

INVESTOR EDUCATION, ADVOCACY AND RIGHTS FROM THE PERSPECTIVE OF THE SUPERINTENDENCY OF SECURITIES IN PERU

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1.- INTRODUCTION

Securities market indicators in Peru

THE PRIMARY MARKET

Mainly **debt instruments** are negotiated

The amount of the Initial Public Offering on 30/9/2012 was **US\$ 1 137 million**.

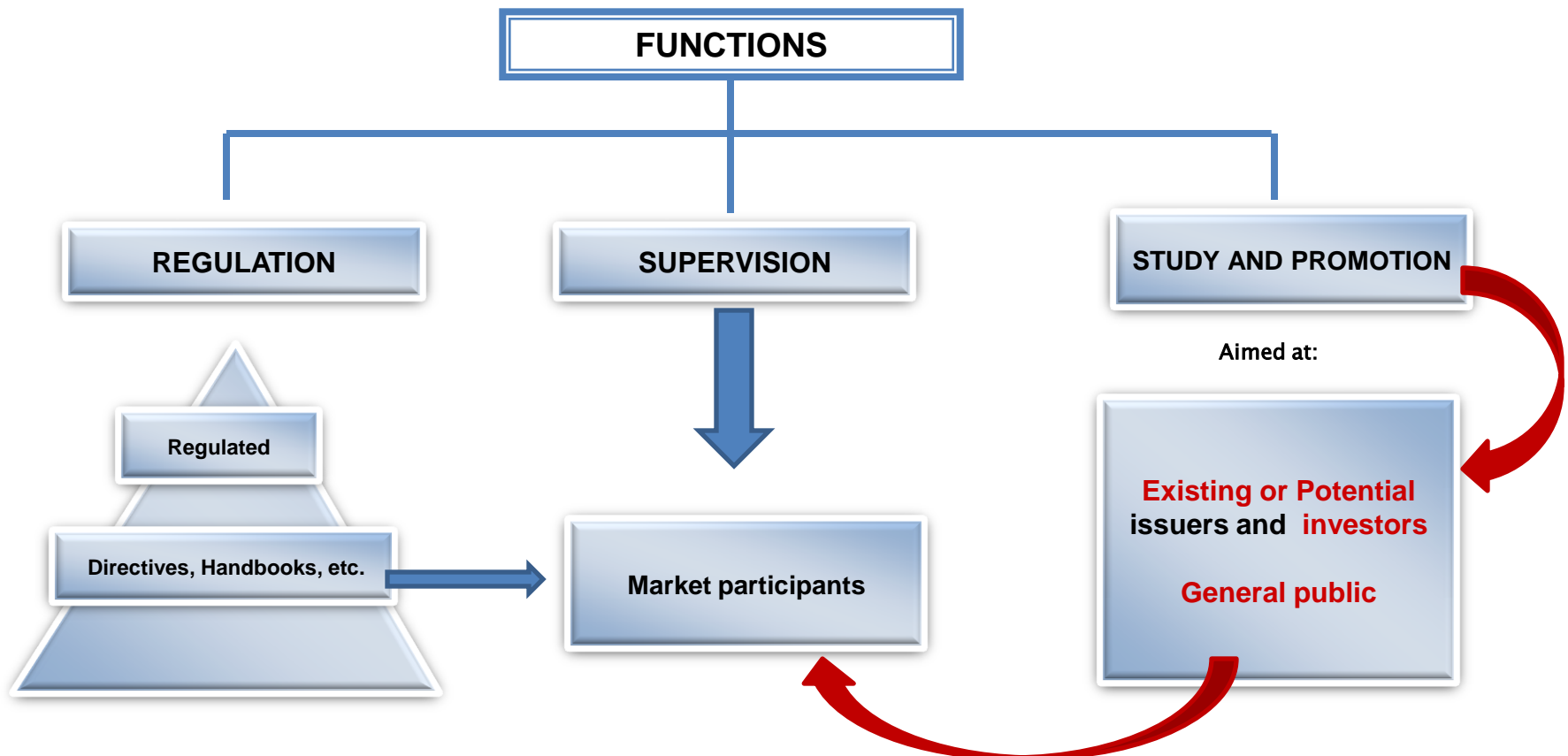
THE SECONDARY MARKET

Mainly **shares** are negotiated.

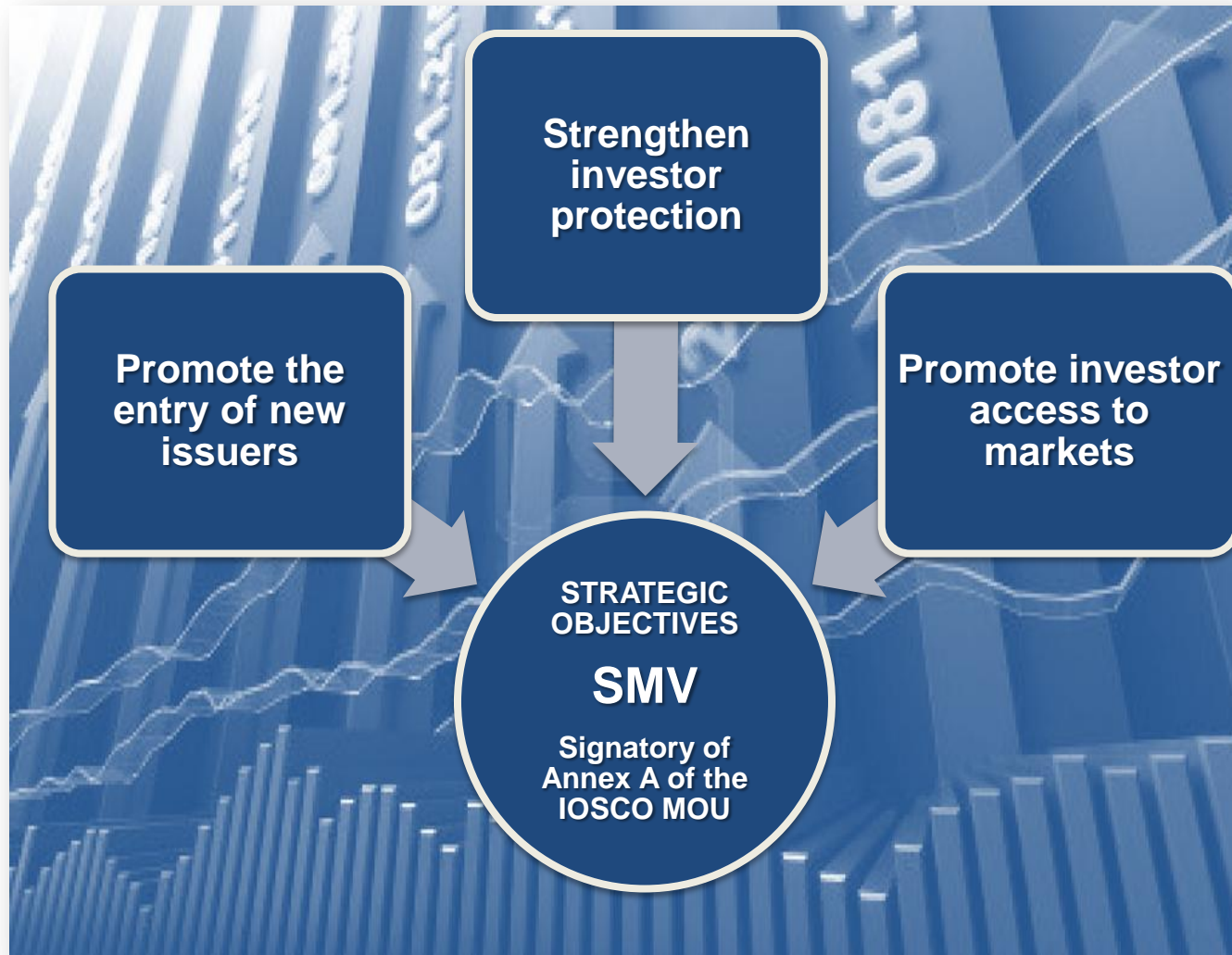
On 28/9/2012 stock capitalization was valued at **US\$ 142,696 million**, representing **80.73% of GDP**.

- On 30 September 2012, the amount placed in **debt circulation was US\$6,959 million** (equivalent to 3.94% of GDP).
- The **amount negotiated** on the Lima Stock Exchange in 2011 was **US\$ 7,817 million**, 4.4% of that year's GDP. From January to September 2012, this sum US\$ 4,187 million, or 2.37% of GDP.
- At the end of September 2012, **Mutual Funds** managed **US\$ 6,276 million**, which was 23.8% higher than the sum for 2011. Similarly, the number of participants was 299,593, an increase of 14% over 2011.

Functions of the Superintendency of Securities (SMV)



Strategic objectives of the SMV



2.- INVESTOR EDUCATION AND ASSISTANCE

Financial education provides more choices for citizens

Situation at the end of August 2012:

Banking

- Number of persons with bank deposits: **11,195,878**

Securities market

- Owners of transferable securities registered with CAVALI: **1,236,082**

- Mutual Fund participants: **294,398**

1,530,480

- The securities market offers major potential El mercado de valores tiene un gran potencial de personas a quienes dirigirse.

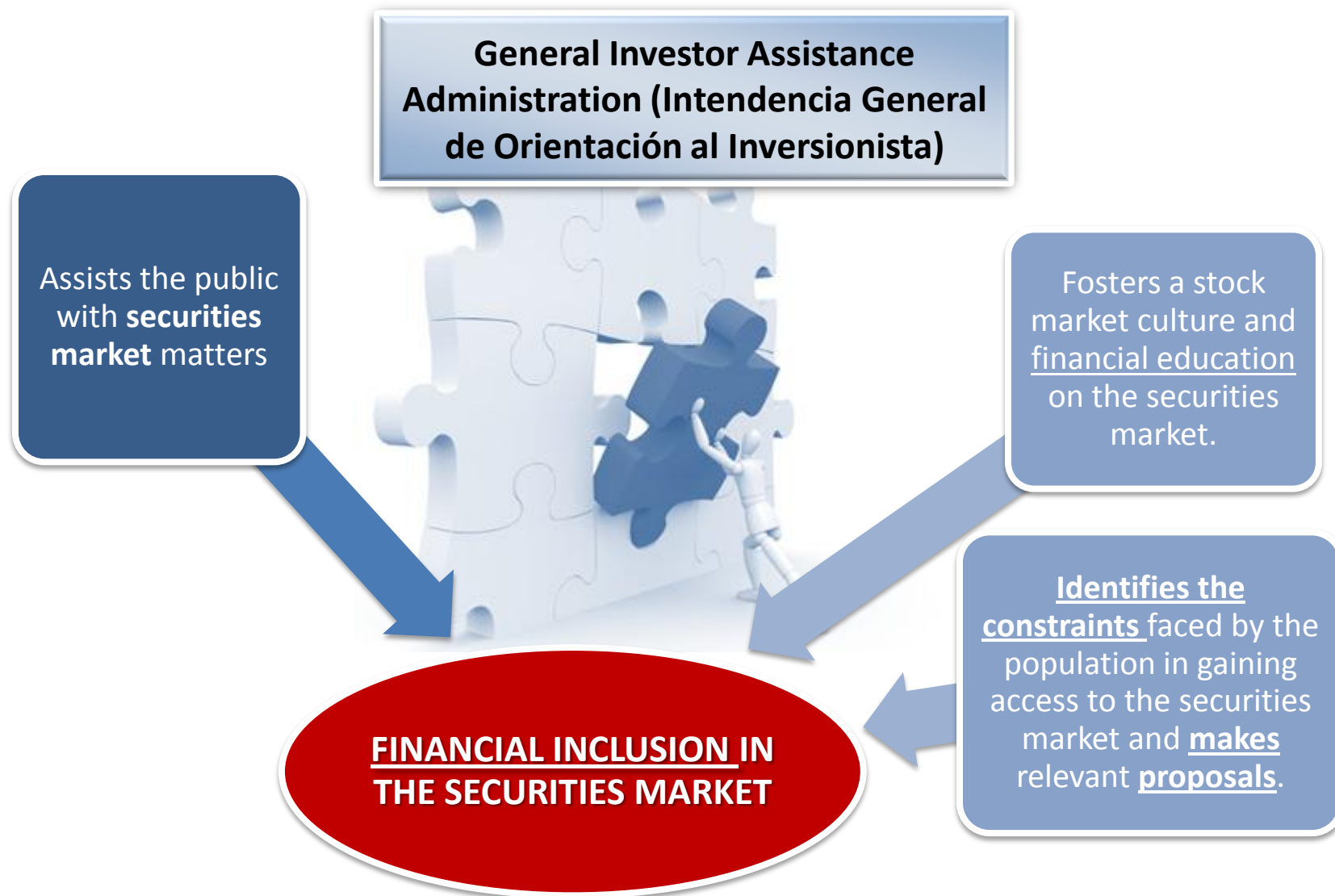
- La educación al inversionista **amplía sus alternativas para colocar excedentes**, adquiriendo acciones o bonos; o, participando en fondos mutuos, fondos de inversión, entre otras opciones.

Education provides investors with knowledge and confidence

- **Investor education** is one component of **financial education**.
- It helps current and potential investors to understand the **relationship between profitability and risk** in the different investment options.
- Through education, investors **gain knowledge and develop confidence in making investments**.



Unit specialised in investor education and assistance



Education and assistance

1.- Aimed at investors and the general public

- ✓ **Large-scale seminars** are organised (about 500 persons per event), to educate them mainly about:
 - a. How the different investment alternatives operate, and the characteristics of the products available on the securities market.
 - b. Determining and understanding their risk profile, as well as their investment profile.
 - c. Their rights and responsibilities.

Education and assistance activities

1.- Aimed at investors and the general public

- ✓ The **Centro de Orientación del Mercado de Valores (Securities Market Assistance Centre)**, provides guidance and information for investors in person or online (www.smv.gob.pe).
- ✓ It helps to improve the investor's position in the **decision-making and investment** process.
- ✓ In 2011, there were **4,553 visitors** to the Centre, and it handled **6,191 queries**, in person and online. Between January and September 2012 it received 3,044 enquiries.



Education and assistance activities

1.- Aimed at investors and the general public

- ✓ In the private sector and other institutions, the **Lima Stock Exchange** conducts educational activities for investors through Bursen, the Centre for Stock Exchange Studies, by organising national outreach programmes.
- ✓ SMV participates in **Expobolsa** and **Infobolsa** events organised by the Lima Stock Exchange, providing information and material on the stock market. These events take place **in the capital and in cities across the country**.



Education and assistance activities

2.- At universities and in the workplace

- ✓ Each year, the SMV organises a **Specialised Course on the Stock Market (CEMV)**, for university students throughout the country. It is offered free of charge in three editions.
- ✓ The SMV also organises **educational talks** on the stock exchange for university students throughout the country, and prepares educational material for this audience. It also conducts the **Stock Exchange Culture Programme**.



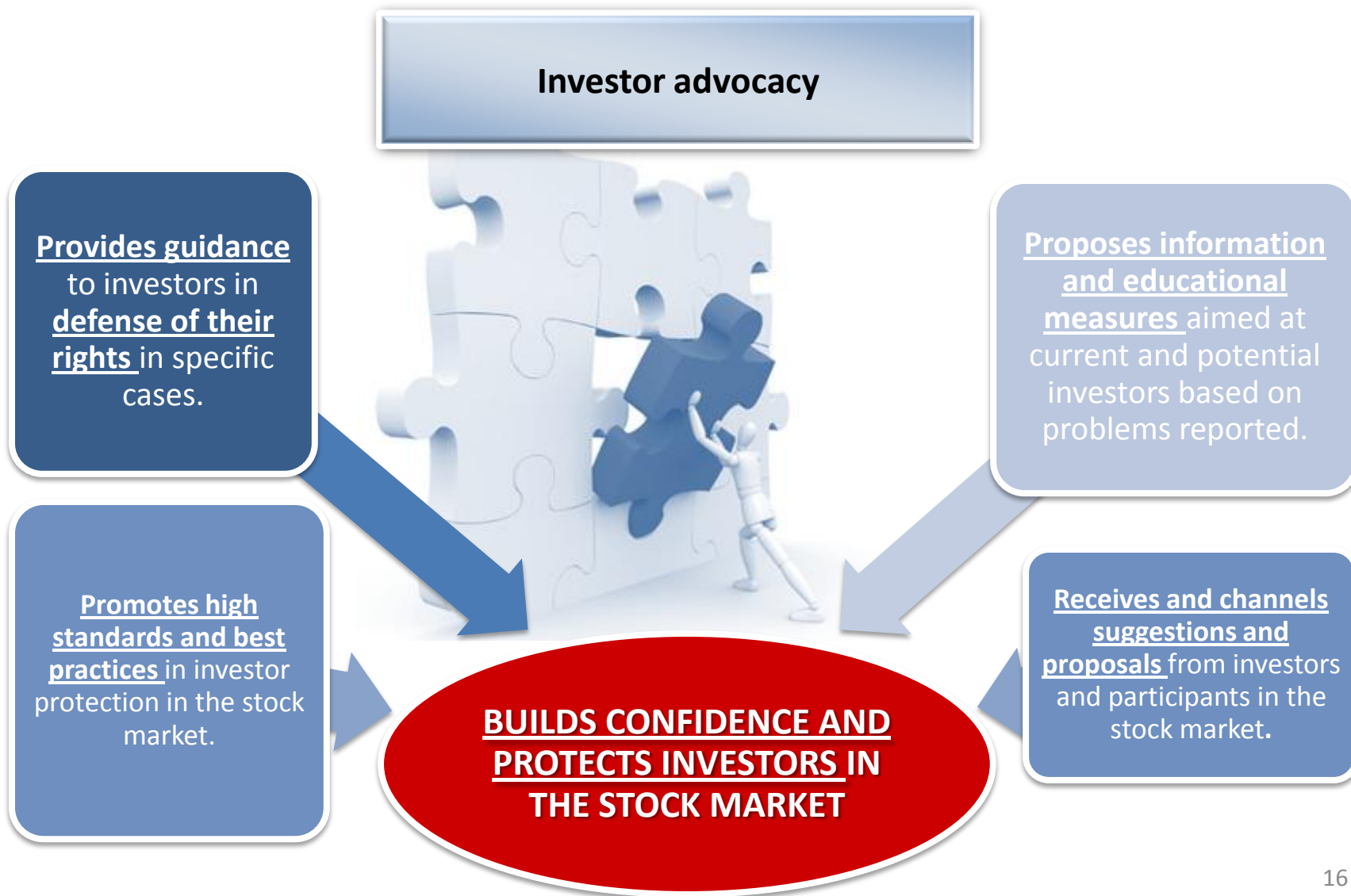
Education and assistance activities

3.- In schools

- ✓ Since 2009, the national **secondary school** curriculum has included **financial subjects**.
- ✓ The SMV has been hosting regular **talks** on basic aspects of the stock market and is involved in **simulated stock investment programmes** organised by the University of Lima for students.
- ✓ It works in continuous co-ordination with the Ministry of education.

3.- INVESTOR ADVOCACY

Specialised investor advocacy service



Investor advocacy

1.- Features of the service

- ✓ **Investor advocacy** assists investors in person and online (www.smv.gob.pe).
- ✓ This is handled by an officer appointed by the Superintendent of Securities and attached to that office.
- ✓ This office functions **autonomously** and with **neutrality**, and reports directly to the Superintendent.
- ✓ The service promotes **economic citizenship**, based on the **empowerment** of investors.



Investor advocacy

2.- Assistance provided in specific cases

- ✓ **Swift assistance** is provided **free of charge** in cases where an investor feels that his rights might be affected by an entity under the competence of the SMV.
- ✓ A request can be submitted by any means (telephone, in person, electronic or through the institutional website).
- ✓ This assistance is provided in a **maximum of three (3) working days** and if possible, is complemented by direct dialogue between the investor and the supervised entity.

Investor advocacy

2.- Assistance provided in specific cases

- ✓ This assistance is **92.68% effective**, based on :
 - i) **effective investor assistance** (using standards applicable to the case and legal means of defending their rights); and
 - ii) **satisfactory direct dialogue between the parties**, which leads to a low cost, short term solution to particular problems.
- ✓ Between January and July 2012, assistance was provided in a total of 82 cases.



Investor advocacy

2.- Assistance provided in specific cases

- ✓ The investor must determine whether the perceived effects are the result of the nature of the **market** or of the **specific investment**, or whether they are connected to the investor's **rights**.
- ✓ Through **education**, investors are assisted in gaining full understanding of the nature of the different types of investments in the securities market.
- ✓ If necessary, the Advocacy office informs investors and **provides guidance for the defence of their rights** by means of administrative or judicial actions. When necessary, it informs the competent department of the SMV so that it can act as needed.

Investor advocacy

3.- Information and education

- ✓ Based on an analysis of the problems and the reports it has received, the Investor Advocacy office proposes steps to be taken involving information and education.
- ✓ As part of its **first annual report**, this office is preparing proposals of this type.



Investor advocacy

4.- Promotion of best practices and preventive action

- ✓ There are plans to hold the **First Annual Investor Protection and Investment Day** during the first quarter of 2013.
- ✓ Entities supervised by the Superintendency will meet in different sessions according to thematic area of interest to create **a forum for reflection and the promotion of best practices and preventive actions** in order to strengthen investor protection.

4.- AGENDA FOR THE FUTURE

At national level

- ✓ **Consolidate efforts and generate synergies in investor education** with different market participants in order to carry out joint public-private **programmes and actions.**
- ✓ Expand the coverage and scope of investor education, which includes **intensifying the use of communication technologies** in remote settings.
- ✓ **Complement the content of school texts** with educational components from the securities market, further to co-ordination activities with the Ministry of education.

At national level

- ✓ **Consolidate investor knowledge and confidence through education,** which will help to promote the development of the securities market and **financial inclusion.**
- ✓ **Strengthen investor rights advocacy** by complementing educational efforts and **supporting economic citizenship.**

At regional level

- ✓ **Continue** to take the steps needed towards the establishment of the **Americas Chapter of the International Forum for Investor Education (IFIE)**.
- ✓ **Co-operate** to strengthen our investor education capacity by exchanging information, developing joint tools and organising events and training on this subject.
- ✓ **Look into** the preparation of a regional Investor Promotion and Education Programme which includes joint actions and common messages.

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