

Opening remarks

by Jochen Sanio

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**at the EU Twinning Project Conference
held by the Capital Markets Board of Turkey**

6 June 2007, Istanbul

Dear Deputy Prime Minister

Dear Counsellor

Dear Mister Chairman

Dear Ladies and Gentlemen

Birlikten kuvvet doğar – together we're strong. What a lovely – albeit simple – little maxim to live by. Birlikten kuvvet doğar. It was with those three words that I ended my speech in February of last year at the inauguration of our twinning project. At that time I was very confident that they would prove to be true. Today I *know* that they have: our joint project is turning out to be a great success. Even though the whole relevant *acquis communautaire* has not been transposed into Turkish law yet, when I look at what has been achieved in the way of legislative proposals and communiqués, I am confident that the 31 EU directives and regulations on the agenda will be implemented within the scheduled period of time.

That our project is such a success is, of course, also due to fact that the cooperation between our Turkish colleagues and ourselves is working so well. I am extremely pleased about that, for I am sure that even after our joint twinning project has ended we shall continue to enjoy good cooperation. These days it is more important than ever for the supervisors of different countries to cooperate closely. Supervision today stands or falls by cross-border cooperation. I am of course also rather proud that we have obviously earned the confidence that Turkey and the CMB have placed in us, the Federal Financial Supervisory Authority. After all, we on the German side are providing the lion's share of the input to the twinning project. Over the course of the last 17 months, more than 50 experts have contributed to the project, of which 41 have been from BaFin.

However, it is not we who are playing the lead role, but our colleagues from the CMB. I have nothing but the greatest respect for them. Our colleagues' determination to bring Turkish capital markets law up to European standards has charted a true path to success. As we all know, success comes before work only in the dictionary. And it's not just our colleagues' determination that is great, so is their knowledge. What they contribute in the way of technical expertise is international state of the art. The best conditions, therefore, for carrying the project successfully to the finishing post.

Our agenda was – and still is – ambitious. But big results require big ambitions. More than 30 EU Directives and Regulations are having to be transposed into Turkish law. A lot of this work has already been completed, but not all of it. Now it's a question of our Turkish colleagues sticking it

out to the end. The end crowns the work. Many a time they will have been overcome by a feeling which we in Germany know only too well – and which Internal Market Commissioner Charlie McCreevy aptly describes as "regulatory fatigue". All the rules and regulations coming our way from Brussels can in fact make one feel very tired. A strong faith in one's own abilities, though, can move mountains. But if the peaks you are venturing to attack are in the mountain range of European financial regulation, such as, for instance, the Markets in Financial Instruments Directive ("MiFID") then you should be wise enough to carry at least a pick-axe because plenty of hard labour lies ahead.

The European financial press has taken to referring to MiFID as the new "Constitution" for securities trading. Our actual Constitution in Germany, the Basic Law, has 146 Articles. So you might think it appropriate that MiFID runs to half as many Articles: 73 in fact. These 73 Articles are quite detailed – but obviously not detailed enough, since they have had to be fleshed out by 55 Articles in the implementing Directive and 45 Articles in the implementing Regulation. So we and our colleagues at the CMB are still dripping with sweat, toiling away on MiFID. Praise be to the Brussels bureaucracy: it's what keeps us in work and pays the rent!

And yet I am strongly in favour of the European single market in financial services and I am therefore strongly in favour of common European – and even internationally recognised – regulatory standards. The days when each regulator could plough his own national furrow are long gone. Regulators can no longer achieve very much by playing a lone hand nationally. These days national borders don't mean much for risk any longer. Our major players are active across the whole of Europe – and the rest of the world. National financial crises could rapidly grow into international financial crises. We therefore need common European and internationally recognised standards.

And however painful it may be, we can't just cherry-pick. We have to accept the whole deal, whether we like it or not. For despite all its blemishes, if we consider the whole picture of European financial market regulation, if we look at the FSAP, the "Financial Services Action Plan" which the EU is trying to implement in order to further expand the much-vaunted European level playing-field, then we can see that this picture, taken as a whole, has a meaning. No matter how hackneyed the saying, Aristotle was right: The whole is greater than the sum of its parts. And if we ignore one part of this whole, Ladies and Gentlemen, then the great whole will no longer function.

The financial industry in Turkey should be aware of this as well. I am sure that the Turkish economy will benefit from legal and institutional alignment with the EU *acquis*. As a fast-growing financial market, Turkey is attractive for both domestic and foreign investors. And especially if it is part of a great level playing-field, for then it will be much easier for providers of financial services from other member states to set up shop in this market. Keep that in mind while listening to the presentations of the CMB and BaFin experts. Ladies and gentlemen, konferansın başarılı ve verimli geçmesini dilerim [I wish the conference every success and a fruitful outcome.].