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Opening Ceremony

- 1. Welcoming Speech by Mr. Bosse Ringholm
Minister of Finance of Sweden*

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Speech by Mr Bosse Ringholm, Minister for Finance, Sweden, at the Opening Ceremony of the 26th Annual Conference of the International Organization of Securities Commissions (IOSCO)

Ladies and Gentlemen, Mr Chairman,

Thank you very much for the opportunity to open this Annual Conference of the International Organization of Securities Commissions. The topic of this year – “ Securities Markets in the Information Age” - is important for global growth prospects. It also feels like a subject of particular relevance to me as finance minister, and to Sweden Let me give you three reasons for that.

Firstly, we have a well-developed securities market in Sweden. In fact, Stockholm is the biggest financial market place in the Nordic region. We have gained success during the past decade, through a combination of modernisation of legislation, efficient supervision and innovative actors.

Secondly, we have a large information and communication technology industry, and more than 50 per cent of our citizens have access to Internet at home. Sweden has the second best ranking of Internet access in the European Union. This makes our country a large market to develop Internet based financial services for, which adds to the dynamics in this sector.

Thirdly, we have put high priority on the securities markets development during our Presidency of the Ecofin Council. A well functioning integrated financial market is a crucial part of a modern economy, and contributes to jobs and growth. Moving ahead towards more integration of financial markets in Europe has therefore been one of Sweden's main priorities this spring.

I personally led the tough negotiations in March on a European Council resolution for a new regulatory process for securities markets. The final stage of the negotiation took place in this very building, the day before the Stockholm summit.

The Stockholm resolution was an important achievement during our Presidency and I believe that it will increase our pace towards the goal of an integrated financial

market in the European Union by 2005. It has also made it possible to advance the target date for an integrated securities market to 2003.

The new approach will make it possible to react faster in developing the regulatory framework for securities markets. The Commission has already presented two new directives, on market abuse and prospectus, under the new regulatory approach.

We might hear more about the contents of this reform later by Mr Lamfalussy, who did an excellent report to the Ecofin Council, preparing the ground for a political decision.

The European Commission has also drawn up an action plan for financial services, with more than forty activities that should be in place before the end of 2005. Most of the actions include legislation at a European level. During our Presidency we have worked very hard to move different parts of this action plan forward.

There are a lot of benefits with global financial markets, but increasing integration also implies that a failure in one market could easily spread to other markets. The risk of domino effects is much higher in the global environment. This calls for more cooperation among supervisors and a different approach to legislation.

There are four central themes that should guide the regulation of a global financial market: efficiency, high quality supervision, high level of consumer protection and action against criminal use of the financial system.

Efficient regulation is the foundation for stable markets and promotes the development of new financial products and the establishment of new participants on the market.

It is also of great importance that we can guarantee **high quality supervision**. This is important both for the investor's confidence and for financial market stability.

A high degree of **consumer protection** is not only in the interest of consumers. It is also in the interest of the provider of financial services, because if consumer confidence is weak it will be very difficult to build a global market.

It is also important both for the stability of the markets and for the investor's confidence that financial systems are not used for criminal activities. To combat money laundering, market abuse and insider dealing is more and more an international concern.

Combating criminal action in the financial system is a priority for Sweden. During the Presidency of the European Union, we have worked for a strengthening of the anti-money

laundrying regulation in Europe. The main reason for amending the existing European rules is that it has been confirmed that criminals also use professions outside the financial sector for money laundrying. We have had constructive discussions in the Ecofin Council during this spring and I am confident that the Union soon will take necessary steps forward in this area.

Important action in combating money laundrying is also taken by the Financial Action Task Force on Money Laundrying (FATF). Its "black list" of countries that do not yet have a comprehensive anti-money laundrying regime has recently been revised. The impact of this list is widely recognised.

The International Monetary Fund has also enhanced its efforts in the international fight against money laundrying by recognising the FATF Forty Recommendations as the appropriate international standard in this area.

The four themes outlined here call for an increased international cooperation among regulators and supervisors. Such cooperation is necessary if we are to take full advantage of the globalisation of the financial markets.

Ladies and Gentlemen,

The outlook for the global economy requires us to watch the development carefully. Growth prospects in the European Union, and elsewhere, have weakened since last year.

It is important that member states of the European Union continue to implement the economic policy strategy agreed upon. It is a strategy of sound public finances, low inflation, increasing labour supply and continued economic reforms.

Stable global financial markets should be able to contribute to improved growth prospects, not least through the provision of well-needed risk capital.

At the EU summit in Lisbon last year, the Heads of States and Government set the goal that Europe should be the most competitive and dynamic economy in the world in 2010. An integrated European financial market is of great importance to achieve this goal.

The Lisbon strategy will contribute to enhanced growth and employment in the Union. The Stockholm summit in March developed this strategy, according to one of our overall priorities for the Presidency -Employment.

To measure progress and to spur each other to perform better, the summit in Stockholm decided to select twelve key indicators to monitor in the future. I was happy to see that in five out of these twelve indicators, Sweden performs best in the European Union. These five areas are: employment rate for the age group 55-64 years, share of GDP spent on research and

development, share of GDP spent on ICT, prices on electricity and use of telecommunications, and, finally, the number of early school leavers that are not in further education or training.

The open method of coordination that we use more and more frequently in the Union, with benchmarking as an important tool, is an excellent way to reach the ambitious goals from Lisbon. The Swedish Government is committed to work very hard to ensure that Sweden at least remains at this high score on economic progress in the Union, also in the future.

Allow me now to conclude by declaring this conference open and wishing you all successful discussions during these days. I would also like to wish you a pleasant stay here in Stockholm.

Thank you.