



31<sup>st</sup> Annual Conference of  
The International Organization of Securities Commissions (IOSCO)

7<sup>th</sup> June 2006  
Hong Kong

**Opening Ceremony**

***Jane Diplock***

*Chairperson, New Zealand Securities Commission  
and  
Chairperson, IOSCO Executive Committee*

**IOSCO 31<sup>st</sup> Annual Conference**  
**Hong Kong**  
**7 June 2006**

**JANE DIPLOCK AO**  
**Chairman of the Executive Committee**  
**and of the New Zealand Securities Commission**

The Honourable Rafael Hui Si-yan – Acting Chief Executive  
Martin Wheatley – Chairman of the Securities and Futures Commission  
Michel Prada – Chairman of the Technical Committee  
Dogan Cansizlar – Chairman of the Emerging Markets Committee  
Philippe Richard – Secretary-General  
IOSCO colleagues  
Distinguished guests  
Ladies and gentlemen

*Introduction*

It is my privilege and pleasure to welcome you to the thirty-first Annual Conference of IOSCO. On your behalf I thank Mr Martin Wheatley and the Hong Kong Securities and Futures Commission for their generous hosting of this year's conference.

Hong Kong continues to grow and prosper as one of the world's most open and competitive financial markets, and we visitors continue to marvel at its never ending energy and vibrancy, and the beauty of its harbour and hills.

It is fitting that we should hold this Annual Conference here in a centre which has been and continues to be a major crossroad for international trade and commerce.

Let us enjoy Hong Kong and the generous hospitality of our hosts, while moving ahead our IOSCO programmes to the benefit of strong, open and competitive financial markets the world over!

### *IOSCO maturity – international relationships*

As Executive Committee Chairman, I look back over the past year with some satisfaction. This Organisation has made substantial progress since the 2005 Annual Conference, in Sri Lanka, when we adopted our new strategic direction. Our progress in this past year has seen IOSCO continue to mature as an international organisation and take its appropriate place alongside other significant international organisations.

This is evident in the effectiveness of our cooperation with others in the global financial community. We have engaged in dialogue at the highest levels with the IMF, and we have worked closely with other financial standard-setting organisations.

IOSCO joined very effectively with the Basel Committee on Banking Supervision to develop and publish new capital requirements for the exposure of banks to certain trading activities and risks. Our engagement with the Basel Committee and the International Association of Insurance Supervisors in the Joint Forum also resulted in some very valuable work.

As well, we continue to develop strong and mutually supportive ties with the International Accounting Standards Board and the Organisation for Economic Cooperation and Development.

IOSCO has made some significant progress over the past 12 months and for this, I wish to acknowledge the excellent support of the Secretary-General Philippe Richard and all the staff at IOSCO General Secretariat in Madrid.

### *Maturity – IOSCO strategic direction*

Last year in Sri Lanka we made some landmark decisions. We set an ambitious course in approving the new strategic direction for our Organisation. The past year has also seen great progress towards achieving this strategic direction.

Firstly, we have continued to address important emerging regulatory issues with IOSCO's typical expertise, urgency, and analytical rigour. The resulting reports, principles, practice standards and guidelines from our Technical and Emerging Markets Committees are extremely valuable. They

clarify regulatory issues and help establish and promote best international practice.

Secondly, cooperation between members is developing in many ways. Of course, cooperation is fundamental to the work of IOSCO and has enabled its successes to date.

Members are increasingly recognising the value of mutual assistance for implementing the IOSCO Principles and on practical regulatory matters including cross-border information exchange and enforcement. Regional Committees play a vital role with mutual assistance on many practical issues between their members from both developed and emerging markets.

As an example of IOSCO's work to identify issues and provide assistance for dealing with them, we are setting up a mechanism to share information on the application of International Financial Reporting Standards. Members recognise the value of sharing knowledge on applying IFRS in different jurisdictions. The growth of such cooperation and mutual assistance is very pleasing.

### *IOSCO MOU*

The third important measure of IOSCO's progress is member support for the *Multilateral Memorandum on Consultation, Cooperation and Exchange of Information*. It is four years since the Presidents Committee formally adopted the IOSCO MOU. Last year in Colombo, we resolved to establish 1 January 2010 as a deadline for all members to have become full signatories to the IOSCO MOU or to have formally committed themselves to doing so within a reasonable timeframe.

The IOSCO vision is for all securities regulators to engage across borders for regulatory oversight and enforcement in a seamless, effective manner.

More members have joined the IOSCO MOU during the past year and at this Conference. The IOSCO MOU now has 34 signatories, and 9 members have listed on Appendix B thereby committing to attaining full signatory status. It is particularly encouraging that one Appendix B signatory has now fulfilled the necessary requirements and is becoming a full signatory.

Cross-border cooperation on information exchange and enforcement is one of the most critical issues facing IOSCO and its members along with full implementation of the IOSCO Principles. As securities markets become ever more global the need for practical cooperation between jurisdictions is increasingly compelling, particularly to combat financial fraud and other wrongdoing.

The IOSCO MOU is establishing a network of regulators that allows seamless, effective market oversight and enforcement. IOSCO must continue to measure its own progress – as will others – by the number of signatories to the IOSCO MOU and the use they make of this expanding network for cooperation.

#### *This conference*

IOSCO members have had a full and stimulating two-and-a-half days already at this conference with meetings of its various committees. We have made good progress in a number of key areas. These include:

- international cooperation and the freezing of assets derived from cross border violations;
- dealing with uncooperative jurisdictions; and
- issues relating to corporate governance and auditors' independence.

As we go into a new year I am confident that members will continue their efforts to achieve our strategic direction – to implement the IOSCO Principles and to increase the number of signatories to, and use of, the IOSCO MOU.

#### *Dialogue with capital market participants*

Engaging directly with capital market participants is also vitally important for IOSCO and an increasingly important focus of our new strategic direction. This is a growing area of activity and yet another sign of IOSCO's increasing maturity. I welcome those of you from the industry here today.

Our agenda includes four public panels to discuss the issues most pressing for market participants and regulators worldwide. It is especially timely that one panel will discuss how IFRS are being applied across different jurisdictions.

## *Tributes*

I congratulate members on their work to date, and encourage you to press on with it in the future in the interests of vibrant and healthy capital markets. The regional committees in particular have an important contribution to make in this respect, and I am grateful for the leadership shown by Regional Committee Chairs.

I pay special tributes today to Michel Prada, Chairman of the Technical Committee, and Doğan Cansızlar, Chairman of the Emerging Markets Committee for their leadership and significant contributions to IOSCO's progress. And on your behalf, I express thanks and very warm wishes to Doğan on his retirement from office.

On a personal note, it has been a privilege and a pleasure to serve IOSCO as its Executive Committee Chairman over the past two years. Looking forward, I remain very committed to contribute actively to this successful and remarkable Organisation and I thank you for your continued support.

I am reminded of a Chinese proverb befitting our challenge over the next two days and the next two years: *"It is not the knowing that is difficult, but the doing"*.

I believe that together we know what must be done to strengthen capital markets worldwide – we must now take the opportunities for action.

Thank you.