



Informe de Misión Oficial

Misión Oficial: Programa Internacional de Toronto para Reguladores de Valores: Manejando múltiples mandatos en un mercado en evolución (*Toronto International Program for Securities Regulators: Managing Multiple Mandates in an Evolving Marketplace*), dictado por el Centro Toronto para Liderazgo Global en la Supervisión Financiera (*Toronto Center Global Leadership in Financial Supervision*).

Lugar: Toronto, Canadá

Participantes: Mareliisa Quintero de Stanziola - Superintendente

Fecha de las reuniones: 9 al 14 de julio de 2017

Resumen del Evento

I. Objetivo

Participar en el Programa Internacional de Toronto para Reguladores de Valores: Manejando múltiples mandatos en un mercado en evolución (*Toronto International Program for Securities Regulators: Managing Multiple Mandates in an Evolving Marketplace*), el cual es dictado por el Centro Toronto para Liderazgo Global en la Supervisión Financiera (*Toronto Center Global Leadership in Financial Supervision*).

II. Participantes

En este evento contó con la presencia reguladores de diversas jurisdicciones.

III. Agenda

Para mejor referencia, se adjunta la agenda del evento.



IV. Presentaciones - Plan de Acción

En este curso, y como parte de su metodología, se presentó un Plan de Acción (*Action Plan*) relativo a la implementación de Estándares de Gobierno Corporativo en las entidades con licencia emitida por esta Superintendencia. Se adjunta el Plan de Acción elaborado.

V. Conclusiones

Consideramos que la participación en este curso fue de gran importancia a fin de mejorar la labor de supervisión el cual ciertamente se encuentra en crecimiento, evolución constante y adecuación a estándares internacionales de la Superintendencia; y considerando los múltiples retos que enfrenta el mercado de valores panameño. Adicionalmente, el Plan de Acción que se preparó servirá como una hoja de ruta para la implementación de Estándares de Gobierno Corporativo en las entidades con licencia emitida por esta Superintendencia.

MANAGING MULTIPLE
MANDATES
EVOLVING WORK
PRACTICES

Program Agenda

Register Online at www.torontocentre.org

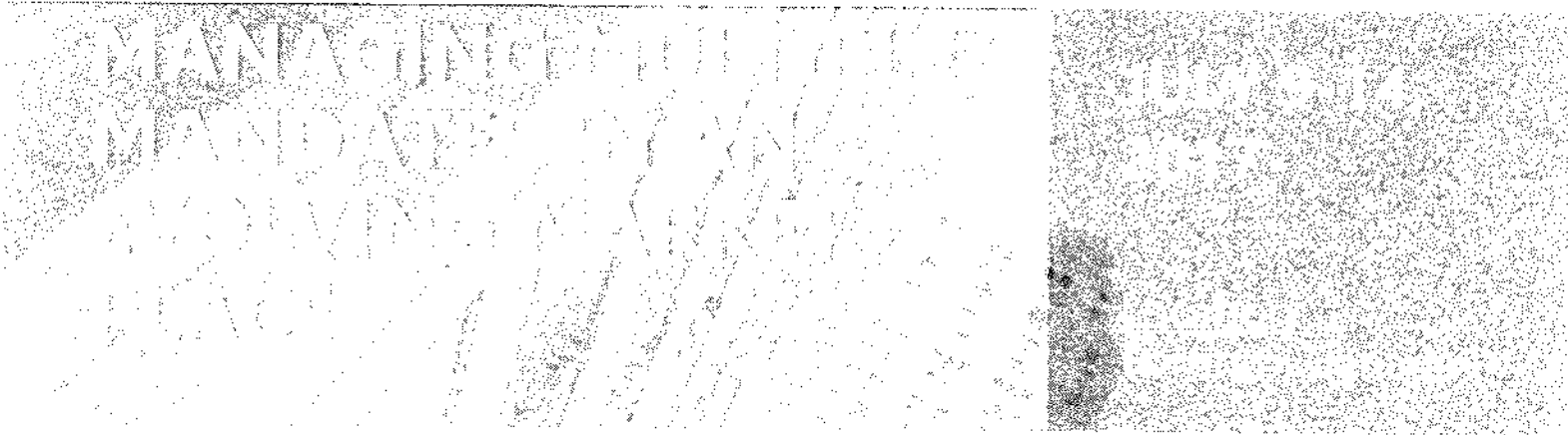


Global Affairs
Canada

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PROGRAM

08:00 **Networking Tour to Niagara Falls**

18:00 **Icebreaker and Welcome Dinner**

DAY 1 - 11/11/2015

08:15 **Welcome and Opening Remarks**
Mr. Babak Abbaszadeh, President and CEO, Toronto Centre

Group Photograph

08:45 **SESSION 1:**
Keynote Speech
Robert Cox, Vice President, Financial Markets, FRB Chicago
Incomplete demutualization, cleared OTC Derivatives and the Risks of CCPs

09:15 **SESSION 2:**
Roundtable of Participants and Panel Discussion

- Participants can share their most pressing concerns, and outline their objectives for the program
- Discuss what securities regulators can learn from bankers and vice versa
- Consider why enforcement isn't enough - what metrics are meaningful in assessing regulatory performance

10:45 **Coffee Break**

11:00 **SESSION 3:**
Regulatory Red Flags: Proactive Risk Identification Onsite and Offsite
Andrea Corcoran

- Why a skeptical attitude is necessary for effective supervision?



- Why International Reforms will not change the basics?

12:15

SESSION 4:

Compensation Funds: Conflicts of Interest and Cross Border Challenges

Ilana Singer, Vice-President and Corporate Secretary, Canadian Investor Protection Fund

- Overview of CIPF
- Cross-Border considerations
- Conflicts of Interest

13:00

Lunch

14:00

SESSION 5:

Action Planning

Juan Pablo Arango, Program Director, Toronto Centre

A framework for tackling challenges faced at work:

- Assess the challenge confronting you
- Develop options to consider
- Outline an action plan
- Analyze the stakeholders who are essential to project implementation

15:15

Coffee Break

15:30

SESSION 6:

Stakeholder Communication

Gerry Lewis, Facilitator, Toronto Centre

An approach to persuading stakeholders to support your Action Plan options:

- Analyze stakeholders – who are they, what are they likely to like and dislike about your proposal, and what is needed to get their support and/or overcome their resistance
- Four-box model for effective persuasion and communication
- How to build a “burning platform” for change

16:45

Action Planning

Participants will start applying the action planning methodology with the assistance of program leaders.

17:00-18:00 (LUNCH)

08:15

Ideas I Will Use

08:30

SESSION 7:

Supervision of Culture and Behavior in the Financial Services Industry

Melanie Rouppe van der Voort, Senior Supervisor Governance, Behavior and Culture, DNB, Netherlands

- Why do culture and behavior matter from a supervisory perspective?
- How and why changing behavior and culture improve supervisory efficiency?

- How and why the effective supervision of behavior and culture could help prevent market abuse and misconduct?
- How can supervisors influence behavior and culture in financial institutions to support the objectives of a safe, sound and stable financial system?
- What have supervisors learned about their own institutional cultures?

10:30 **Coffee Break**

10:45 **SESSION 7 (Cont'd):**

Supervision of Culture and Behavior in the Financial Services Industry

Melanie Rouppe Van der Voort

11:45 **SESSION 8:**

The Standard of Conduct for Advisers and Dealers: The Canadian Experience

Lisa Bonato, Ontario Securities Commission

- Best interest standard initiative
- Fostering a culture of compliance
- Registration requirements in Canada

12:30 **Lunch**

13:30 **SESSION 9:**

Using Behavioral Economics to Market Supervision and Regulation

William Brambley, Research Associate, True Potential PUFIn, U.K.

- What are the limits of the traditional supervisory paradigm?
- What is the value of incorporating behavioral insights into the Supervisor's Tool Box?
- How the introduction of behavioral insights into supervisory work could help identify misconduct issues?
- Understand how to apply behavioral insights to supervisory work to increase supervisory and regulatory efficiency.

15:30 **Coffee Break**

15:45 **SESSION 9 (Cont'd):**

Using Behavioral Economics to Market Supervision and Regulation

William Brambley

16:45 **Action Planning**

Participants continue to work on their Action Plans. Focus is on setting the goals and outline of plans.

08:00-08:15 **Break**

08:15 **Ideas I Will Use**

- 08:30 **SESSION 10:**
Securities Market Crisis: The Case of Colombia
Gerardo Hernandez, Co-Director Central Bank of Colombia (Former Financial Superintendent of Colombia)
- What are the limits of Financial Regulation and Supervision?
 - Why market participants do not act upon information about misconduct released through enforcement actions by the regulator?
 - Examining the role of Self-Regulatory Organizations (SROs)
 - Is it possible to improve upon the regulatory architecture?
- 10:30 **Coffee Break**
- 10:45 **SESSION 10 (Cont'd):**
Securities Market Crisis: The Case of Colombia
Gerardo Hernandez
- 12:00 **Lunch**
- 13:00 **SESSION 11:**
Financial Conglomerates and Securities Operations-Lessons learned
Jan Willem van der Vossen, Financial Stability Consultant
- How to overcome the challenges and complexities of supervising complex financial conglomerates and mitigate these risks.
 - What the securities regulator can contribute to the process of identifying and mitigating these risks.
 - How to achieve effective communication and cooperation between banking supervisors and securities regulators.
 - The differences in how the banks and securities regulators address enforcement issues and why the prudential process may cause issues with the information sharing process
 - What are the different views that could emerge on prudential and market supervision issues?
 - How important are the issues of Intragroup liquidity?
- 15:00 **Coffee Break**
- 15:15 **SESSION 11 (Cont'd):**
Financial Conglomerates and Securities Operations-Lessons learned
Jan Willem van der Vossen
- 16:15 **SESSION 12:**
Simulation Preparation
Andrea Corcoran and Deng Cheang Leo
How do we know when a "situation" is a "crisis" and what can we do about it? Let's test our information sharing strategies in practice.
Briefing on crisis simulation exercise

The briefing will outline the objectives of the simulation, roles assigned, powers and authorities that players may draw upon, role of moderators, use of break-out rooms, development of information and game etiquette.

The exercise will allow players to address an evolving crisis that involves the transmission of risk across different sectors of the financial markets and across borders.

AGENDA

08:15 **Ideas I Will Use**

08:30 **SESSION 13:**

Crisis Simulation – A group role play in five rounds: “Trouble in Camelot”

Andrea Corcoran

This exercise is intended to demonstrate in practice some of the issues that regulators can face in developing the information essential to manage a crisis.

- Why do different functional departments within a securities regulator need to understand each other better?
- When do we need to share information within a financial authority; among financial services authorities within a jurisdiction; and with financial institutions located across borders?
- Even if we have a lot of information—is it usable? Timely? Reliable? Do we have the information that we need to address the situation—to size and mitigate the problem?
- Are there differences in how bankers and securities regulators typically treat information on regulated entities? What are the reasons for these differences and how can these affect crisis management?
- Are conduct and prudential supervision concerns really that different? Can problems in one area lead to problems in the other and vice versa?
- What types of impediments in powers, resources and governance can adversely affect the exchange of information and management/mitigation of a crisis?

12:15 **Lunch**

13:15 **SESSION 13 (Cont'd):**

Crisis Simulation – A group role play within a hypothetical jurisdiction

15:15 **Coffee Break**

15:30 **SESSION 14:**

Crisis Simulation Debrief

- What happened? What did your team decide to do and why?
- What could have been improved?
- Lessons learned

16:30 **Action plan submission**

FRIDAY, JULY 16

08:15 **Ideas I Will Use**

08:30 **SESSION 15:**

Action plan presentation by participants

Participants will present their Action Plans to the group and receive feedback from program leaders and colleagues

10:30 **Coffee Break**

10:45 **Panel discussion: Q & A**

Andrea Corcoran and all other Program Leaders

Questions and comments from participants will form a key component of the discussion

12:15 **CLOSING CEREMONY**

Concluding remarks

Presentation of certificates

13:00 **Lunch**

18:30 **Farewell Dinner at CN Tower**

Action Plan Summary

Name: MARELISSA QUINTERO DE STANZIOLA

Country: PANAMA

Toronto Centre Advisory Program: If you would like further advice from the Toronto Centre in refining your action plan, please check this box.

Precise Statement of the Problem:

Description of the problem.

The Superintendency of the Securities Market of Panama (hereinafter the "Superintendency") does not currently have mandatory corporate governance standards for licensed entities (self-regulatory organizations, broker-dealers, investment advisors, investment managers and pension funds' managers).

In recent cases of licensed entities that the Superintendency has had to intervene, reorganize or wind-up, it has been clear that many of the violations to the Securities Law and its regulations could have been avoided if those entities had had corporate governance standards in place. The entities intervened or that left the market showed deep problems in their corporate governance. So strengthening the role of control in the entities is fundamental, however this is not always possible due to their sizes.

In addition, we have noticed that in some licensed entities the directors are not really involved in the business as they should. Besides that it may prevent violations to the Securities Law and its regulations, it can also bring knowledge and expertise to the business; which ultimately will result in better entities and a better market.

In the other hand recently we had in Panama the GAFI assessment on implementation of its standards, and after getting all the legal framework to prevent money laundering, Panama managed to get out of the GAFI's grey list, which put us in a really bad reputational position as a financial market. With that in mind we believe that in order to be able to effectively implement those AML new rules, brokerages entities and other licensed entities need to comply with at least basic corporate governance principles.

Getting the legal framework in place was a hard task force, however implementing it is even harder, so in order to really be able to maintain Panama out of any color list is urgent to require compliance with corporate governance standards.

If we do not tackle this problem promptly the Panamanian financial sector will be losing more correspondent relationships with foreign banks in general, because of the derisking. Without correspondent relationships, there is no market in Panama. We really need this relations to access foreign securities market.

Getting a good reputation and confidence in the market is key to the develop of the market. We believe corporate governance is imperative.

A.2. Identify the causes

The lack of political will to include corporate governance standards at a law level and resistance from the market may be, in my opinion, the two causes to the fact that currently there are no corporate governance standards for licensed entities. We also

have to take into account that there is a complexity of corporate governance in a conglomerate. Most of the time the bank complies with the corporate governance standards and left its broker subsidiary without those principles, due to the fact that normally the bank is the main business and the broker is only a line of business a lot smaller.

However when it comes to reputation it does matter if you are big or small, falling of the brokerage firm will affect the bank reputation.

A.3. Understand effects

Implement corporate governance standards for licensed entities will probably have the effects of

- (i). an increase in the managerial cost of the licensed entity, and
- (ii). a decrease of new applications of licensed entities and the relocation of those already licensed.

As to the first effect, although corporate governance itself should not represent a cost, due to the fact that licensed entities in our securities market are very small, it can be argued that corporate governance standards will need more personnel. For example, in the case of broker-dealers, most of them only comply with the minimum required by law: five (5) directors (at a board level) and three (3) staff members, which are a principal Executive, a compliance officer and a broker. Therefore, having an independent director and committees (which are typical corporate governance standards) may require additional non-related persons which will certainly demand remuneration.

As to the second effect, it is possible that additional requirements to licensed entities, in general, may result in a decrease in the application of licensed entities and/or the relocation to other jurisdictions of those already licensed.

A.4. Consider priorities

Rather than achieving the highest corporate governance standards that exist nowadays in the international financial markets, the Superintendency's priority should be to achieve a few but essential corporate governance standards, such as:

- An independent director.
- Duties and responsibilities of the directors.
- Regulations of conflict of interest.
- Risk and audit committees

Please note that currently, given a new AML/CTF law that was passed in Panama (Law 23 of 2015) licensed entities must have an Auditing Committee and an Ethics and Compliance Committee; which by a different route, was a corporate governance standard implemented.

Statement of the Goal: (SMART)

- **SPECIFIC:** To issue a Rule (“Acuerdo”) by which mandatory corporate governance standards will be set forth for licensed entities by the Superintendency.
- **MEASURABLE:** the set of rules will be stated in a policy.
- **ACTIONABLE:** the board of directors of the Superintendency of Securities Market has the power to issue a rule to put in place a mandatory corporate governance standards to licenced entities.
- **REALISTIC:** taking into account that ultimate the regulator has been imposing new standards in matter of preventing money laundering, in reporting to have a risk based supervision, that takes compliance and money, we understand that the market is passing through an adaption process and that takes time, that is why we recommend not going form cero to 100, instead implementing this by stages, fist with the general principles.
- **TIME FRAME:** having the rule in place 6 months. Compliance from the market six more months.

Action Plan:

Action step	Start	Complete	Responsibility	Resource
Analyze what are the key or essential corporate governance standards that licensed entities must have.	April –june	End of june	Directorate of Regulation and International Affairs, Directorate of Supervision.	2 persons not financial resource is need it. 90 days
Present a draft of the Proposed Rule to the Board of Directors of the Superintendency; and have it approved by them.	July –august	Beginning of september	Superintendent – Directorate of Regulation and International Affairs, Directorate of	Only 8 board sessions. No financial resources is needed