

IOSCO – 38th Annual Conference
Keynote address delivered by Prime Minister Jean-Claude Juncker
Luxembourg, 18 September 2013

Ladies and gentlemen,

It is a great pleasure to welcome you to Luxembourg. In fact, we are delighted and honored that the Luxembourg Supervisory Authority of the Financial Sector, the **CSSF**, has been chosen **to host the 38th Annual Conference of the International Organization of Securities Commissions (IOSCO)**, the main event in this organization's calendar.

We consider this also as recognition of the contribution that Luxembourg has made over the last decades in the field of international cooperation and integration – not only in the field of finance by the way.

The slogan of this year's IOSCO Annual Conference is "**connecting global finance**". This slogan fits well with the "value proposition" of the Luxembourg financial center which is quintessentially European and global in its reach. Luxembourg is "home" to people from over 160 different nations. The Luxembourg economy is one of the most open in the world. In trade and in particular in finance, the local market represents only a miniscule fraction of the goods and services produced locally.

To most of the world's premier actors in international finance, the "value proposition" of the Luxembourg financial center has not gone unnoticed, thereby promoting **Luxembourg** to become **an important "connector" in global finance**.

However, as the recent history of finance has demonstrated, the increasing **inter-connectedness** of the world economy **creates new opportunities – but it also creates new challenges**. This, in turn, confronts supervisory authorities with new challenges as they must keep pace with the internationalization and become themselves more inter-connected. In this

process, IOSCO plays a very important role and there is hardly a more appropriate place than Luxembourg for you to discuss on how to further enhance that role.

People sometimes say that the **greatest asset in finance** is not money, but **trust**. In order to restore the trust of all investors - retail, professional, institutional, wholesale investors – in financial markets, regulators should set the example of meeting more often, discussing issues more frequently and more thoroughly and regulators should get to knowing each other better. They should exchange views and learn from each other's experiences, good and bad. For a better mutual understanding between regulators, taking into account the respective historical and cultural background will certainly be beneficial for the investors, for the markets and for the industry.

In view of the fact that finance has become international almost by essence, it is important that the regulators feel comfortable in their relationships with one another and that they can rely on each other. For regulators as well, mutual trust is the greatest asset. IOSCO has recognized the need for regulators to meet frequently and the IOSCO Annual Conference is probably the best opportunity to get a better insight into the approaches and working methods of the participating authorities. Of course, it goes almost without saying that the industry has to play its part and make its contributions to restoring the trust of the investors.

Today, IOSCO is recognized as the global standard-setter for the securities sector. **IOSCO's members come from over 110 jurisdictions from all over the globe and they regulate more than 95% of the world's securities markets.** IOSCO is working intensively with the G20 and the Financial Stability Board on the global regulatory reform agenda. It is in the interest of all the financial centers, but in particular in the interest of financial centers from smaller countries to have financial markets that operate in an efficient, transparent and well regulated environment and that **apply the same standards** and are **subject to equivalent rules**.

IOSCO is also playing a key role in the field of cooperation on information exchange and enforcement between regulators. Indeed, a prime quality solid cooperation framework between regulators is of paramount importance in a sector where activities are increasingly international. **IOSCO** embodies this **cooperation between regulators**. Such cooperation should be flawless. Last year, the IOSCO Multilateral Memorandum of Understanding has celebrated its 10th anniversary. The CSSF is a proud full signatory to the IOSCO MMoU since 2007. Luxembourg will continue to spare no efforts to play its role in this field.

After the crisis, we are still not navigating in calm waters. In Luxembourg, in Europe and in the world, we are striving to make sure that we have all learnt the right lessons. As an EU Member state – actually, as one of the founding Member states – **Luxembourg is contributing actively to the objective of a well-functioning, well-integrated internal market protecting the rights of producers and consumers** of goods and services, including financial services. With regard to the supervision of the financial sector, the Luxembourg authorities are Members of the 3 European Supervisory Authorities, namely the European Banking Authority (EBA), the European Securities and Markets Authority (ESMA) and the European Insurance and Occupational Pensions Authority (EIOPA) and the Luxembourg **government fully supports** the supervisory authorities' pursuit of **integrity** and the **proper functioning and operation of transparent financial markets** with **solid infrastructures** and the supervision of the entities active in the financial sector with the aim of **protecting investors**.

Luxembourg also fully supports the **political roadmap towards a deeper and more integrated Economic and Monetary Union** in the context of the EU, including the creation of a “**banking union**”. We welcome the recent progress on the single supervisor mechanism under the auspices of the ECB as well as the Commission proposal on a single resolution mechanism. At the same time, I would like to **recall** that the full “**banking union**” rests on three pillars **and includes a single deposit insurance mechanism** and that after the significant progress on “banking union”, similarly **ambitious progress needs to be realized on fiscal, economic**

and political union in order to put the Economic and Monetary Union on a sound footing.

For my closing remarks, allow me to revert back to Luxembourg for a few moments. Despite its pivotal role in international finance, for many of you this will be your first visit to our country. The IOSCO conference therefore provides you with an excellent opportunity to get a first taste of Luxembourg, its long history, beautiful landscapes, friendly people and you will hopefully leave Luxembourg with positive memories and an appetite for more. At the same time, it may be a welcome opportunity for you to possibly **correct some misconceptions about Luxembourg**, its economic model and the competitive advantages on which the success of the financial sector is based.

In fact, Luxembourg has earned a reputation for excellence in relation to **cross-border banking and investment activities** and as a **gateway to the EU internal market**. In 1988, Luxembourg gained a first-mover advantage in the context of the transposition of the **UCITS** legislation and this has provided a significant impetus to the development of the mutual funds industry. These developments, combined with a robust institutional and political framework, are the source of economies of scope and scale and positive agglomeration effects which are the basis of the competitive advantage of Luxembourg in the provision of financial services.

Ladies and Gentlemen, herewith, I open the 2013 IOSCO Annual Conference. I wish you success as well as fruitful and interesting discussions. Enjoy your time in Luxembourg.