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Opening Ceremony

Mr. Philippe Richard

Secretary General of the International Organization of
Securities Commission (IOSCO)

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Remarks of Philippe Richard
IOSCO Annual Conference – Amman, Jordan
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His Majesty, King Abdullah, dear Chairman and Commissioners, ladies and gentlemen. I would like to join Chairman Saket in welcoming you to Amman for this year's IOSCO Annual Conference. We are very pleased this year to hold our Annual Conference in a country with such a long and rich history, as Jordan and the surrounding region represent the cradle of human civilization. It is from here that human culture expanded both east and west in all of its fascinating diversity. Given this historical setting, we are all certain to have a very stimulating intellectual and cultural experience and we thank warmly His Majesty, King Abdullah and the Jordanian Commission for organizing this Conference.

As you are well aware, these are challenging times for securities regulators. Recent cases of corporate governance and auditing failures, securities fraud, and securities professionals' failure to deal with conflicts of interest has put enormous pressure on our members to upgrade the quality of their regulatory regimes and to improve mechanisms to enforce securities laws internationally. In this regard, IOSCO is a critical forum through which its 174 members come together to discuss issues of common concern and to develop adequate responses to these events. This crucial work is ongoing and I am confident that our Technical and Emerging Markets Committees will fashion strong and robust responses to these various events in cooperation with other interested international bodies. Strong examples of such responses include, among others, the IOSCO principles on auditors' independence, financial analysts, and credit rating agencies.

While the main efforts in regards to these events must be undertaken by our members, both individually, in their domestic market, and internationally, in dialogue with each other, I would like to focus today on what IOSCO *as an organization* should do as part of the huge efforts underway to respond to these new challenges in the securities sector in the increasingly globalized world capital markets. Over the course of its history, IOSCO has focused its efforts primarily on the development of international standards for the regulation of securities markets. Its principal achievements in this regard have been the adoption of the IOSCO *Objectives and Principles of Securities Regulation* in 1998 and the IOSCO Multilateral MOU for Cooperation and Information Sharing in 2002. While it is critical that this important work of developing international standards for the securities sector continue, it has also become apparent that it is

time for IOSCO *as an organization* to devote additional resources and attention to promoting the effective implementation of these international standards by all of its members. Issuers and securities intermediaries, acting through complex groups, are able today to conduct their business operations on a cross-border basis. However, regulation of these cross-border business or investment operations, of necessity, must be pursued on a national basis. Consequently, the regulatory regime applicable to these cross-border operations is only as strong as the weakest link in the national regulatory chain. The case of Parmalat makes it clear that each jurisdiction around the world must have a regulatory regime that meets the IOSCO international standards to ensure that the domestic regimes of other jurisdictions have integrity relating to their regulation of these international groups.

IOSCO has already begun, in fact, to focus on the two critical aspects of implementation: one, encouraging a full implementation of the Principles by all members and two, taking steps to encourage all members to adhere to the Multilateral MOU. As you may be aware, the Executive Committee approved the organization of two pilot programs to assist emerging markets in their implementation of these IOSCO standards – a pilot program to provide expert assistance to participating members in a self-assessment of their level of implementation of the Principles and a pilot program to provide expert assistance to jurisdictions that wish to apply to adhere to the Multilateral MOU. These programs are related and reflect an emphasis on implementation. Particularly, the pilot program regarding implementation of the IOSCO Principles focuses on the substantive aspects of the domestic securities regulatory regime of the member conducting the assessment and is calculated to ensure that the substance of the regulatory regime is in compliance with the IOSCO Principles. Because, in this globalized world, no securities regulator is an island, an effective international approach to the regulation of complex, cross-border groups assumes that each national securities regulator will play its part and will have adequate powers and abilities to cooperate with its foreign counterparts to achieve an effective regulation of the group.

Key to these efforts, of course, was IOSCO Presidents Committee's adoption, in Seoul last year, of the new IOSCO Assessment Methodology, which sets out comprehensive and objective benchmarks to assess a members' implementation of the IOSCO Principles while providing flexibility to the assessor in addressing country-specific circumstances. The Assessment Methodology also has now been converted into an internet-based electronic format that can be easily accessed by members through the IOSCO Internet website. Through the Pilot Program,

members that conduct a self-assessment and the experts who provide them assistance both will acquire expertise and know-how relating to use of the Methodology. Over time, the organization as a whole will acquire valuable experience relating to the proper manner of conducting assessments. The Screening Group for the IOSCO Multilateral MOU, having now completed the screening of numerous applications, also has developed efficient working methods and know-how that will facilitate its ongoing screening of MOU applications. The development of these assessment tools and know-how and their dissemination throughout the membership is critical to the success of our implementation efforts. Going forward, one can only anticipate that the organization's level of expertise relating to implementation will grow.

While achieving implementation of the IOSCO Principles in all IOSCO members presents a tremendous challenge, with a concerted effort over time and with the cooperation of our members and their governments, I am confident that the goal of implementation can be achieved and that together we will put in place improved mechanisms to fulfill IOSCO principle objectives: the protection of investors, assuring that markets are fair, efficient, and transparent, and the reduction of systemic risk.

In conclusion, I would like to reiterate my thanks to His Majesty, King Abdullah, Chairman Saket, the staff of the Jordanian Securities Commission, and the conference organizers and their staff for their efforts in organizing this conference and for their hospitality here in Amman. We appreciate very much the tremendous support we have received here.

Thanks you for your attention and I hope you enjoy the Conference.