

The financial market of the Economic and Monetary Community of Central Africa has to provide its supervisory committee, the COSUMAF, a General Regulation. To analyze the significance of this reform, we turned to Boris Mortor, partner at Eversheds Law Firm.

Les Afriques : under what conditions these new rules were created ?

Boris Mortor : The General Rules of COSUMAF, the oversight Commission of the financial market, supervisory authority and control of the regional organization of central Africa, is the fruit of several years of dialogue and consultation among the six member states of CEMAC. After a first draft presented in 2005 at the COSUMAF College, the governing body of the supervisory committee, the General Regulation was finally adopted by the latter in July 2008, to enter definitively into force this year 2009.

LA : What are the contributions of this new regulation for players and operators of the regional market of Central Africa ?

BM : The General Regulation first defines the scope and extent of powers of the COSUMAF, which plays a role in both monitoring and management of the regional market, since all operations of initial public offerings made within are subject to its prior approval. To this end, the Regulation establishes comprehensive rules governing investment transactions and issuance of securities, including the preliminary steps for establishing and disseminating information and admission conditions to access to the regional stock exchange, the BVMAC.

Finally, all actors of regional financial market are rigorously checked: market agencies (which includes the BVMAC as a company that manages the market) to market intermediaries (brokerage firms and other credit institutions), through the collective investment in transferable securities (UCITS).

With this set of rules, containing also sanctions, COSUMAF recovers the delay related to its neighbors in West Africa in developing a comprehensive regulatory framework and effective guarantee of security for local investors and foreigners. Operators wishing to invest in CEMAC, previously undecided facing uncertainty or the lack of precise rules to initial public offerings are now comforted and guided in their approach to local authorities for all financial transactions made on the regional market of Central Africa.

LA : What is the treatment for foreign investors according to the General Regulations ?

BM : We must stress the effort of CEMAC to implement provisions that remain attractive to foreign entities, since they can make a public offering in one or several countries in the area, without having to be well listed on the regional stock exchange.

Indeed, any investment transaction or issuing of foreign securities may be realized once the visa of COSUMAF is obtained through a local stockbroker who is licensed as a correspondent or intermediary. Central Africa has now three licensed stock broking companies, the SFA Gabon, BGFIBOURSE and EDC Investment Corporation. Foreign operators are therefore able

to make a public offering in the CEMAC countries without having to form a company or a local branch.

But the General Regulation goes even further, since it leaves room for foreign investors wishing to raise significant funds in the CEMAC region to seek their own admission to the permanent BVMAC. This is however not the case of WAEMU Regulations which prohibits any entity not resident in a Member State to be listed on a regional exchange.

The structure of the financial market of the UEMOA zone, which now shows more signs of closure, does not always serve as an example. The Abidjan Stock Exchange is indeed going to be reduced to the level of an Ivorian stock exchange and not as a regional trading, given the rating of the majority of Ivorian companies. This also explains the withdrawal of Senegal, which aims to implement its own local stock exchange in Dakar, which will be independent, having its own rules.

In this regard, member states of CEMAC must remain vigilant to maintain some cohesion and cooperation within the regional market, given the coexistence of two stock exchanges. We have already witnessed the beginning of certain self-sufficiency on the part of the Douala Stock Exchange (DSX), which pursues its own national vocation. Cameroon is indeed endowed with specific national legislation on the subject (Law No 99/015 of 22.12.1999 on the establishment and organization of financial markets) that are applicable to all transactions on the financial market of Douala.

LA : In this context, what is the future of the General Rules and regional Regulations of CEMAC as a whole ?

BM : The question that arises now is the articulation of national rules, including specific Cameroonian rules for Douala Stock Exchange, with the regional rules of the CEMAC – UMAC and the General Regulation of the COSUMAF.

Aware of these potential difficulties of duplication and the challenge for the effectiveness in functioning of the regional market, the COSUMAF took the initiative to seek the opinion of the Community Court of Justice and the Permanent Secretariat of OHADA.

Interview by Mohamed B. Fall