



28th ANNUAL CONFERENCE
of the International Organization of Securities Commissions
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Opening Ceremony

Professor Fernando Teixeira dos Santos

Chairman of the IOSCO Executive Committee
Chairman of the Comissão do Mercado de Valores
Mobiliários of Portugal

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Mr Jinpyo Kim, Deputy Prime Minister & Minister of Finance and Economy,

Mr. Jungjae Lee, Chairman of the Financial Supervisory Commission and
Governor of the Financial Supervisory Service,

Dear Chairmen of the TC and EMC,

Dear Colleagues,

Ladies and Gentlemen,

It is a privilege, as Chairman of the Executive Committee, to be able to participate in this 28th Annual Conference of IOSCO, particularly when the subject theme highlights the essence of the IOSCO's mission.

Indeed, the theme *New Challenges for Securities Markets and Regulators* allows us to retrospect on these last years of the securities markets and how we as regulators and market interveners, can predict and conceive new paths that improve on solutions and models regarding evermore demanding and complex realities.

Therefore, this Conference theme could not be more appeasing and appropriate.

Once more, IOSCO, as the primary global forum of international cooperation for securities regulators, has been able to rise to the occasion in a timely and reliable way, providing the solutions for the problems that are global and new.

These problems can only be solved in an integrated and global form and are embodied in the various factors that structure our domestic markets and ultimately in the global market in which we are evermore drawn in to.

Cooperation and effective regulatory harmonisation among securities regulators is the only way to guarantee enhanced credibility in our markets, both regarding investor protection and integrity of those markets as well as its efficiency. The first official documents of the IOSCO have always focused on the smooth development of cooperation and mutual assistance mechanisms. And today we remain in the same path. I am sure these mechanisms have played an important role in the growing internationalisation of the markets. Building a cross-border supervisory framework that allowed for the sustained growth of business worldwide in a virtuous crescendo between investors confidence and robust markets.

During these last few years, we have been put to the test regarding the sound and trustworthy development of the securities markets. The catastrophic events of the 11th September in the USA that involved massive human and material loss forced an unprecedented response from all the supervisors on contingency procedures and close cooperation and I believe that its aftermath has been frankly positive. On the other hand, recent high profile corporate bankruptcies and financial statement scandals, have led us supervisors and supervised, to rethink whether the path chosen has been the most adequate one and capable of responding to this bad news.

We all know that these last few years have testified an important drop for investor's confidence in the market mechanisms that should ensure effective transparency and equal treatment of all the intervenients. Quality was often

damaged due to new fraudulent activities in the markets that one must certainly sanction and eliminate.

In the reestablishment of market trust, it is easily noticeable that the vast majority of its intervenients - issuers, financial intermediaries, the markets themselves, institutional and retail investors, supervisors and public entities etc - still continue to pave their activity with sound universal governance and professional integrity. In times when a bad apple spoils the whole bunch, this is not sufficient and we should not forget that the need for regulatory action is generally recognised.

In these challenging times, IOSCO could not afford to remain silent, paralysed or, for instance, not willing to revisit or restate previous IOSCO regulatory and supervisory proposals. That is what we did during last year and we expect to continue to do so here in Seoul and in the near future.

In this context, I take this opportunity to share with you three examples of IOSCO's initiatives that bring us to the heart of IOSCO's strong commitment in contributing to the sound development of global securities regulation worldwide. I think it could give us a paradigmatic view on IOSCO's essential strategy/mission.

First, specifically on Panel 4 – “Combating Financial Crime Globally” - for instance, when in May 2002 IOSCO adopted the IOSCO Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information (IOSCO MoU), we have to acknowledge that a new trend has begun at international financial cooperation level. In fact, the IOSCO MOU is the first multilateral arrangement of its kind among financial services regulators, setting forth a new international benchmark for

cooperation. This cooperation instrument reflects a broad consensus among securities regulators and their awareness that cooperation and information sharing is a key component in a global strategy to prevent and sanction cross-border fraud and other illegal use of securities markets.

Second, let me ask for your attention to an important set of Statements of high-level Principles that came back first from Technical Committee and IOSCO Subcommittee of Chairs' work and quickly were endorsed by the full membership of our Organization. I am referring to the auditing oversight and independency standards, issued by IOSCO, connected with principles on ongoing disclosure and material development reporting by listed companies. It is a piece of work of paramount importance for the financial community worldwide and I am honoured to announce you that today the Presidents Committee of IOSCO has endorsed all these important documents. More recently, end of September this year, IOSCO, through its Technical Committee, addresses securities Analyst Conflict of Interest and Credit Rating Agencies. We will come back on these important issues in the following Panels of this Conference. But I am confident that again IOSCO did not lose an opportunity to send a strong message to markets as the way we would like to move forward.

Third, during this week, IOSCO will have an opportunity to announce the adoption of a new instrument to assist members in the elaboration of more effective securities regulations. The IOSCO Methodology for assessing the Implementation of the IOSCO Objectives and principles is a diagnostic tool that will assist jurisdictions in identifying areas where their regulations are not in compliance with the international standards set out in the Principles. By identifying deficiencies, but specially prioritizing follow-up action plans and reforms, we will enter in the next natural step of all these efforts that we are

developing for the last years within IOSCO: I mean, implementing, in an effective and coherent way, regulatory and supervisory principles, surely taking into account domestic markets specificities, but in the same time not forgetting the universal benchmarking for sound securities markets and which we all agree upon.

This is where IOSCO stands - in giving an adequate solution in a timely manner to problems that affect us all. Conciliating a firm policy motivation to assure members' commitment on the Objectives and Principles with appropriate technical assistance programmes to be delivered to members, IOSCO hopes to be able to successfully face a challenging XXI century.

I am certain the solutions will ultimately be adequate and spontaneously accepted by the markets as positive contributions for its development. Of course there is work to be done by way of mutual dialogue in each market and also on a global scale regarding the more complicated problems. And there is where IOSCO could continue to play an important role as a key financial benchmarking setter and a relevant forum for a globalized dialogue and for an unique exchange of different experiences and solutions within diverse market and regulatory profiles.

Distinguished guests and colleagues, during this Conference we will have an excellent opportunity to assess the achievements that have carried out by the international financial community regarding so many challenges and complexities that face us today.

I am certain that this Conference will bestow us with a privileged moment for making us aware of new solutions and regulatory or supervisory proposals that will aid us – market operators – in consolidating and adapting models and

strategies. Thus being the only way that we will be able to respond in a timely and efficient way to these continuous, novel and evermore-sophisticated developments in our securities markets.

Some of these challenges are cross-border and globally new-found and therefore require an overall and integrated approach. I am confident that united by this strong commitment in reinforcing sound and investor-friendly markets, IOSCO will triumph in these challenges.

On behalf of our Organisation, I would like to thank our hosts for conferring us the opportunity in this magnificent ambience, to contribute with yet another important phase towards the maturity of our thoughts and mutual knowledge within the IOSCO and more globally within the international financial community.

Thank-you very much and I wish you all a very successful Conference.