



International Organization of Securities Commissions  
Organisation internationale des commissions de valeurs  
Organização Internacional das Comissões de Valores  
Organización Internacional de Comisiones de Valores

**09 June 2010**

**Opening Ceremony**  
**35<sup>th</sup> IOSCO Annual Conference**  
**Montreal**

***Welcome Remarks***

**9 June 2010**

Speech by

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Chairman,

Executive Committee

International Organization of Securities Commissions

and

Chairman,

Securities Commission, New Zealand

**SP05-10**

Ministers, distinguished guests, ladies and gentlemen. We meet here in Montreal in very interesting times. The global spotlight is focused on regulation, regulatory form and function and regulatory outcomes as the world struggles to emerge from the greatest financial crisis of our lifetimes. The international community is looking for answers and challenging regulators to provide them. Our IOSCO meetings this week and the impressive results we are able to announce indicate that we have certainly risen to this challenge.

IOSCO has this week reformulated its strategic mission and goals for the next 5 years. We have also formulated eight new principles of securities regulation which are to be implemented globally including very importantly, two principles addressing systemic risk in



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markets. This is a clear message that markets matter for the identification and management of systemic risk. History in terms of securities markets regulation has been made here in Montreal this week!

And what a delightful place to make history it is! An elegant, delightful city, redolent in history itself.

Those of us who have been to Montréal before will be delighted to be back. And those for whom this is a first visit have a great deal to look forward to.

In 2006 Montreal was designated a UNESCO City of Design. It is cultured, stylish and free-spirited, and – something especially welcome to someone who has escaped an antipodean winter – it is on the brink of summer.

I do hope you can find the time to explore this wonderful city.

I would like to congratulate our host jurisdiction. Canada withstood the global financial crisis well thanks to a stringent regulatory framework which saw banks more tightly regulated, more liquid and less highly leveraged than some of their counterparts.

In this post-crisis world many jurisdictions, including my own of New Zealand, are holding their regulatory frameworks up to the light as the international financial community recognises the need for vigilance on congruent practices that can be benchmarked against global standards.

## **The year's progress and achievements**

### *Strategic review*

Last year the Executive Committee launched a review of IOSCO's strategic direction. Members were very supportive of the two rounds of consultation, and as I said, we have been able to agree this week a revised mission statement and a set of operational goals and priorities to guide IOSCO's activities in the next few years.

These include:

- maintaining and improving the international regulatory framework for securities markets by setting international standards;
- identifying and addressing systemic risks;
- Strengthening our role in the international financial community in order to advance implementation of the IOSCO Principles.

Systemic risks in markets were fundamentally involved in the global financial crisis. Traditional economic orthodoxy has considered systemic risk to be a matter only of concern to prudential regulators rather than conduct regulators. The global financial crisis has shown us quite powerfully that financial stability depends on both of the virtuous twins of effective



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market regulation and effective prudential regulation. The new IOSCO principles concerning systemic risks in markets recognize the vital importance of this concept and recognizes the need to look over the perimeter of regulation.

New principles address conflicts of interest and other market practices highlighted during the global financial crisis as well as credit rating agencies, hedge funds, auditor oversight, auditor independence and research analysis. These principles represent a significant milestone in the ongoing development of the principles of market regulation.

The new and revised Principles, now totaling 38, represent a huge leap forward.

One of IOSCO's great achievements is the Multilateral MoU, now a unique example of an international regulatory standard being implemented worldwide.

We resolved in 2005 that all member jurisdictions should apply to become signatories by 1 January 2010, and this ambitious target has largely been met. Ninety-six percent of our 115 member regulators either met the requirements needed to become signatories or have committed themselves to legislative changes that will allow them to do so.

By taking this step, member regulators have become outstanding exemplars of commitment to protecting the integrity of global capital markets and investors from the risk posed by cross-border market misconduct. This has been a large part of our work for the last two to three years.

Our work with other international organizations directed at financial stability has also been very important. IOSCO is a member of the Financial Stability Board, and is represented on the Financial Crisis Advisory Group.

## **Conclusion**

IOSCO will build on these key achievements, and continue to take account of the lessons of the financial crisis. We are committed to a strategic direction that will address 21<sup>st</sup> century requirements by reinforcing our role in the new global financial system.

On behalf of IOSCO I wish to thank the generous hospitality and gracious hosting of this conference by the AMF of Quebec and to particularly thank Jean St Gelais and his team. They have done a splendid task in organizing this conference and I am sure you join me in thanking them.