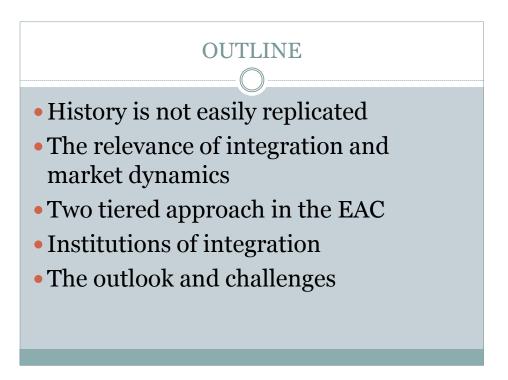
# ISSUES AND CHALLENGES ON REGIONAL INTEGRATION OF CAPITAL MARKETS:

#### THE EAST AFRICAN EXPERIENCE

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## THE HISTORY OF THE EAC

- East African Community in place since the late '50's
  - Common currency
  - Integrated Monetary and Fiscal Policy
  - o Free movement of services and capital
- EAC was a case study for the development of the European Union
- Changing political ideology led to collapse in 1977
- Efforts to resurrect the EAC commenced in 1996 with re-establishment of Community Secretariat





- Original 3 EAC members from first community:
  Uganda, Tanzania and Kenya
- Membership continues to grow • Rwanda and Burundi
- Additional members under consideration:
  South Sudan, Somalia, Ethiopia, DR Congo
- Larger scale increases the opportunities but also the challenges





- EAC Regulators have been at forefront of harmonization drive since executing MOU in **1997**
- Membership of East African Securities Regulatory Authorities (EASRA) has grown from original 3 members to 5:

o Tanzania, Uganda, Kenya, Rwanda and Burundi

• Focus on harmonization of laws and regulations, licensing standards, approval processes, supervisory cooperation



## **Ongoing Initiatives**

#### • Through EASRA

- Regional IOSCO MMoU Self Assessments
- o Regional Full IOSCO Principles self Assessment
- Regional Certification Program to Harmonize Licensing Standards
- Strengthening of supervisory cooperation for cross border licensees and listed companies
- Regional Debt Issuance Framework
- Harmonization of licensing standards
- Harmonization of disclosure standards
- Mutual assistance and peer review on market development initiatives





- National interest perspective and varying priorities
  - Single exchange and CSD for the region or linking of distinct national institutions
  - Capital controls and market access restrictions
- Delays in passage of necessary laws
  - o Government policy agenda
  - Parliamentary calendar
- Approach to Legal and regulatory framework harmonization
  EAC Laws or EAC Directives and Standards
- Market intermediary resistance to change and competition
- Lessons from the crisis on risks associated with more efficient transmission mechanisms from increased integration





