



**TALKING POINTS OF THE SECRETARY GENERAL OF THE REGIONAL  
COOPERATION COUNCIL (RCC), HIDO BIŠČEVIĆ, AT THE**

**SIGNING CEREMONY OF THE PLATFORM FOR JOINT ACTION OF THE  
SECURITY EXCHANGES OF SOUTH EAST EUROPE (SEE)**

**Sarajevo, 27 March 2012**

Ladies and Gentlemen,

- It brings me great pleasure to be able to host you today at the RCC Secretariat for this very important signing ceremony. I want to say first off: we might be your hosts today, but the acknowledgment goes to the eight securities exchanges represented here, as well as to our main partners, the USAID who have pursued this effort tirelessly. I want to extend my sincere gratitude to Director Reed and Ms. Leslie Sulenta of USAID's Partners for Financial Stability Program for their efforts in bringing us around the table today.
- The Regional Cooperation Council (RCC) has the key role of promoting, guiding and monitoring regional cooperation in SEE, which allowed it to obtain results pertinent, inter alia, for the socio-economic development of the region, such as the recent transfer of the management of the South East Europe Investment Committee (SEEIC) from the OECD to RCC.
- Capital market, often a key component of economic development, is unfortunately frequently overlooked in our region. Well, these markets are now struggling to survive the aftermath of the global financial crisis and their very existence is being threatened. Market infrastructure institutions, such as stock exchanges and depositaries, are being faced with considerable difficulties for several years now, and market participants are being wiped out by the diminishing volumes of trade and little appetite for investment. These developments could have a detrimental effect on other avenues of equity finance as well, given that capital markets represent an important avenue, not just for entry, but also for exit for potential investors.

- The slowdown of capital markets activity in the region can be traced to the times before the current crisis. At its peak in 2007, the region's capital markets had an annual turnover of EUR 13.3 billion and total market capitalization of EUR 90.4 billion. By end of 2010, the volumes have slumped to EUR 2.2 billion and market capitalization at the end of 2010 stood at EUR 40.2 billion<sup>1</sup>.
- Recognizing the need for market integration in the region, the RCC Secretariat has given a high priority to this action under the objective of increasing access to finance in its Strategy and Work Programme. In this respect, the RCC Secretariat and USAID held consultations with the SEE securities market regulators and institutions during 2011 and 2012 in view of stimulating the efforts for integration and lay out the path for possible market linkages. The result is the Declaration of Cooperation Between Securities Market Regulators in SEE signed in November 2011, and this Platform for Joint Action by the Securities Exchanges in Southeast Europe being signed today.
- These two documents, signed by the regulators and securities exchanges in the region respectively, truly establish the resolve of the participating institutions and outline possible areas for cooperation that would lead to a more integrated capital market in the region.
- However, there will be a long way to go before the issuers, investors, and their intermediaries are free to act across the region and in any country of the region, while achieving integration of clearing and settlement systems and convergence of corporate governance, accounting, and licensing standards.
- This is a considerable task and several challenges stand out: currency convertibility, existence of multiple regulators, legislative and regulatory impediments, domestic monopolistic practices, transaction costs, taxation, accounting, corporate governance practices and others. However, as we have seen with some of the other economic integration efforts, the business case is there and we need to work out the solutions together, to our mutual interest.
- Certainly, the reasons for doing this are not just economic - one needs not to forget the wider context. The efforts to integrate the regional market, either through eliminating barriers for the free flow of goods and services, such as CEFTA, or through eliminating barriers for the free movement of capital, such as our effort here, contribute directly to our common goal of joining the European Union. In garnering political support for our actions, it is quite important to hold this in mind and communicate it effectively, as we progress on our path to a more integrated regional market, in anticipation of a much bigger market to come.

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<sup>1</sup> Federation of Euro-Asian Stock Exchanges, <http://www.feas.org>

- I wish all of us a lot of success in these endeavors going forward.

Thank you.