



32nd Annual Conference  
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## Opening Ceremony

*Mr. Michel Prada*

Chairman of the IOSCO Technical Committee  
Chairman of the Autorité des marchés financiers of France

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Opening address  
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Mumbai April 11, 2007

Honourable Minister of Finance

Ladies and gentlemen,

I would like, first of all, to express my warmest thanks and congratulations to our host, Meleveetil Damodaran, Chairman of the Securities and Exchange Board of India, for the generous and perfect organisation of this IOSCO's 32<sup>nd</sup> annual conference here in Mumbai, the financial capital of India and a city which has always been at the forefront of India's economic development and modernisation. For India to host this conference, while Chairman Damodaran is also the chairman of

IOSCO's Emerging Markets Committee, highlights the long lasting commitment of the SEBI in IOSCO's matters.

May I add that visiting India is always a fascinating experience and that I personally have never forgotten my first stay in New-Delhi on the occasion of the 1999 EMC meeting, and my first experience of India's hospitality, attractive beauty and outstanding culture and civilisation.

As chairman of IOSCO's Technical Committee, it is my pleasure to briefly present to you our ongoing work and our future work program. Within IOSCO's structure, it is the role of the Technical Committee, composed of 15 of the more mature markets, to provide the organisation with studies and standards which allow the members to fulfil their duties, as defined in IOSCO's objectives and principles of securities regulation adopted in 1998.

Let me remind you of the challenges which have driven our agenda, as it seems to me that we are contemplating significant

changes when comparing the beginning of the millennium and the most recent developments in global markets.

You all have in mind the concerns raised in most parts of the world in the aftermath of the financial crisis and scandals which characterised the last decade: the asian crisis in 1997, the Russian crisis and the difficulties of some emerging economies, the “dot-com” bubble, the 9/11 events, the corporate failures which took place in a number of market-places. Although financial markets have shown increasing resilience during that period, it doesn't come as a surprise, if, together with its continuous work in the different fields of securities regulation, the TC considered as a priority to focus its activities on combating financial fraud, and structured its work according to the report adopted by a chairmen's task force in the year 2005. Hence the progress made in the recent years in order to strengthen, update or add-up to, our existing standards. Indeed, a huge amount of work has been finalised, and I would like to mention a few of our achievements:

our multilateral MOU, which aims to improve the cooperation between members with regard to information sharing and cooperation in the field of enforcement; our standards on financial analysts; our code of conduct for rating agencies; the finalisation, together with parent organisations and the IFAC, of a new architecture for setting international standards of audit; the new work undertaken in the field of corporate governance.

In doing so, the Technical Committee and IOSCO as a whole have improved their visibility and credibility as a global standard setter and play a leading role with regard to securities regulation within the global architecture of financial regulation which has been structured along the lines discussed and monitored by the Financial Stability Forum, established in 1999.

When considering the present and future developments, I have the feeling that, without losing sight of our responsibilities with regard to combating financial fraud, time has come when we have to address a number of issues which derive from recent and striking developments of financial markets throughout the

world. I would like to mention a few trends which need to be addressed by IOSCO more intensely, although these are not really new and have been present in our ongoing work. Only, the remarkable rate of growth the world has enjoyed for the past years has speeded up the process of globalisation and restructuring of the markets, in a way which deserves intensified work by regulators.

Allow me to mention a few of these new determining evolutions. As we are here, in India, I should firstly mention the fascinating development of emerging market places, together with the unprecedented rate of growth enjoyed by emerging countries. We have seen recently huge IPOs taking place on local market-places without requiring a listing on western exchanges. We have seen new multinational firms based in emerging economies shopping around the world.

Generally speaking, we contemplate a significant development of cross-border activities all around the globe, with Europe building its own integrated market.

We see an ongoing process of restructuring of market intermediaries and market infrastructures together with a competitive process between new trading venues and traditional exchanges. We see the speeding up of disintermediation, together with a process of credit risk transfer, directly or indirectly, to households and unregulated entities .We see an ever ending process of innovation and sophistication of complex products and techniques.

All these evolutions pose a big challenge to regulators who have to keep pace with them and are required, by market participants, to do their best efforts to update their standards and, even more, to harmonise their rules and practices in order to facilitate cross-border activities, to reduce regulatory costs and to maintain a level playing field.

The Technical Committee is aware of these challenges and has decided to address them in a structured way without letting regulators engage in a race to the bottom which would be detrimental to market integrity, market efficiency and investor protection.

This is why we have decided to implement a new methodology to identify issues and to prioritise our work in the different fields of our activities, namely disclosure and financial information, market infrastructures, conduct of business by investment firms, asset management and enforcement.

This is also why we have decided to improve our relationship with the industry at the global level and engage in a more structured dialogue with market participants.

Finally, ladies and gentlemen, I am quite enthusiastic and optimistic regarding the role of the Technical Committee in the coming years and I very much hope that, due to the commitment of all its members, we will deliver what our different stakeholders expect from us. I would only add that, in doing so, the technical committee will have to work even more closely with the emerging markets committee so that, under the leadership of our executive committee, the whole organisation is able to achieve its goal: foster an efficient regulatory system around the globe and a close and confident cooperation



between its members, with a view to build a truly global capital market.

I thank you and I wish you all successful conference.