



International Organization of Securities Commissions  
Organisation internationale des commissions de valeurs  
Organização Internacional das Comissões de Valores  
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10 June 2009

## **Opening Ceremony Address**

**IOSCO Annual Conference**

**Tel Aviv**

**Jane Diplock AO**

**Chairman**

**IOSCO Executive Committee**

**and**

**New Zealand Securities Commission**

**SP003-09**

### ***Introduction***

I am delighted to welcome you all here today for the 34<sup>th</sup> Annual Conference of IOSCO. Our Secretary General Greg Tanzer, and our co-hosts Prof Zohar Goshen, Chairman of the Israel Securities Authority, and Saul Bronfeld, Chairman of the Tel Aviv Stock Exchange, also join me in welcoming you.

I want to thank our hosts on your behalf for their very warm welcome and their generous hospitality. We're probably all aware that organising a gathering on this scale demands enormous commitment and work, and I'm extremely impressed with the effort that has gone into making this conference a success – especially in such a tumultuous year, one that's seen upheaval in global markets quite unprecedented in the last half century.



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Israel is a fascinating country with a rich tapestry of culture and history. It also enjoys a vibrant modern economy that evidences tremendous entrepreneurial spirit. This spirit will surely get Israel through the current crisis that is afflicting all our economies.

I would also like to acknowledge our host city. Tel Aviv is celebrating its centenary in 2009. Its first 100 years have seen it evolve from a suburb of Jaffa to a flourishing commercial and cultural centre. One commentator has dubbed it “the Mediterranean’s new capital of Cool”, and I know everyone here is looking forward to sampling some of that cool, in the form of Tel Aviv’s sights, sounds, culture and cuisine.

### ***Our new strategic direction***

I am very proud that in today’s complex, intertwined world, IOSCO has come to be – and be seen as – the world’s securities watchdog: its only global, democratically constituted, representational umbrella organisation.

This is a landmark conference. It is our first since the world was hit by the current financial crisis, and there is vital operational and strategic work to be done. The crisis and the November and April G20 Heads of State summits have created extraordinary momentum for reviewing regulatory issues and the entire international financial architecture.

IOSCO is the one global institution which can focus on the capital market solutions.

Now more than ever, IOSCO must work towards reaffirming and building confidence in the world’s financial markets, and explore new mechanisms for doing that. Some constants remain, of course: reducing systemic risk; encouraging efficient, well-functioning markets; and continuing to protect investors. These essentials are the heart of our mission and always will be.



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IOSCO is a trans-national, consensus-based body. Over the years, we have built the relationships and the trust needed to embed global solutions at the national level. We have laid down a strong foundation for a global securities framework with our IOSCO Principles. And the MMOU is a unique, workable model offering built-in technical assistance as and when required. By these means we are already helping to resolve issues arising from the crisis that are right now having a detrimental effect on capital markets.

I believe that we must always look to the future. Four years ago, IOSCO set out on the five-year journey represented by its major strategic change of direction. We have come a long way. We are now on the brink of our next five years, and the global financial crisis makes it imperative that we plan our next steps carefully.

We need to understand what direction to take in order to reaffirm IOSCO's pivotal role in the international financial architecture. To do that, we must take account of the lessons every country represented here has learned from the crisis. We need to focus more on identifying risks in financial markets, especially those within the purview of securities regulators. Recent work on credit rating agencies and hedge funds are good examples of this focus.

We need to begin formulating a vision that will take us beyond this decade and into the next – a vision that looks towards a future without forgetting the past. By the time we meet again, in Montreal in 2010, this process will be well underway and a broad direction will have been mapped out.

To ensure its effectiveness, we will, right from the start, be consulting widely and in depth: among IOSCO members; with industry; and with colleagues, such as the Financial Stability Board, World Bank, International Monetary Fund and the Basel Committee.



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We see this consultation as a vital opportunity for every member of the IOSCO family to contribute to our future direction. It's one we intend taking full advantage of. Everybody's contribution is needed, and everybody's contribution will count.

### *Challenges of the financial crisis*

While recovery now seems inevitable, challenges remain. The ongoing crisis highlights the importance of addressing stability concerns and reducing systemic risk while continuing to protect investors and promote the fairness, efficiency and transparency of markets. Much still needs to be done at the global level in regard to unregulated financial products and under-regulated market segments.

Some have suggested the cure for the world's ills is a global super-regulator. I don't agree. Each jurisdiction's regulatory framework is closely pinned to its own economy, and I believe it's unrealistic to expect any national authority to cede its jurisdiction to such regulator.

Yet the tension between globalisation and domestic implementation has never been more obvious or, perhaps, so painful. This is the nature of the 21<sup>st</sup> century challenge. And I firmly believe that to resolve 21<sup>st</sup> century problems we must look to 21<sup>st</sup> century solutions.

Think of the internet. This doesn't operate as one central super-brain, but as a vast complex web of often fiercely opposed interests that nevertheless link and cooperate within an over-arching structure.

A virtual global super-regulator could work in the same way. National regulations would be underpinned by global standards, implemented in every jurisdiction and audited by external experts (such as through the FSAP process). While there would be more coordination and cross-



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sectoral development at the global level, the work of bringing about change on the ground would rely on national regulators and policy-makers.

This, then, will not happen without the full cooperation of all major players in the global financial architecture *and* commitment at the national jurisdictional level.

To be effective these 21<sup>st</sup> century solutions require robust global standards that are continuously updated to reflect market changes and effective enforcement capacity across borders. They also demand global watchfulness and a quick response on stability issues.

I strongly believe this kind of cooperation and coordination between financial regulators and policymakers is critical to resolving the crisis. And I know that IOSCO has a crucial role to play.

### ***Progress on signing up to the IOSCO MMOU***

It's become obvious over the last few years that the MMOU is one of our greatest achievements, demonstrably raising the standard of international enforcement. It remains one of our best ways of putting 21<sup>st</sup> century solutions into practice.

A cornerstone of the strategic direction we endorsed in 2005 was securing more MMOU signatories. We aimed to have the MMOU implemented in every one of our 109 member jurisdictions by 2010. Back then, our goal looked ambitious, if not downright fanciful.

The challenges were significant. Pre-signature, strict auditing was required to make sure a jurisdiction had complied with all requirements. Some jurisdictions had banking secrecy laws that needed changing, as well as other problematic legal obstacles to address. It was a Herculean task.



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It looks now, though, as if we will achieve our goal. To date, 55 jurisdictions have implemented the principles contained in our MMOU, and another 27 are committed to do so. There are a number of applications still to be assessed. This is very heartening progress.

I am delighted to announce today that we are very likely to make our goal of every jurisdiction signed onto the MMOU by 1<sup>st</sup> January 2010.

### ***Conclusion***

IOSCO has set up the Executive Committee Task Force to review the Organisation's role and key functions. The Task Force comprises the chairmen and vice-chairmen of the Executive, Emerging Markets and Technical Committees. It will identify and recommend any structural or operational adjustments it believes would help IOSCO better fulfil those functions.

The review exercise is still at a very early stage. From now until next year's annual conference, the Task Force will be taking the opportunity of various IOSCO committee meetings to update members on work progress and invite feedback from various constituencies. We are in no doubt that a successful outcome will be one in which all members feel they have been consulted and their views taken into account.

Our overarching aim is to position IOSCO to regulate global capital markets in this century, taking account of lessons from the global financial crisis and looking towards a more secure future.

Meanwhile, this 34<sup>th</sup> IOSCO annual conference is facing a full agenda, and I wish you all well. May you find the next two days stimulating and inspiring, and may you return home invigorated and looking forward to the challenges ahead.



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Thank you.