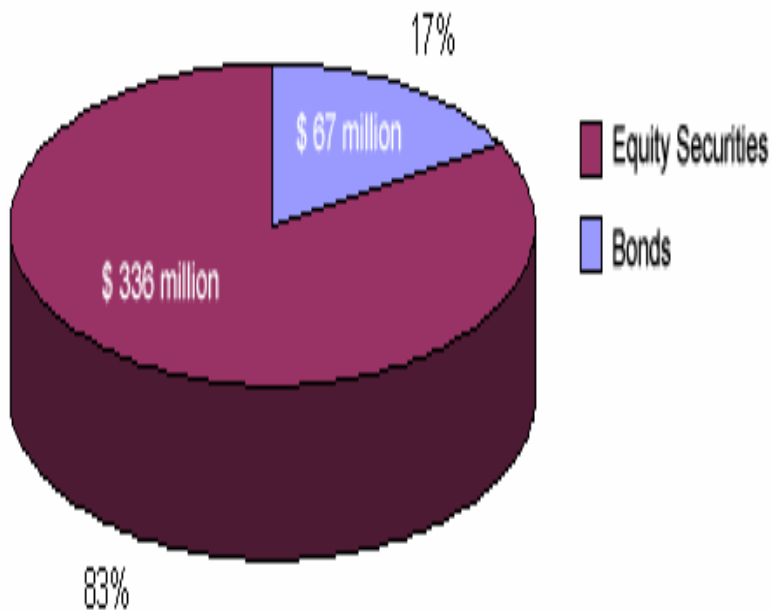


Issues in the Securities Sector,
Views from the offshore supervisor
Panama

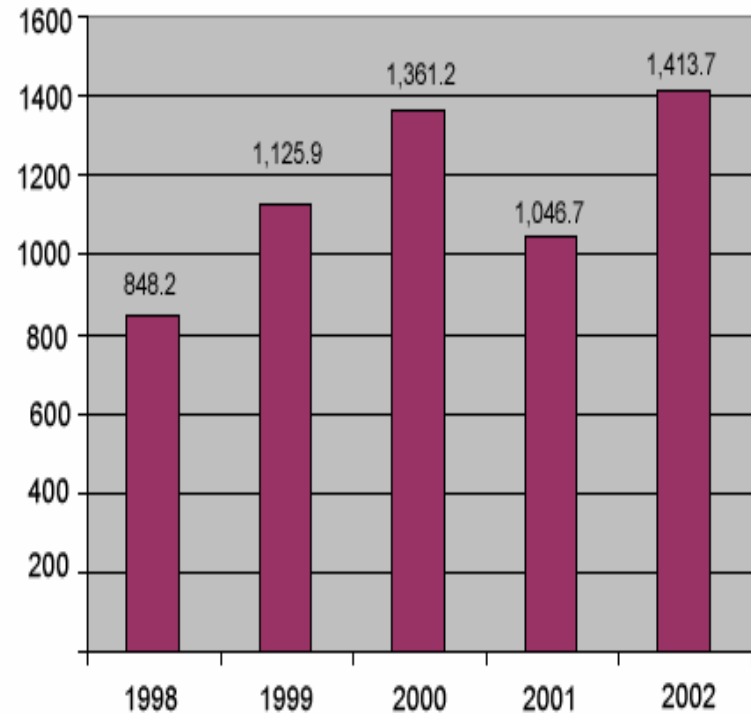
IMF'S Offshore Financial Centers
(OFC) roundtable discussion
Washington May 29, 2003

Panamanian securities sector by the numbers

Public offerings of securities registered at the CNV

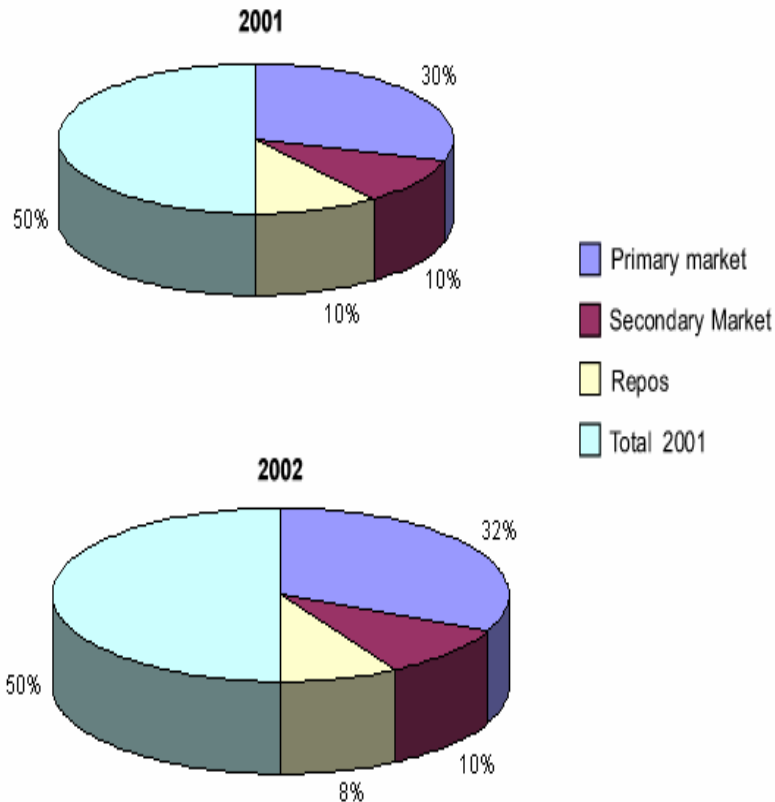


Amount traded at the BVP 1998-2002

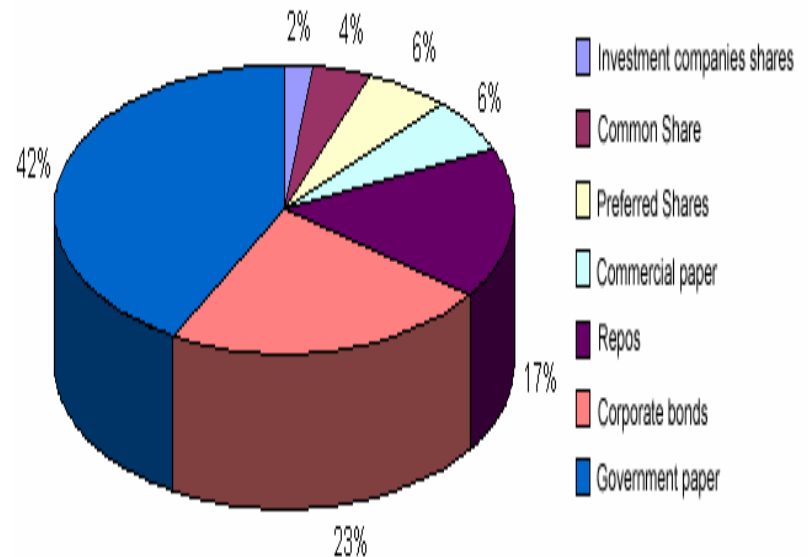


Panamanian securities sector by the numbers

the amount traded at the BVP by market (2002 vs 2001)
(in millions)

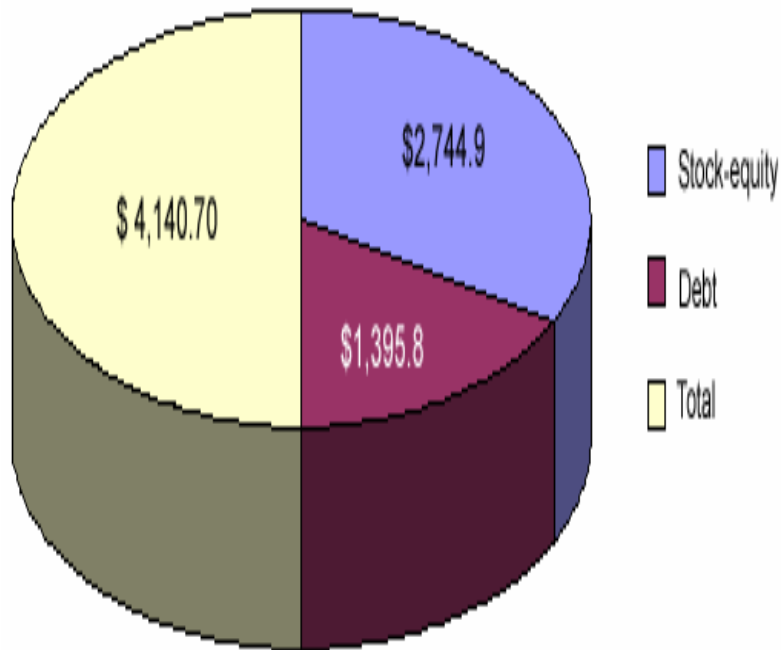


The composition of the volume traded in 2002

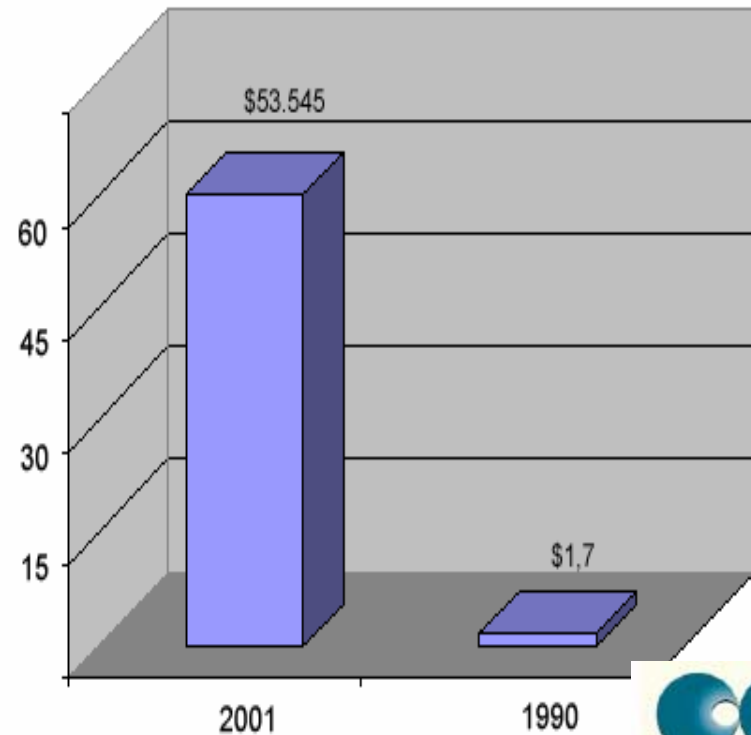


Panamanian securities sector by the numbers

2001 Market Capitalization



Stock Exchanges in Central American and the Caribbean (in billions)



Experiences

Risks of lack of proper supervision and regulation

- Reputation risk /Sanctions (black lists)
- No development of capital markets and its benefits for the overall economy.

Experiences

Effectiveness of responses to the risks

- The FATF experience. Lessons learned
- The anti money laundering measures taken.
- Last of the list to head of the class?

Experiences

Outstanding areas of concern and responses

- Internet activity in the securities sector.
- Lack of knowledge of the investor and the intermediaries.
- Lack of coordination between the administrative regulation, the judiciary and the securities sector.
- Good general legal system, one that allows for enforcement is indispensable. (Demirguc-Kunt and Levine 2001).

Example of an unlevelled supervisory or regulatory playing field

- KYC policy and its implementation on the securities sector.
- Investment advisors/ securities firms.

Responses by authorities

- Staying competitive. Ability to change the regulations.
- Adaptation of the Investment advisors KYC rules.

Circumstances where differential approaches might be appropriate

- Investment companies.

Comments on a multilateral cooperative approach

- Difficulties to share information and cooperate among securities regulators at the administrative level.

Specific actions to strengthen cooperation and exchange information

- MOUs
- Ways for the IMF to assist
- Training

Proposals

- Mobilize technical assistance (data base)
- Conduct periodic reviews of OFC' S supervisory arrangements. (Independent local experts).
- Expand AML/CFT assessments to jurisdiction. (Candid answers).