

## An Interview with Fadi Fakhri, CMA Vice Chairman

June 15, 2015



The Communication and Research Department at the CMA sat down with Vice Chairman Mr. Fadi Fakhri to listen to his assessment on the introduction of the second set of implementing regulations, and the consultation seminar held on the occasion.

**CRD:** What is your over-all assessment of the consultation process held by the CMA, and how did you perceive the readiness of market participants to adopt such regulations?

**VC:** Let me start by saying that we at the CMA are very happy with the progress already made in the preparation of market regulations and more so with the level of engagement we received during the consultation process from market participants, whether banks, financial institutions, financial intermediaries, and law firms and accountants. Their comments and ideas received during the consultation meetings have improved these regulations and made them more adapt to the local markets while preserving their integrity and their compatibility with best international practices and IOSCO standards. In my view, all stakeholders are ready and willing to adopt these regulations, which not only improve confidence in our capital markets and attract investors but would also improve their businesses as markets become more developed. Definitely this is not a zero sum game but rather a win-win situation for everyone and more generally for the Lebanese economy.

**CRD:** In your opinion, is the CMA over-regulating the market by adopting strict regulations that are more appropriate for more advanced markets?

**VC:** This issue is very important in every jurisdiction and the debate between over-regulation and under-regulation has never abated. What we are trying to do is to strike a good balance between regulations and innovation, which is regulating the market in a way to protect investors while at the same time encouraging the private sector to take risk and innovate. The consultation process is extremely important for reaching such a balance, and the feedback we receive from all stakeholders helps in this regard. So to answer your question, we are working hard to reach such a balance and for sure we are not over-regulating the market but simply setting the

ground rules that raise the bar of the securities business in Lebanon in order to protect investors while developing the markets.

Obviously, one major concern we need to tackle is how to develop the capital markets in an unstable region and unstable domestic political situation. No doubt this is a difficult task, but we would need to work hard in 2016 and beyond to deal with these issues by creating the right incentives and putting in place the right policies and rules what would at least compensate for this instability.

**CRD:** What are the remaining (and highly important) regulatory aspects that the CMA needs to address in the short term and the long term in your opinion?

**VC:** A large part of our regulations is already done and in the remainder of 2015 (November) we will have another consultation process on the regulation dealing with “collective investment schemes”. In addition, we will also hold consultation on Market Development, which represents the umbrella for the various regulations. This year, we are keen to make a significant change in capital markets regulations, and we truly hope that these regulations will be one main pillar in developing our markets.