect of the financial sector focusing on medium-to long-term needs for deepening and strengthening the sector. Among other things, the FSAP will also evaluate Lebanon's readiness in complying with IOSCO's. The FSAP will help us identify any gaps and deficiencies in the

financial system so necessary corrective measures could be taken. For the CMA, we are hoping to address any issues related to IOSCO's principles with the hope to become a member by next year. In addition, we intend to work on a strategy paper that sets the objectives and identify the measures that the CMA will take over the next five years to achieve these objectives.

CRD: What can the CMA disclose regarding the Electronic Trading Platform to be licensed in 2016, in your opinion how will it shape the capital markets in Lebanon?

SC: As mentioned earlier, the CMA will launch the request for proposal (RFP) for the establishment and licensing of an Electronic Trading Platform early in 2016. The ETP will deal with all kind of financial instruments including equities, debt (corporate and public), derivatives, foreign exchange, and gold. Given the potential opportunities that such a platform provides, we expect that many entities will be interested in bidding for it and we hope that the selection of the ETP winner will be done by midyear and that the ETP would be operational by the end of 2016.

The main objective of creating an ETP in Lebanon is to provide long-term financing for the private sector and in particular to medium and small enterprises and to startups. The platform aims also at reaching Lebanese living abroad and it will be open for business round the clock to allow those Lebanese dispersed in the four corners of the world to participate in its activities. Eliminating the geographical constraints of traditional markets would be of substantial benefit to the capital markets in Lebanon and for the economy as a whole.

In addition, the ETP will be more efficient and transparent given the speed of information sharing and the low cost of operation compared to traditional stock markets. This will benefit not only businesses but also individual investors. For businesses, electronic trading would encourage the issuing of securities and for individual investors they will be more inclined to invest in financial instruments listed on the ETP as they will be more assured by the transparency and timely exchange of information that the ETP will provide. For all these reasons, we expect the ETP to energize, expand, and deepen the capital markets in Lebanon.