

IOSCO's Education and Training Program

IOSCO is in a unique position to help build the regulatory capacity of its members and prepare them for the regulatory challenges that lie ahead, especially in the fast growing emerging markets. IOSCO's Education and Training Program seeks to advance the organization's regulatory goals and the implementation of standards and principles, and is a direct response to the growing demand from IOSCO members for capacity building. The program draws on the expertise of policy committees, industry practitioners, academia and the regulatory community.

IOSCO Education & Training Activities 2013

1. IOSCO Seminar Training Program

IOSCO's annual flagship capacity building program, the Seminar Training Program (STP), was successfully conducted at IOSCO's headquarters in Madrid from 22 to 25 October 2013 and had as a theme *Going Forward: Future Challenges in Securities Regulation and Practical Solutions for Meeting Those Challenges*. This four-day program reached full capacity with almost 100 participants from over 50 different jurisdictions, while many more were on a waiting list to join.

The STP focused on market manipulation, insider trading, regulatory investigations, ethics, investor protection, and the in-depth examination of recent regulatory cases from the previous 11 months. The 2013 STP program content was based on the preferences conveyed by IOSCO members in the IOSCO Education and Training needs analysis survey conducted in the first quarter of 2013.

While STPs are always designed to provide practical advice, as well as tools and solutions that regulators may immediately use when performing their regulatory responsibilities, the 2013 STP also featured a *call to regulatory action*. In addition to investigating and taking testimony relating to a previously litigated insider trading case, STP participants were challenged this year by four actual cases involving billions of dollars in settlements, as well as pending criminal, civil, and administrative actions. Relevant court documents were

distributed to and examined by attendees, who gained a clear understanding of the settlements reached and/or the pending litigation. Attendees were then asked how these cases and the resulting settlements, findings of liability and pending litigation affected their own jurisdictions. Finally, STP attendees were asked to consider what their own *next regulatory steps* might be when they return to their home jurisdictions.

Building on the success of the annual STP, IOSCO organized similar mobile training seminars in the different regions, using the same broad format, theme and materials. The Financial Markets Authority of New Zealand hosted the Mobile STP for the Asia-Pacific region in Auckland, from 11 to 12 March 2013. This seminar was largely based on the program of the 2012 STP in Madrid on *Corporate Governance Issues Related to Securities Firms and Sanctions for Market Abuse*. Fifty delegates from 15 jurisdictions participated in the program.

While the mobile STPs are based on the STP held annually in Madrid, IOSCO staff work closely with the host jurisdiction to tailor the program to the specific interests and needs of the host region. Regional speakers and other new speakers are incorporated into the mobile STPs, as are speakers from the annual STP. Consequently, IOSCO is steadily building a speakers data base that enhances its education and training capabilities.

2. Enforcement Training Program

The IOSCO Education & Training Team, together with the Dubai Financial Services Authority (DFSA) and the Securities and Commodities Authority of the United Arab Emirates (SCA), organized a four-day Enforcement Training Program from 4 to 7 March 2013 in Dubai, UAE.

This very practical program for enforcement staff of securities regulators had the format of a workshop and was hosted at the premises of the SCA in Dubai. The forty participants from 25 different jurisdictions were divided into five working groups with one experienced mentor assigned to each group. Each mentor used a case study to help participants develop and fully execute different phases of the planning and conducting of an investigation, i.e., from the assessment of allegations to the investigation planning and the interviewing of witnesses and suspects. Due to the success and popularity of the program (the set limit on the number of participants was reached within a matter of days), IOSCO is considering replicating the program or aspects of it in other regions. Parts of it were included in the 2013 STP in Madrid.

3. Joint IOSCO / Financial Stability Institute (FSI) Seminar

The 8th edition of the joint IOSCO and FSI Seminar took place at IOSCO's headquarters in Madrid from 20 to 22 November 2013. The FSI is the training arm of the Bank for International Settlements, and this joint seminar has proven successful in examining some cross-sectoral issues. This Seminar on *Trading Book Issues and Market Infrastructure* had a particular emphasis on legal, regulatory, and compliance issues. Over 80 bank supervisors and securities regulators from 44 different jurisdictions attended the seminar.

4. IOSCO AMCC Training Seminar

The Affiliate Members Consultative Committee (AMCC) of IOSCO conducted a two-day training seminar from 22 to 23 May 2013 in Toronto, Canada. The program covered the IOSCO Principles relating to Firm Supervision, Inspections and Enforcement. The agenda also included panels on High Frequency Trading, SME Finance and Ahead of the Curve regulatory topics. The event was co-organized by IOSCO, ANBIMA (Brazilian Financial and Capital Markets Association), FINRA (Financial Industry Regulatory Authority) and IIROC (Investment Industry Regulatory Organization of Canada). The AMCC training programs have so far reached more than 500 delegates from over 90 regulatory entities of 65 different jurisdictions.

5. The IOSCO & IFIE Investor Education Conference

IOSCO continues to co-organize a joint program with the International Forum on Investor Education (IFIE). The 5th joint IFIE-IOSCO Investor Education Conference was held from 19 to 21 June 2013 in Toronto, Canada, and was hosted by the Investment Industry Regulatory Organization of Canada (IIROC). The theme of the conference was *Delivering Dynamic Financial Capability and Investor Education Programmes - Changing Behaviour across Life Stages*. The conference was composed of different panels, breakout sessions, and practical workshops that covered themes such as *Financial Education for Children and Youth in the Classroom and in the Community, Effective Financial Capability and Investor Education Programmes for People in their Working Years, Evaluating Programmes, Research and Behavioural Economics, and Emerging Challenges in Meeting the Needs of Retirement Years*. The conference was attended by over 150 delegates.

6. GEM Committee Training

Market Development Workshops

The Growth and Emerging Markets Committee (GEM) of IOSCO, has been continuing organizing Market Development Workshops that are open to all IOSCO members. The 2013 GEM Conference in Panama of 21 to 23 May 2013 featured two workshops: one on *Risk Based Supervision*, and the other on *FMLs and Risk Management*. Also during the 2013 Annual Conference in Luxembourg two workshops took place on 16 September 2013, covering the topics of *Interaction between Physical and Financial Commodity Markets – A Role for Regulators*, and *IFRS Around the World: Current Status, Enforcement and Key Strategic Challenges*.

IOSCO Corporate Bond Markets (CBM) Outreach Program

Following publication of the report on the *Development of Corporate Bond Markets in the EMs* in November 2011, IOSCO launched a CBM Outreach Program in collaboration with the World Bank. The program offered workshops that attracted a lot of interest and participation from GEM members. In October 2013 two workshops were organized: an AMERC (Africa/Middle East Regional Committee) workshop in Mauritius and an APRC (Asia-Pacific Regional Committee) workshop in Sri Lanka.

7. Investor Education Gateway

IOSCO members are showing a growing interest in investor education, a trend that is reflected in the



mandate of the recently established Committee on Retail Investors (C8). In June 2013, IOSCO launched an Investor Education Gateway on its website, based on an analysis of members' investor education programs. Through the gateway, IOSCO Members are able to showcase and share their investor education work with each other. Almost 50 IOSCO members were participating in the gateway by end 2013, with more expected to join.

8. Survey Analysis

In the first quarter of 2013, IOSCO carried out an online survey on education and training among all IOSCO members as a follow up to similar surveys in 2009 and 2011. Of the three surveys, the 2013 iteration received the highest number of responses (69). The survey supports and confirms the very positive evaluations received on IOSCO's education and training programs. It also reflects the strong belief among respondents that education and training programs provide participants with fresh knowledge and an international regulatory perspective, and keeps them up to date regarding regulatory matters.

The survey included 57 topics concerning securities regulation and asked respondents to indicate their level of interest in each one on a scale of 1 to 7 with 7 indicating *very interested*. The following topics received the strongest support¹ according to the 2013 Survey:

¹ Strongest support is defined as the total percentage of respondents who marked the topic as a 7 or a 6 on a 7 point scale with 7 reflecting the highest level of interest.

1. Going Forward; Regulation and Supervision - 77%;
2. Insider Trading Investigations - 70%;
3. Market Manipulation - 68%;
4. Ethics and Conflicts of Interest - 67%;
5. Investor Education - 66%;
6. Insider Trading (Litigation) - 66%;
7. Investor Protection - 65%;
8. Helping Investors Avoid Fraud - 65%;
9. Conducting Regulatory Investigations - 64%;
10. Inspections - 61%; and
11. Transparency and Disclosure in Financial Markets – 61%.

Regarding IOSCO's Principles, the categories that received the strongest support² according to the 2013 Survey are the following:

1. Market Intermediaries (Principles 29-32) - 73%;
2. Enforcement (Principles 10-12) - 67%;
3. The Regulator (Principles 1-8) - 65%;
4. Cooperation in Regulation (Principles 13-15) - 62%;
5. Collective Investment Schemes (Principles 24-28) - 54%;
6. Secondary Markets (Principles 33-38) - 51%;
7. Issuers (Principles 16-18) - 49%;
8. Self-Regulation (Principle 9) - 41%; and
9. Auditors, Credit Rating Agencies and Other Information Providers (Principles 19-23) - 39%.

² Ibid



Several conclusions regarding the direction of IOSCO Education and Training can be drawn from this comparative data:

- > The topic *Going Forward: Regulation and Supervision* received one of the highest ratings of any survey topic in the past five years;
- > IOSCO members continue to show an increasing desire for IOSCO to offer a certificate program for regulators (76%, 79% and 81%, respectively, for 2009, 2011 and 2013);
- > Participants continue to show high interest in receiving education and training with respect to *Insider Trading Investigations* and *Market Manipulation*;
- > There seems to be fresh interest in the fourth highest ranked topic in 2013, *Ethics and Conflicts of Interest*. This topic was not ranked in the top ten in either 2009 or 2011; and
- > The similar topics of *Investor Education*, *Investor Protection*, and *Helping Investors Avoid Fraud* ranked, respectively, fifth, and tied for seventh.

Given this data, IOSCO members indicated the following as the top three areas concerning IOSCO Principles: Market Intermediaries (73%), Enforcement (67%), and The Regulator (65%). This data is generally consistent with prior years.

9. Expansion of Education and Training Opportunities

The IOSCO Board Capacity Building Resource Committee (CBRC) is currently examining ways to raise

additional funding for IOSCO's capacity building. A development fund may be the chosen vehicle for raising the needed funds. As part of this exercise, IOSCO Education & Training is proposing to sharply expand the education and training opportunities available to IOSCO members. Depending on the additional funding raised, IOSCO will seek to increase the quantity and quality of the current training seminars and events. Extra funds would also be used to enhance the dissemination of all training programs and materials. Extra funds would also be used to enhance the dissemination of all training programs and materials. This would be accomplished through video streaming of first class education and training programs, and through the creation of an electronic library with relevant education and training materials and programs.

10. IOSCO International Secondment Register

In October 2013, IOSCO conducted a survey of its members in an effort to understand the current level of, and rationale for, secondment activity, and to gain first-hand knowledge of members' experiences with secondment. Based on this information, ASIC designed an International Secondment Register to be located on the IOSCO Website. Through this register IOSCO members will have access to information on secondment offers and the demand for them. IT staff of the IOSCO General Secretariat is currently working with staff from ASIC on the development and implementation of this International Secondment Register. The objective is to launch the register in the third quarter of 2014.

