



International Organization of Securities Commissions
Organisation internationale des commissions de valeurs
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28 October 2013

Mr. Mark Carney
Chair
Financial Stability Board
Bank of International Settlements
Centralbahnplatz 2
CH- 4002 Basel
Switzerland

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Dear Mark,

I am writing to outline work IOSCO is undertaking in a number of areas of interest to the Financial Stability Board. The work follows decisions made at our recent Board meeting in Luxembourg¹.

(1) Cybercrime in securities markets:

We see cybercrime as a key risk not only to the markets we regulate but to the stability of the global financial system.

A roundtable held in conjunction with our recent Board meeting in Luxembourg heard presentations from five experts drawn from industry, think tanks and government agencies on cybercrime and financial markets. The discussion with the Board focused on understanding and characterising the source of cybercrime threats, their impact and how regulators and policy makers could respond. The round table underscored the importance

¹ The IOSCO board is the governing and standard-setting body of the International Organization of Securities Commissions (IOSCO), and is made up of 32 securities regulators. The members are the securities regulatory authorities of Argentina, Australia, Belgium, Brazil, Chile, China, France, Germany, Hong Kong, India, Italy, Japan, Korea, Malaysia, Mexico, Morocco, the Netherlands, Nigeria, Ontario, Pakistan, Portugal, Quebec, Romania, Singapore, South Africa, Spain, Switzerland, Trinidad and Tobago, Turkey, United Kingdom and the United States.



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of providing guidance on the resilience of markets and market participants to cyber attacks.

The work we have undertaken to date – and plan to undertake – to address these issues is set out in [Attachment One](#) (all four attachments found here).

(2) *Long-term investment:*

At its Luxembourg meeting, the IOSCO Board recognized the important contribution IOSCO and its members can and do make to ensuring capital markets play a leading role in supporting long term investment in both growth and emerging and developed economies. The Board asked its Vice Chairs – Mr. Ranjit Singh (SEC Malaysia) and Mr. Howard Wetston (OSC Ontario) – to lead IOSCO's work in this area.

An update on the work we propose is set out in **Attachment Two**.

This update is particularly critical in response to the recent call made by the G20 Leaders to identify measures to facilitate domestic capital market development and improve the intermediation of global savings for productive long-term investments².

We are working with the G20 Secretariat to the Australian Presidency to ensure this work is aligned with the G20 Agenda for 2014.

As part of its work in this area, IOSCO, through its General Secretariat, is conducting research on the functioning of corporate bond markets

(3) *Crowd funding:*

Peer-to-peer lending and equity crowd funding are rapidly emerging in many markets as alternatives to increasingly scarce bank funding. Many IOSCOs members are considering (or have progressed) policy responses. The Policy responses so far raise important issues about the balance between investor protection and the role equity markets can play in supporting economic recovery and growth.

I have asked the IOSCO Committee on Investment Management, in collaboration with the IOSCO's Committees on Market Intermediaries and Retail Investors to develop a mandate urgently to address the key issues and guide the development of global regulatory approaches in this emerging area.

² See G20 Leaders' Declaration, Saint Petersburg Summit, 5-6 September 2013, available at http://www.g20.org/events_summit/20130905/780962092.html



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The work we are considering is set out in **Attachment Three**.

(4) Cross-border regulation:

At its Sydney meeting earlier this year, the Board approved a mandate to develop a tool kit of measures to regulate cross border activity and, if appropriate, develop guidance on how those tools could be used by IOSCO members to foster fair and efficient global markets.

The work is intended to build on the experience of our members from implementing OTC derivatives reforms.

The status of this work is described in **Attachment Four**. A survey of IOSCO members about regulatory tools they use or are aware of to address cross-border regulatory issues was issued in mid-October.

We would appreciate this letter and its attachments being circulated to members in advance of the Plenary meeting in Moscow on 8 November. I would also be more than happy to discuss this work with you in more detail in the margins of that meeting.

Yours sincerely,

Greg Medcraft
Board Chairman
International Organization of Securities Commissions

Cc: Dr. Svein Andresen, Secretary General, Financial Stability Board