

By : **DATO' SRI MOHD NAJIB BIN TUN HAJI ABDUL RAZAK**  
**PERDANA MENTERI MALAYSIA**

Venue : **Hilton Hotel, Kuala Lumpur**

Date : **20/02/2014**

Title : **SPECIAL REMARKS AT THE DINNER IN CONJUNCTION WITH THE**  
**INTERNATIONAL ORGANIZATION OF SECURITIES COMMISSION (IOSCO) BOARD**  
**MEETING**

Bismillahirrahmanirrahim.

Assalamualaikum Warahmatullahi Wabarakatuh, Good Evening and Salam Satu Malaysia.

**Yang Berhormat Dato' Seri Ahmad Husni Hanadzlah;**

Second Finance Minister,

**Mr. Greg Medcraft;**

Chairman of the IOSCO Board,

**The Honourable Mr. Howard Wetston Q.C;**

Vice Chairman of the IOSCO Board,

**Yang Berbahagia Datuk Ranjit Ajit Singh;**

Vice Chairman of the IOSCO Board and Chairman of the Securities Commission Malaysia,

**Mr. David Wright;**

Secretary-General of IOSCO,

Members of the Board of IOSCO,

Distinguished guests,

Ladies and Gentlemen.

1. Before I begin, I would like to offer our international guests a very warm welcome to Malaysia. 2014 is Visit Malaysia year, and although you have a busy few days, I hope you find the time to enjoy the sights – and flavours – of Malaysia. In our gastronomic pursuits, you will find Malaysians are fully committed to meeting and even surpassing global standards.

2. I am pleased that Malaysia has been chosen to host this IOSCO Board meeting. Together, you play an instrumental role in shaping the long-term architecture of global capital markets. It is a huge responsibility, given today's increasingly complex and competitive international financial markets. And it comes with significant scrutiny.

3. Around the world, investors, journalists, policymakers and the public are questioning the role that financial markets play in development, as we seek the right balance of stability and growth. It is a subject which provokes a wide range of opinions, but there is some common ground. By committing to clear and coherent standards, we can better manage risk, and boost investor confidence; by sharing knowledge and information, we can build stronger and more developed markets. That, of course, is what the IOSCO is all about; and that is why I am so pleased to welcome you to Kuala Lumpur tonight.

Ladies and Gentlemen,

4. In this city's skyline, we see the economic transformation that Malaysia has achieved over the 57 years since independence. From a commodity exporter in the 1950s, we have evolved into an industrialised, broad-based economy; driven by both manufacturing and a thriving services sector.

5. The capital market has played an important role in this transformation; enabling the financing of critical infrastructure projects, unlocking corporate expansion, and opening up opportunities for generations of Malaysian investors.

6. As our economy has developed, we have liberalised, paving the way for a much broader and deeper capital market. The Malaysian Securities Commission – which recently celebrated its

twentieth anniversary – has laid the institutional foundations needed to achieve both effective oversight and sustainable market development.

7. Our efforts to align the domestic regulatory framework to international standards have been widely acknowledged. In the recent Financial Sector Assessment Programme, Malaysia was judged to have very high level of implementation with IOSCO Objectives and Principles. And we are consistently ranked fourth in the world for investor protection by the World Bank.

8. Together, we have built a mature and diverse capital market, worth US\$812 billion. Our bond market is the third-largest in Asia as a percentage of GDP; Malaysia is home to the largest unit trust industry and the highest number of listed companies in Southeast Asia.

9. Recognising the importance of Islamic finance in meeting the latent demand for shariah-based investment, we have also established a ground-breaking Islamic capital market worth US\$452 billion; Malaysia is the biggest issuer of sukuk in the world, and a leading centre of Islamic finance education.

Ladies and Gentlemen,

10. So far, I have painted a rosy picture of Malaysia's capital market, and I have done this for good reason. Our financial infrastructure has played an important part in Malaysia's development, and it will continue to do so as we prepare to join the ranks of the high-income nations in the next few years. But as our experience of the recent financial crisis – and the Asian financial crisis before it – has shown, policymakers face an ongoing challenge: how to anchor investor, state and public confidence in markets amidst chronic global uncertainty.

11. Recent events illustrated once again how shifts in sentiment can drive up volatility, particularly in emerging markets. The way we respond has clear implications: not just for the immediate global economic recovery, but also for the long-term trajectory of international financial markets.

12. In the face of uncertainty, stakeholders in the international financial system must be both vigilant and measured in their responses. Investors, in particular, must be more discerning. In assessing both advanced and emerging economies, they must take care to distinguish between risks arising from market pressures and those of a more structural in nature. Ultimately, it is the fundamentals that matter.

13. At the same time, the global financial services industry must strive to regain the public's trust and confidence that was so badly affected during the global financial crisis. There must be a concerted effort to reinforce integrity in the international financial system, to build a strong culture of ethics and good governance that people, businesses and governments expect.

14. However, achieving this transition is not the responsibility of regulators alone. It is a mandate that belongs to all participants in the financial market ecosystem. Each should hold themselves up to the highest standards of accountability – not just to their regulators, but to all their stakeholders. Ethical conduct must be part of an organisation's DNA. Above all, this is determined by the culture in the boardroom – and how it is cascaded down throughout the entire organisation.

15. More importantly, in my view, we face a challenge that goes beyond making markets safer or increasing participation. In the face of growing inequality and a damaging focus on short-term results over long-term interests, we must realign the world economy to open up opportunity and provide lasting prosperity, with more inclusive and more sustainable growth. This means growth with employment, not just profits; with better standards of living, and a healthier attitude to environmental as well as financial risk. It is a challenge not only for emerging markets, but also for advanced economies.

16. Markets can and must play their part in this realignment. As enablers for the allocation of capital and as a primary platform for the creation and transfer of wealth, markets are a powerful tool to promote sustainable and inclusive growth in the real economy. As policymakers, we must capitalise on that promise.

17. It is on our shoulders that the responsibility for reshaping markets rests. And the task – to build markets that can sustainably meet the investment and financing needs of the real economy – remains unfinished.

18. To succeed, all stakeholders – policymakers, regulators and industry – must play their part. In particular, we must strive to achieve greater inclusiveness and sustainability in markets as well as in the broader economy. Given their essential role in driving growth, we must continue to facilitate access to financing for businesses, particularly start-ups, small and medium enterprises and other innovative ventures which can catalyse growth. At the same time, we can further promote equality through innovative and affordable solutions that broaden access to opportunities for investors in the capital market.

Ladies and Gentlemen,

19. Clearly, these challenges go far beyond our borders. The more interconnected markets become, the more essential it is for the global regulatory community to work together to achieve consensus. To avoid policy overlaps, we must commit to open and frank discussions in pursuit of greater international harmonisation.

20. IOSCO's commitment to this cause has been exemplary. I am not alone in being impressed both by the Organisation's work, and by the inclusiveness of its membership. The equal weight lent to emerging markets demonstrates a clear commitment to integrate their needs and views into the Organisation's collective voice.

21. And so I pay tribute to the Board for their role in building a strong and representative caucus. As we seek to build a stronger and more inclusive global financial architecture, your vision and your persistence will be of considerable importance. Though the way ahead is challenging, I am confident that the ethos of cooperation and mutual assistance embodied by IOSCO will pave the way for a fundamental shift in the world's capital markets.

Thank you very much.

Wabillahitaufig Walhidayah Wassalamualaikum Warahmatullahi Wabarakatuh.