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**IOSCO completes global framework to fight against cross-border market abuse**

The International Organization of Securities Commissions (IOSCO) has announced that it has achieved its goal, set in 2005, of having its eligible membership sign onto or committed to sign the Multilateral Memorandum of Understanding concerning Consultation, Cooperation and the Exchange of Information (MMoU).

The goal was achieved at the last meeting of the Chairs of the Executive, Technical and Emerging Markets Committees, at the conclusion of which the Conseil du Marché Financier of Tunisia was invited to become the latest full signatory to Appendix A of the MMoU. From IOSCO’s eligible membership of 115 securities regulators, 96% now meet the requirements needed to become signatories to the MMoU, or have made the necessary commitment to seeking national legislative changes to allow them to do so in the near future.

The 64 full MMoU signatories can now request and share confidential information in the pursuit of cross-border securities offences. IOSCO’s rigorous expert assessments found that these jurisdictions are fully compliant with the cooperation and enforcement requirements of the MMoU.

The majority of the remaining eligible IOSCO members, a further 46, have indicated their commitment to seeking the changes necessary to become signatories. A small number of members have yet to formally enter the process and are likely to receive technical assistance to help them meet the minimum requirements.
Jane Diplock, Chairman of IOSCO’s Executive Committee, said:

“I am delighted that IOSCO has achieved its goal within its self-imposed January 2010 deadline. The MMoU is now the acknowledged standard for securities enforcement cooperation and represents an impressive achievement for IOSCO, but also an outstanding example of the commitment from its members to protecting the integrity of global capital markets and investors from the risk posed by cross-border market misconduct.

“The MMoU is a unique example of an international regulatory standard implemented across the globe, and IOSCO’s members’ continuing commitment to cooperation and information exchange is a concrete example of securities regulators support for the G-20s’ aim of promoting information sharing and the development of international standards with respect to bank secrecy and transparency.”

Kathleen Casey, Chairman of IOSCO’s Technical Committee, said:

“The MMoU provides IOSCO members with a unique instrument to enhance the level of their cooperation and information exchange to combat cross-border securities violations, and improve their ability to enforce securities regulation worldwide.”

Guillermo Larrain, Chairman of IOSCO’s Emerging Markets Committee, said:

“The MMoU will deliver significant benefits to emerging markets members as their enforcement activities become stronger and national markets are made more attractive to investors.”

**Multilateral Memorandum of Understanding**

The MMoU has been instrumental in a number of recent enforcement cases in various jurisdictions and 2008 saw 867 information requests made by IOSCO members to fellow regulators. This is an increase
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of 18% from 736 requests made in 2007 and almost double the 384 requests made in 2005 when IOSCO decided to require all members to sign the MMoU.

The MMoU was developed following the events of 11 September 2001, when IOSCO created a Special Project Team to explore actions that securities regulators could take to expand cooperation and information sharing. Subsequently at its 2005 Annual Conference, in Colombo, Sri Lanka, IOSCO’s Presidents Committee, representing all members, decided that all ordinary members and associate members with primary responsibility for securities regulation in their jurisdictions should have applied for and been accepted as signatories under Appendix A of the MMoU or have expressed, via Appendix B, a commitment to seek legal authority to enable them to become signatories. In order to achieve these objectives, IOSCO has been providing resources to members, including technical assistance, so that the 2010 target could be met.

The MMOU provides a mechanism through which securities regulators share with each other essential investigative material, such as beneficial ownership information, and securities and derivatives transaction records, including bank and brokerage records. It sets out specific requirements for the exchange of information, ensuring that no domestic banking secrecy, blocking laws or regulations prevent the provision of securities enforcement information amongst securities regulators.

Recent Signatories

Appendix A – New Signatory:

- Conseil du Marché Financier, Tunisia

Recently invited to be listed in Appendix B:

- Securities and Exchange Commission, Bangladesh
- Brunei International Financial Center of the Ministry of Finance
- Securities Commission of the Federation of Bosnia and Herzegovina
Superintendencia de Valores de la República Dominicana
Financial Supervision Agency, Republic of Kazakhstan
Reserve Bank of Malawi
Financial Services Commission, Republic of Mauritius
Securities and Exchange Commission, Pakistan
Finansinspektionen, Sweden
Trinidad and Tobago Securities and Exchange Commission
Securities and Commodities Authority, United Arab Emirates
State Securities Commission, Vietnam
Securities and Exchange Commission, Zambia
NOTES FOR EDITORS


2. All governmental regulatory bodies that are Ordinary or Associate Members of IOSCO are eligible to apply to participate in the MMoU, a total of 115 members.

3. The following number of information requests have been made under the MMoU since 2002:
   - 2003 – 56;
   - 2004 – 307;
   - 2005 – 384;
   - 2006 – 526;
   - 2007 – 726; and
   - 2008 – 867.

   No figures are available for 2009 at the present time.

4. The types of offences for which information requests can be made are set out in Section 4 of the MMoU, while the scope of assistance to be made to members is set out under Section 7 *Scope of Assistance* of the MMoU. The text of the MMoU is available at this link [http://www.iosco.org/library/pudocs/pdf/IOSCOPD126.pdf](http://www.iosco.org/library/pudocs/pdf/IOSCOPD126.pdf).

5. IOSCO is recognized as the leading international policy forum for securities regulators. The organization's membership regulates more than 95% of the world's securities markets in over 100 jurisdictions and its membership is steadily growing.

6. 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.

7. 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.

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

9. The Emerging Markets Committee is a specialised working group established by IOSCO’s Executive Committee, representing the world’s emerging financial markets. It endeavors 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.

10. IOSCO aims through its permanent structures:

- 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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