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International Organization of Securities Commissions
Organisation internationale des commissions de valeurs
Organização Internacional das Comissões de Valores
Organización Internacional de Comisiones de Valores

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Tel Aviv, 11 June 2009

IOSCO finalises policy responses to the financial crisis

The International Organization of Securities Commissions (IOSCO) has concluded its 34th Annual Conference in Tel Aviv. This has been the first general meeting of IOSCO's entire membership since the financial crisis entered its second critical phase in September 2008.

In a series of intense meetings of senior regulators, significant progress has been made by IOSCO in dealing with key operational issues facing capital markets as a result of the financial crisis. The issues addressed included those seen as contributing to the development of, and in some cases exacerbating, the crisis such as disclosure related to asset-backed securities, unregulated market segments and financial products, the regulation of short selling and hedge funds oversight.

There has also been focus on the crisis' effect on the regulatory systems of emerging markets jurisdictions and the actions they have taken to counter these problems.

IOSCO will shortly issue final reports setting out recommended principles for the regulation of short selling and the oversight of hedge funds, while it will also consult on disclosure principles for offerings of asset-backed securities and investment managers due diligence in relation to structured products investment. IOSCO will also issue a report on the impact on Emerging Markets and their responses to the financial crisis.

The increased focus on the operational aspect of IOSCO's work, the role it plays in restoring confidence in the world's capital markets and how IOSCO should be positioned in the post-crisis global financial architecture has prompted the Executive Committee to launch a Task Force to consider IOSCO's Future Strategic Direction (Strategic Direction Task Force).

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This coincides with the achievement of the 2005 Strategic Objective in relation to the IOSCO Multilateral Memorandum of Understanding (MMOU) which demonstrates that it is possible to turn IOSCO guidelines and standards into hard-edged processes requiring compliance from regulatory authorities.

The Strategic Direction Task Force will focus on identifying what IOSCO needs to do to ensure it maintains its pivotal role as the international standard setter for securities regulation in the 21st century. The internal consultation process has already begun, and to ensure its effectiveness the review will be correspondingly broad in its reach taking into account all IOSCO members' views, those of the industry and the international financial institutions.

Jane Diplock, Chairman of the Executive Committee, said:

“Now more than ever, IOSCO must work towards reaffirming and building confidence in the world’s financial markets, and explore new mechanisms for doing that. Some constants remain of course: reducing systemic risk; encouraging efficient, well-functioning markets; and continuing to protect investors. These essentials are the heart of our mission and always will be.

“Over the years, we have built the relationships and the trust needed to embed global solutions at the national level. We have laid down a strong foundation for a global securities framework with our IOSCO Principles. And the MMOU is a unique example of an international standard implemented across the globe. We are already helping to resolve issues arising from the crisis that are right now having a detrimental effect on capital markets.

“I believe that we must always look to the future. Four years ago, IOSCO set out on the five-year journey represented by its major strategic change of direction. We have come a long way.

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We are now on the brink of our next five years, and the global financial crisis makes it imperative that we plan our next steps carefully.

“We need to understand what direction to take in order to reaffirm IOSCO’s pivotal role in the international financial architecture. To do that, we must take account of the lessons every country represented here has learned from the crisis. We need to focus more on identifying risks in financial markets and to addressing stability issues within the purview of securities regulators. Recent work on credit rating agencies and hedge funds are good examples of this focus.

“We need to begin formulating a vision that will take us beyond this decade and into the next – a vision that looks towards a future without forgetting the past. By the time we meet again, in Montreal in 2010, a broad direction will have been mapped out.

“While recovery now seems inevitable, challenges remain. The ongoing crisis highlights the importance of addressing stability concerns and reducing systemic risk while continuing to protect investors and promote the fairness, efficiency and transparency of markets.”

IOSCO has also published media statement outlining its current areas of focus and the decisions reached at this year’s Annual Conference.

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NOTES FOR EDITORS

1. [Final Update on IOSCO 2009 Annual Conference](#) is available on the IOSCO website.
2. IOSCO is recognized as the leading international cooperative policy forum for securities regulators. The organization's broad membership regulates more than 95% of the world's securities markets. IOSCO members regulate more than one hundred jurisdictions and its membership continues to grow steadily.
3. Ms. Jane Diplock, Chairman of the New Zealand Securities Commission, is the Chairperson of the Executive Committee;

Ms. Kathleen Casey, Commissioner of the US Securities and Exchange Commission, is the Chairman of the Technical Committee; and

Mr. Guillermo Larrain, Chairman of the Superintendencia de Valores y Seguros of Chile, is Chairman of the Emerging Markets Committee.

4. The [Executive Committee](#) is the body elected by the membership of IOSCO which takes all decisions and actions, subject to the By-Laws of IOSCO, necessary to achieve the objectives of the organization. The Executive Committee is presently composed of the following 19 members: the Chairmen of the Technical and Emerging Markets Committees, the Chairmen of each Regional Committee, 1 ordinary member elected by each Regional Committee from among the ordinary members of that region, and 9 ordinary members elected by the Presidents' Committee.
5. The [Technical Committee](#), a specialised working group established by IOSCO's Executive Committee, is made up of eighteen agencies that regulate some of the world's larger, more developed and internationalized markets. Its objective is to review major regulatory issues related to international securities and futures transactions and to coordinate practical responses to these concerns. The members of the Technical Committee are Australia, Brazil, China, France, Germany, Hong Kong, India, Italy, Japan, Mexico, the Netherlands, Ontario, Quebec, Spain, Switzerland, United Kingdom and the United States.
6. The [Emerging Markets Committee](#) is a specialised working group established by IOSCO's Executive Committee, representing the world's emerging financial markets. It endeavours to promote the development and improvement in efficiency of emerging securities and futures markets by establishing principles and minimum standards, preparing training programs for the staff of members and facilitating exchange of information and transfer of technology and expertise.
7. IOSCO aims through its permanent structures:

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- to cooperate together to promote high standards of regulation in order to maintain just, efficient and sound markets;
- to exchange information on their respective experiences in order to promote the development of domestic markets;
- to unite their efforts to establish standards and an effective surveillance of international securities transactions;
- to provide mutual assistance to promote the integrity of the markets by a rigorous application of the standards and by effective enforcement against offenses.

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