Securities markets regulators in transition

Below is a list of the securities regulators, in the EBRD region with summaries of their objectives and competencies (plus links to the website):

[Note: If you have any questions regarding this publication please send an email to Legal Transition Team at the EBRD - ltt@ebrd.com]

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Albania

The Albanian Financial Supervisory Authority was created by Law No. 9572 dated 3 July 2006 “On the Financial Supervisory Authority” which came into force on 10 August 2006. Since 11 October 2006, the Authority has unified the regulatory functions of the Albanian Securities Commission, the Insurance Supervisory Authority and the Inspectorate of Private Pensions Institutes.

The Authority’s main activities consist of supervision, regulation and setting standards in the areas of securities, insurance and private pension funds. Institutions that come under its jurisdiction include the Tirana Stock Exchange, the Albanian Share Register, securities financial intermediaries and investment advisers, life and non-life insurance companies, reinsurance companies and private supplementary pensions institutions.

The Authority may propose legislative changes and undertake changes for the improvement of the regulatory perspective. It also has authority to issue sanctions following breaches of the law. The Authority is funded by the state until it is able to cover its expenditures through fees and charges. The Authority is an Ordinary Member of IOSCO.

Armenia

On 1 January 2006, the Armenian Securities Commission was liquidated and its competencies transferred to the Central Bank pursuant to Art. 6 of the Law on Introducing Consolidated Financial Regulation and Supervision, adopted on 8 December 2005 with the goal of increasing the stability and credibility of the Armenian financial market and ensuring that the necessary conditions are in place for the consistent development of the financial system. The Central Bank is the now the sole regulator and supervisor of the financial market.

In its capacity as securities market regulator, the objectives of the Central Bank are to protect investors; to ensure transparency of the market; to develop an efficient securities market and to establish a transparent price formation system. The Central Bank is an Ordinary Member of IOSCO.

Azerbaijan

The State Committee for Securities under the Auspices of the President of Azerbaijan was created with the adoption of the Presidential Decree on Provision for the Activity of State Committee for Securities under the auspices of the President of Azerbaijan Republic dated 26 July 1999. The Securities Committee is responsible for the licensing and supervision of issuers and for the regulation and development of the securities markets. It is also entrusted with the protection of investors’ rights and the strengthening of corporate governance and disclosure procedures. It is entirely financed by the State budget.
Belarus

The Securities Department of the Ministry of Finance is the securities markets regulator in Belarus. It was created by joint decision No. 301 of the Council of Ministers and the National Bank on 22 May 1992 and, after several reorganisations, placed under the authority of the Ministry of Finance according to President's Decree No. 289 of 5 May 2006. The functions of the Securities Department essentially are to supervise and regulate the securities market, the issuance and trading of securities (with the exception of state and national bank securities) and the activities of the stock exchange and brokers. The Securities Department is also in charge of developing corporate governance standards for public companies.

Bosnia & Herzegovina

The securities markets legal framework in Bosnia and Herzegovina is mostly regulated at the Entity level. Each of the Entities has a separate legal system, Securities Commission and stock exchange.

Federation of Bosnia and Herzegovina

The Securities Commission of the Federation of Bosnia and Herzegovina was established as an independent institution in 1999 by the Law on the Securities Commission. The objectives of the Commission are to support the establishment and development of capital markets in the Federation; to ensure market transparency and to protect investors. It has authority to approve and regulate issuing and trading of securities; to regulate and supervise disclosure standards for investors; to regulate and supervise the application of corporate governance standards and to regulate, license and supervise the activities of professional intermediaries and other participants involved in securities trading. The Commission is an Ordinary Member of IOSCO.

Republika Srpska

The Securities Commission of the Republika Srpska was created in 1998 with the adoption of the Securities Market Law to support the establishment and development of the securities markets in Republika Srpska. The Commission is self-financed and has authority to regulate and supervise the securities markets and to protect investors. It is in charge of developing regulations for securities markets in Republika Srpska; setting standards for securities trading, licensing investment funds and investment fund management companies, monitoring compliance with relevant legislation and prescribing mandatory disclosures to investors and to the public. The Commission is an Ordinary Member of IOSCO.

Bulgaria

The Financial Supervision Commission was established in 2003 as the single independent authority for market supervision in Bulgaria, pursuant to the Financial Supervision Commission Act. The main purpose of the Commission is to consolidate state supervision over the non-banking sectors in Bulgaria by replacing the Bulgarian National Securities Commission, the Insurance Supervision Agency and the State Insurance Supervision Agency. The Commission’s main objectives are to protect
investors’ and insured persons’ interests and to maintain stability and transparency of the investment, insurance and social insurance markets. To achieve this objective, the Commission has authority to issue regulations, licenses and sanctions. The Commission’s jurisdiction extends to the securities markets, public companies, issuers of securities, investment and management companies, special investment purpose companies, securities brokers, investment advisers, insurance and health insurance companies, insurance agents, brokers and supplementary social insurance companies. The Commission is an Ordinary Member of IOSCO.

**Croatia**

Oversight of the Croatian capital market is undertaken by two bodies: the Croatian National Bank, which supervises credit institutions, and the Croatian Financial Services Supervisory Agency, which supervises the securities market, pension funds and insurance companies. The Agency was established as an independent legal entity on 1 January 2006 pursuant to the Act on Croatian Financial Services Supervisory Agency. The Act also provides for the dissolution and transfer to the Agency of authority from the Insurance Companies Supervisory Authority, the Croatian Securities Commission and the Agency for Supervision of Pension Funds and Insurance. The fundamental objectives of the Agency are the promotion of stability in the financial system and the maintenance of transparency and legality in securities markets operations. The Agency is an Ordinary Member of IOSCO.

**Czech Republic**

As of 1 April 2006, the authority of the Czech Securities Commission, the Office of State Supervision of Insurance Companies and Private Pension Schemes and the Office for Supervision of Credit Unions was transferred to the Czech National Bank. The Bank is now the single financial regulator and its primary objectives are price stability and maintenance of a sound and evolving financial market.

Pursuant to Act on the Czech National Bank (Act No. 6/1993 Coll.), the Bank is responsible for supervision of the banking sector, capital markets, the insurance and pension scheme industry and credit unions. It also performs foreign exchange supervision and supervision of electronic money institutions. The Bank is in charge of developing the regulatory framework, monitoring market participants’ activities, assessing trends within the financial sector and, where necessary, providing remedial measures for non-compliance with the established rules and regulations. The Czech National Bank is an Ordinary Member of IOSCO.

**Estonia**

The Financial Supervision Authority is an agency of the Bank of Estonia, established in 2002. It has autonomous competence and a separate budget and management, operating pursuant to the Financial Supervision Authority Act. The Authority is responsible for the banking industry and securities and insurance markets. The objectives of the Authority are to maintain a stable, reliable, transparent and efficient financial sector, to prevent fraud and criminal abuses in the financial sector and to protect the interests of investors. The Authority has competence to implement risk-based supervision, set standards within the Estonian financial market and monitor
application of those standards by market participants. The Authority’s functions also include performance of financial status and solvency checks of financial institutions, insurers and investment funds. The Authority is an Ordinary Member of IOSCO.

**FYR Macedonia**

The Securities and Exchange Commission of the Republic of Macedonia was established in 1992 as the national securities markets regulator. It regulates and supervises all securities markets participants in the Republic of FYR Macedonia. The Commission operates according to the Securities Law, the Law on Investment Funds, the Law on Takeovers, and associated implementing regulations. The Securities Commission is responsible for the transparent and efficient functioning of the securities market and for protecting investors' rights. The Securities Commission issues rules concerning securities; supervises securities issuers, brokerage houses, banks and authorised investment management companies in their securities dealings; regulates securities trading on the regulated exchange and over-the-counter; develops standards of competition among brokerage houses and banks in their securities dealings and ensures transparency in the securities market. The Commission is self-funded and is an Ordinary Member of IOSCO.

**Georgia**

The Georgian Financial Supervisory Agency is the sole entity responsible for supervising the financial sector in Georgia. The Agency was established on 24 April 2008 under the Georgian Organic Law on National Bank. Before that date, the financial sector in Georgia was supervised by three independent bodies: the National Bank of Georgia was responsible for commercial banks and non-bank financial institutions; the National Commission of Securities Market supervised the securities market and the Insurance State Supervision Service monitored the insurance sector. The Agency is now regulated by the Georgian Organic Law on National Bank and the Decree on Approving Provisional Regulation of the Financial Supervision Agency and is responsible for issuing licences to commercial banks and other financial institutions. After being issued a licence, all financial institutions are regulated by the Agency and required to comply with regulations enacted by the Agency.

**Hungary**

The Hungarian Financial Supervisory Authority (HFSA) was established by Act CXXIV of 1999 on Government Control of Financial Institutions, through the merger into a single body of three supervisory agencies: the Hungarian Banking and Capital Market Supervision Agency, the State Insurance Supervision Agency and the State Pension Supervision Agency. The HFSA is now regulated by Act CXXXV of 2007 on the Hungarian Financial Supervisory Authority. Its objectives are to promote a smoothly operated financial market, to protect the interests of investors and to ensure transparency and regulated market competition through supervision of the authorities providing financial services. The Authority is an Ordinary Member of IOSCO.
Kazakhstan

The Agency of the Republic of Kazakhstan Financial Supervision was established in January 2004 pursuant to the Law on State Regulation and Supervision of Financial Markets and Financial Organisations, adopted in July 2003. The Agency is the banking, insurance and securities regulator in Kazakhstan. The aims of the Agency are to ensure a stable financial market and maintain confidence in the financial system; to protect the interests of investors; to develop sound policies for financial market participants and to maintain fair competition within the financial market. The Agency supervises the securities market, the banking and insurance sectors, the activities of certain pension and investment funds and is in charge of consolidated supervision over some conglomerates. The Agency is an Ordinary Member of IOSCO.

In February 2006, the Regional Financial Centre of Almaty (RFCA) was created. The RFCA is a Government initiative to create a financial market operating under internationally recognised standards of market regulation and best practices. It is a separate trading platform of the Kazakhstan Stock Exchange with simplified access for non-residents and its own listing rules. The RFCA is managed and supervised by the Agency of the Republic of Kazakhstan for Regulation of the Activity of the RFCA, which reports directly to the President of the Republic of Kazakhstan. It is regulated by the Presidential Decree on the Issue of the Agency of the RFCA and by the Presidential Decree on the Agency of the RFCA.

Kyrgyz Republic

A financial market supervisory authority was established in 1991 with the creation of the State Agency for Supervision of Securities Transactions under the Cabinet of Ministers of the Kyrgyz Republic. In September 1996, the State Agency was reorganised into the National Commission on Securities Markets under the President of the Kyrgyz Republic. In December 2000, the National Commission was transformed into the State Commission on Securities Market under the Government of the Kyrgyz Republic. In September 2005, the Commission was again reorganised and transformed into an agency consolidating the regulatory functions previously carried out by the State Securities Market Commission, the State Agency for Financial Reporting Standards and Audit and the Non-banking Sector Development Agency under the Ministry of Finance of the Kyrgyz Republic. In 2007 it was then reorganised first as Financial Market Supervision and Regulation Service and finally as State Service for Regulation and Supervision of the Financial Market of the Kyrgyz Republic. The Service is regulated by Law on State Service for Regulation and Supervision of the Financial Market of the Kyrgyz Republic, which entered into force on 24 July 2009. The Service is an Ordinary Member of IOSCO.

Latvia

The Financial and Capital Market Commission is an autonomous public institution in charge of supervising banks, insurance companies and insurance brokerage companies, participants of the financial instruments market, and private pension funds. It was established in 2001, pursuant to the Law on the Financial and Capital Market Commission. The aims of the Commission are to promote stability and
development of the financial markets and to protect investors. The Commission has the authority to issue regulations; license financial and capital market participants; ensure compliance with the standards and rules; develop recommendations for the improvement and harmonisation of regulations with the Acquis Communautaire and manage the investor compensation guarantee fund.

**Lithuania**

The Lithuanian Securities Commission is the securities market regulator in Lithuania. It was established in September 1992 and is governed by the Law on Securities the Law on Markets in Financial Instruments and the Law on Collective Investment Undertakings. The main objectives of the Commission are to supervise the securities market, to provide protection for investors, to develop proposals for fostering the development of the securities market, to maintain transparency on the market and to take measures necessary for the implementation of the relevant legislation. The Securities Commission is an Ordinary Member of IOSCO.

**Moldova**

The supervision of Moldova’s financial market is divided in two sectors—banking is supervised by the National Bank, while the non-banking financial sector is regulated, supervised and controlled by the National Commission of Financial Market (which replaced the Moldova Securities Commission in 2007). The National Commission of Financial Market is regulated by the Law on the National Commission of Financial Market and its authority extends to the securities markets, insurance market, savings and lending organisations, microfinance organisations, private pension funds and credit history offices. The main tasks of the Commission are to ensure transparency and efficiency of the financial sector through the adoption of a regulatory and supervisory framework, by reducing system risks and corrupt practices and by protecting the interests of investors and clients. The National Commission is financially independent as it is not funded by the state budget but by fees received from market operators and from securities issues and secondary market transactions.

**Mongolia**

The Financial Regulatory Commission was established in 1994 pursuant to the Securities Market Law and is responsible for monitoring and regulating the securities market and for creating a proper regulatory and supervisory environment for capital market transactions. The Commission is regulated by the Law on the Legal Status of the Committee on Financial Regulations and its main objective is to improve the legal environment for the development of the securities market. The Commission’s competencies include maintenance of a securities register; issuance and revocation of licenses to brokers and dealers; enforcement of the legislation on securities markets and investigation and sanctioning of breaches of the securities markets framework. The Commission is an Ordinary Member of IOSCO.

**Montenegro**

The Securities Commission was founded in 2000, pursuant to the Law on Securities and took over jurisdiction from the Yugoslav Federal Commission for Securities and
Financial Markets, the market regulator since 1989. The Commission is an independent legal entity. It has the authority to issue implementing provisions of the Law on Securities, to approve and supervise public offers of securities, to license and supervise securities markets participants, to authorise and regulate collective investment schemes, to regulate trading on the securities market and in takeovers and to ensure protection for investors. The Commission is an Ordinary Member of IOSCO.

Poland

The Financial Supervision Commission is the Polish securities markets regulator. It started activities in September 2006, pursuant to the entry into force of the new Act on Financial Market Supervision. The Financial Supervision Commission replaced the Polish Securities and Exchange Commission and the Insurance and Pension Funds Supervisory Commission. The Commission is responsible for the securities market, insurance and pension scheme supervision and complementary supervision of financial conglomerates. Since 1 January 2008 its competencies include supervision of banking and electronic money institutions, which were previously under the authority of the Banking Supervisory Commission. The primary objectives of the Commission are to ensure stability, security and confidence in the financial market and ensure protection for investors. The Commission is an Ordinary Member of IOSCO.

Romania

The National Securities Commission was set up in September 1994 and is regulated by the Capital Market Law (Law 297/2004, as amended). The Commission is an autonomous administrative authority, subordinated to the Parliament, with the authority to regulate and supervise the securities markets in Romania. The objectives of the Commission are to support the stable functioning of regulated markets, to promote the transparency and fairness of the markets; to ensure protection for investors; to establish standards of financial soundness; to ensure dissemination of information and to establish the necessary framework for a well-functioning securities market. The Commission is an Ordinary Member of IOSCO.

Russian Federation

Since March 2004, the Russian securities market regulator has been the Federal Service for Financial Markets (FSFM). It was established by Presidential Decree No. 314 dated 9 March 2004 On the System and Structure of Federal Executive Branch Agencies, which consolidated the authority of the former Federal Commission for the Securities Market; the Ministry of Labour and Social Development; the Ministry of Antitrust Policy, for supervision of the exchange, and the Ministry of Finance, for supervision of pension reform. The Federal Service is controlled by the Russian Government. The main functions, powers and organisation of the FSFM are set out in Government Decree No. 206 On the Federal Financial Markets Service, dated 9 April 2004, and in the Statute on the Federal Financial Markets Service of 30 June 2004, approved by Russian Governmental Decree No. 317, dated 30 June 2004. The objectives of the Service are to maintain a stable and efficient financial market, to increase market transparency and to reduce investment risks. The Service has the
authority to regulate securities issuance and trading, including state registration of security issues; to register security prospectuses; to control and supervise the activities of issuers and professional market participants; to make proposals to the Federal Government to improve existing laws and to develop new legislation; to promote public understanding of the laws and their practical application and to ensure that companies adhere to information disclosure obligations in accordance with Russian legislation. The Service is an Ordinary Member of IOSCO.

**Serbia**

The **Securities Commission** was originally established in 1990 as the Yugoslav Federal Commission for the Securities and Financial Market. Since 2003 the Commission has operated at a national level and acts under the Law on the Market of Securities and Other Financial Instruments. The Commission is responsible for the regulation and supervision of the securities market, for providing a transparent, fair, and efficient securities market; for investor protection and for the reduction of systemic risk. The Commission’s competencies include issuing acts for the successful implementation of legislation on the securities markets; granting licences to broker-dealer companies; supervising the activities of brokers, the stock exchange, management companies, investment funds and the central registry of securities; monitoring the implementation of measures aimed at creating an efficient securities market; keeping the registry on investment funds and investigating and initiating court proceedings against participants in the securities markets for breaches of securities laws. The Commission is an Ordinary Member of IOSCO.

**Slovak Republic**

Until 31 December 2005, the supervision of the financial market in the Slovak Republic was undertaken by two supervisory bodies — the Financial Market Authority (FMA) and the National Bank of Slovakia — while the Ministry of Finance retained regulatory powers. The Act on the Supervision of the Financial Market, approved in December 2004, introduced integrated financial supervision as of 1 January 2006. The FMA was dissolved and its powers transferred to the National Bank of Slovakia, which cooperates with the Ministry of Finance for the enactment of capital market regulations. In its role as a financial market regulator, the National Bank’s objectives are to contribute to the stability of the financial system, to maintain and assist the functioning of the financial market and to protect investors. The National Bank’s activities include supervision of the banking sector, securities dealers, the capital market, insurance companies and pension savings companies and cooperation with the Ministry of Finance in drafting statutory provisions concerning the financial markets. The National Bank is an Ordinary Member of IOSCO.

**Slovenia**

The **Securities Market Agency** was established as an independent regulator on the basis of the now abrogated Securities Market Act. It now operates in accordance with the new Market in Financial Instruments Act which came into force on 11 August 2007, as well as a number of other laws, such as the Investment Funds and Management Companies Act, the Takeover Act and the Dematerialised Securities Act. The Agency reports to the Parliament and is mainly financed through market
fees. The Agency’s primary functions include the issuance of licences; ensuring that investment firms, investment funds, management companies, mutual pension funds, brokers, stock exchanges and clearing companies comply with the relevant legislation governing the market in financial instruments; supervision of the securities market and its participants; preparation and adoption of secondary legislation for the purpose of regulating, controlling and developing the securities market in Slovenia and maintenance of publicly available registers connected to the securities market. The Agency is an Ordinary Member of IOSCO.

Tajikistan

The Agency for Securities and Foreign Investments at the Ministry of Finance is a department within the Ministry of Finance. There is no functioning stock exchange in Tajikistan and the secondary market is mainly limited to issuance of government bonds.

Turkey

The securities markets regulator is the Capital Markets Board; it was empowered by the Capital Markets Law that was enacted in 1981.

Turkmenistan

The securities market regulator is the Ministry of Economy and Finance, which is competent in registration of securities, control over issuance and circulation of securities, regulation and control of insurance activities. The Central Bank of Turkmenistan is competent in registration of securities issued by the commercial banks. There is no functioning stock exchange in Turkmenistan.

Ukraine

The Securities and Stock Market State Commission was created on 12 June 1995 and operates according to the Law on State Regulation of Securities Market and the Law on Securities and the Stock Exchange. The Commission’s objectives are to create a state policy for development of the securities market in Ukraine that will harmonise the national market with international standards, coordinate activities of state bodies connected with the securities markets, supervise issuance and circulation of securities and protect investors’ rights. In pursuit of these objectives, the Commission has the authority to license and regulate market participants; to register securities issuers; to impose standards for information disclosure practices, for issuance and circulation of securities and for depository, register, and settlement-clearing operations; and to define reporting procedures for the securities market participants. The Commission is financed by the state budget and is an Ordinary Member of IOSCO.

Uzbekistan

The Centre on Coordination and Control of Functioning of the Securities Market under the State Property Committee of Uzbekistan was established in March 1996 by the Decree of the President of the Republic of Uzbekistan. The primary objectives of the Centre are the supervision and regulation of the securities market and the
maintenance of the register of securities issues and market participants. The Head of
the Centre is appointed by the President of the Republic and simultaneously holds the
post of deputy chairman of the State Property Committee of the Republic of
Uzbekistan. The Centre is an Ordinary Member of IOSCO.