

Opening Ceremony Address

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Distinguished Guests, Ladies & Gentlemen

Welcome

Welcome to this opening ceremony of IOSCO's 32nd Annual Conference. I am privileged to be the chairman of IOSCO's Executive Committee, and that honour brings with it the opportunity to welcome you here today.

On this occasion it is good to renew friendships and strengthen ties with other members of IOSCO. There is no doubt that these annual conferences are a catalyst for stronger relationships between regulators as we come together to address common concerns.

As well, we are pleased to have many representatives of industry and others involved in the capital markets here with us today. There are mutual benefits to be gained from these regular contacts where we can discuss issues and opportunities in today's ever-changing capital markets.

Hosts

I am sure I speak for all of you when I say how exciting and interesting it is to be in India – a vast land with such diversity of cultures and languages, geography and history, religions and traditions. It is indeed a privilege to be here and we marvel at it as Mark Twain did when he said:

“Our most valuable ... materials in the history of man are treasured up in India.”

I would like to thank my colleague and friend, Mr Meleveetil Damodaran, Chairman of the Securities and Exchange Board of India, and his Board and staff, for hosting this annual conference. We are all well aware of the enormous amount of work and preparation that go into hosting an event of these proportions. SEBI has truly excelled on this occasion, and we are very grateful and appreciative.

It is particularly generous of you to be hosting the conference at this time, when India's economy and capital markets are growing exponentially, and no doubt creating a similar increase in the responsibilities and workload of SEBI itself.

Global challenges

Change is the ever-present certainty in today's market. That brings with it challenges for both the industry and regulators as we look to the future.

IOSCO prides itself on looking ahead to identify where and when issues that could affect the markets are likely to occur. It is that focus on the future, together with the ability to swiftly identify potential issues, and to consult on these, that are the hallmarks of IOSCO. The topics to be discussed by the panels over the next two days are a continuation of IOSCO's vigilance and drive in this respect. The evolution of securities exchanges, the regulation of trans-national exchanges, accounting and auditing, hedge funds, and the issues associated with financing small and medium enterprises, are all highly topical. I am sure that the members of the panels will throw much light and experience on these matters that will benefit us all and contribute to outcomes in the long run that are satisfactory to investors and issuers alike.

IOSCO

IOSCO is a unique organisation. It works by consensus to find solutions that are both effective and can be implemented by all jurisdictions. It is also a courageous organisation. This courage was particularly evident in 2005 when the Presidents Committee – that is, all the member regulators of IOSCO – set a new strategic direction. That decision had two aims – to raise the standard and consistency of securities market regulation world-wide, and to increase the number of jurisdictions signed on to the IOSCO multilateral MOU. The latter enables a seamless exchange of information between regulators to enforce securities law and combat cross-border fraud. Further, IOSCO members committed to have all member regulators signed on or at least committed to joining the MOU by 2010.

Since then much progress has been made. We are raising regulatory standards by encouraging and helping members to implement the *IOSCO Principles of Securities Regulation*. *The Principles* are internationally accepted as key standards for sound, well-functioning financial systems. They cover a wide range of regulatory activities and enforcement of securities law, including regulators' responsibilities and powers; cooperation between regulators; basic requirements of issuers and market intermediaries; and oversight of self-regulatory organisations. They also deal with collective investment schemes and the functioning of secondary markets.

Encouragement and assistance for members implementing the *IOSCO Principles* are provided through IOSCO's network of committees and the General Secretariat. Work will increasingly focus on addressing particular problems commonly experienced by jurisdictions working on implementation. A new initiative in 2006 was a workshop of experts on assessing the implementation of the *Principles* organised by IOSCO. It included IMF and World Bank experts and consultants. This was highly productive and we plan a second workshop this year.

IOSCO MMOU

Good progress is also being made on expanding the network of signatories to the IOSCO MOU. Fifty percent of eligible IOSCO members are now signatories, or listed on Appendix

B, which commits them to becoming signatories. Furthermore we have many members in the process of applying, having their applications reviewed, or seeking assistance to do so. I am confident we will meet the self-imposed deadline of 2010 and I am encouraged in this by the efforts of the IOSCO Regional Committees. They are urging members in their regions to join, and are raising awareness of the technical assistance that can be made available. The technical assistance is arranged through the General Secretariat in Madrid which seeks experts from member jurisdictions to help others meet the high standards required to be accepted as signatories. The standards are necessarily high to achieve the quality and consistency required for securities regulation worldwide. We are grateful to members who provide such expertise and encourage this as a vital factor in meeting our agreed deadline.

So, as you can see, from an internal point of view, IOSCO has a full agenda and is in very good heart.

External relationships

Externally too, I believe we can be pleased with our relationships with the many organisations that make up the international financial architecture. We value these relationships and it is good to see representatives of fellow organisations regularly attending IOSCO conferences.

We have forged strong links over the years. The International Financial Institutions, and in particular the IMF and the World Bank, are interested in the wider implementation of the IOSCO Principles. The IOSCO Assessment Methodology is used to assess implementation of the IOSCO Principles in member jurisdictions as part of the Financial Sector Assessment Programme.

IOSCO and the IFIs work very closely at both the policy and operational levels to exploit synergies and achieve positive outcomes for the capital markets and for financial stability. IOSCO is a member of the Financial Stability Forum which recognises the implementation of the IOSCO Principles as a key factor for global financial stability. The Forum also shares our belief in the importance of improving cross-border cooperation and information sharing among securities regulators to enforce the law and combat fraud.

IOSCO values highly its relationships with the Regional Development Banks and other multilateral donor agencies which fund many of the assistance projects, coordinated and administered by IOSCO, for implementing the Principles and enabling members to join the IOSCO MOU. I would specially mention the good relationship between IOSCO and the Asian Development Bank. This is important work which contributes to improved global standards. We also work with other specialised international organisations and expert bodies, enabling technical consultation and exchange among specialists.

IOSCO has close relationships with the other international financial standard-setting bodies - the Basel Committee on Banking Supervision with its parent Bank for International Settlements, and the International Association of Insurance Supervisors. These three bodies make up the Joint Forum which works on cross-sector regulatory issues.

Internationally relationships with industry, standard-setters, and financial institutions are on a solid footing. We have a common bond in our desire to maintain and develop sound capital markets that are regulated cost-effectively, and in which investors can have confidence. We

have come a long way, but there is more to be done and we must continue to work together towards the common goal.

Conclusion

IOSCO remains totally committed to that goal, and I congratulate members, and in particular the regional committees, on their work towards it. We need to keep focused on our goal and continue the good work in the interests of vibrant and healthy capital markets.

We are particularly fortunate in having Michel Prada as the Chairman of the Technical Committee and Meleveetil Damodaran, as the new Chairman of the Emerging Markets Committee. Their wisdom and leadership contribute immensely to IOSCO's progress, and I personally am grateful for their support.

To conclude – I remind you again that although we have much to celebrate we still have work to do. I believe there is an Indian proverb that sums up how we can achieve our goals for investors, industry and the capital markets in general –

“Drops join to make a stream; ears combine to make a crop.”

Together we know what needs to be done to strengthen capital markets worldwide – we must continue the work to that end.

Tribute to Philippe Richard

I wish to pay a tribute to Mr Philippe Richard, Secretary General of IOSCO, as this will be his last IOSCO annual conference in that role.

Philippe, I commend you for your very successful tenure over the past six years. During that time, IOSCO has undergone a remarkable transformation which would not have been possible without your tremendous contribution, professionalism, and dedication. IOSCO's successful relocation to Madrid and the building of a strong permanent team at the General Secretariat have been great achievements which provide a sound base for IOSCO's operations. From the Organisation's point of view, the endorsement of the IOSCO MOU was a significant highlight of your first term.

The adoption of IOSCO's strategic direction and the implementation efforts that have followed are outstanding milestones of your second term. Other significant achievements include the establishment of the Public Interest Oversight Board housed in the same premises as IOSCO, and the database for regulators to share information on International Financial Reporting Standards.

The high esteem in which IOSCO is held in the international financial community, the reaching out to all stakeholders, and the development of a full array of educational and technical assistance programs for the benefit of all member regulators owe much to your unstinting hard work. Thank you. I know you will remain a good IOSCO friend. We will miss you, but we wish you well in your next venture.

