



IOSCO ANNUAL CONFERENCE, LONDON 2015 CLOSING REMARKS BY DAVID WRIGHT

Thank you very much David. Ladies and Gentlemen, distinguished Guests, Chair of IOSCO, I am very pleased to have a short opportunity at the end of this vibrant program to give you a few thoughts on how I've seen this week and some of the key points that struck me listening to these very interesting panels. I would like to propose these ideas as the seven "Is":

The first is "**I**" - **IOSCO**. Well, I think London, when we look back in a few years' time, may be seen to have been sort of turning point for IOSCO. The reason I say that is I think we've taken some quite decisive decisions under the leadership of our Chair, and I think they've been very clear decisions: decisions on asset management (we've talked a lot about that); the continuation of our work on cross-border issues (very important!), and I have had a sense in the room, that the level of cooperation, convergence of thinking, has grown. I heard a very strong view that we must continue to strive to strengthen our presence in Financial Stability Board, where we are under-represented. I think our work on Credible Deterrence was a really important initiative, and extremely well piloted by Georgina Philippou of the FCA. And I think all of this is signal of growing strength and influence. That's my first point.

My second one is a point about "**I**" - **Inclusiveness**. IOSCO will live or die on the basis of what we do with this crucial word. We are a community, as Greg always says, a community of securities regulators, I think that's a very good way of thinking about it. There are different levels of development. Sometimes I think that, when we talk about Emerging Market Countries, that we have sort of one image. And of course, there are very different levels of development, some Emerging Market Countries are extremely sophisticated today. But I do think that we're making progress on our inclusiveness, and at last we are building an integrated approach to Capacity Building. We have agreed here that IOSCO will have Pilot Regional Hubs, one hub per region, in order to extend our outreach, Education and Training and so forth, in each of the regions. So when we get back to Madrid, we will be looking for and waiting for the proposals. We are building an Online Toolkit to cover the whole gamut of securities regulation so that our members can have open access to these tools at zero cost, to really good education and training foundation material as in the best ways to regulate securities markets. Again at the initiative of our Chair, we now have a common secondment program - a matching system of supply and demand - so regulators can move around in this global community and seek to work and understand and live off each other's best practice.

We are building a Global Certificate Program for our Members, and Greg and I certainly share a view that if we can become even more transparent in IOSCO, we can also strengthen ourselves. So inclusiveness is very much at the heart at these debates in London and will always be at the heart of IOSCO. And I think we should always also bear in mind here that this crisis that we may be now pivoting from was not a crisis of

Emerging Markets Countries, it was a major crisis of most OECD countries (not all, not Canada or Australia for example). As I go round the world and meet many of IOSCO members, I have to say that some of the best regulators that I have seen are indeed in Emerging Markets Countries, some of the very best, and that's why this exchange of experience is so important. And I think the West, if you like, can learn a lot from the East and the South. We need to merge our thinking, seek and develop best practice, and define our common agendas even more together.

My third point is another "T" – **Industry Conduct**, and very much at the heart of our discussions, and I am sure Martin Wheatley will be talking again about this, namely the UK's fair and effective markets review, that came out last week. We've heard a lot about this this week, and also from Governor Carney, last night. IOSCO will look at and examine how we can take this work forward the parts that are relevant at the global level. Let us all hope that the number of scandals that we have seen are finished. I do think that we must get in order the incentives and disincentives of the financial system. Accountability of individuals seems to me to be extremely important, and the ability to take criminal prosecutions, including in my view, those who mis-sell products. I heard from somebody here that it sounds sort of rather abstract mis-selling products. But this is really serious – indeed it can result in death. I believe some 25 people, in this country alone, committed suicide as a result of these types of practices, so it could not be more serious. We wouldn't accept that food is mislabelled in the supermarket and poison people. We wouldn't accept faulty pharmaceuticals, or fuel for that matter, and I really don't think we should accept these type of practices in the financial industry. I also think we have got to pay a lot of attention to competition issues; to reducing complexity. And to use Howard Weston's phrase, "*look at business models, and if we are going to get the incentives right, we have to start there*".

I think I am a latent believer in behavioural economics, it seems to me that there are some very useful techniques here, to help consumers make the right and better choices. And I think we have to take that forward in IOSCO, how we can actually perhaps think more about that creatively, and perhaps give guidance on how these tools can be used.

My fourth "T" is the **Identification of Risks**. We have got better at this, but there is no such thing as being on top of this. So all our work on cybercrime and looking, thinking creatively about where these risks are. The Board agreed a mandate to look at retail, spread betting, and Forex trading. And I think it's about time. We should be constantly aware of these risks, discuss them throughout IOSCO and take action where we need to.

My fifth "T" is **IT**. Underlying many of our discussions is this great digital change, driving through the financial industry. I am very pleased to see the Emerging Markets Committee is going to take up digital change as one of its new themes, new ways of trading, and new ways of providing finance for SMEs. This is a great challenge for regulators. If consumers start to trade, and do all their financial business on the iPhones, it's not going to be easy to regulate markets in those conditions. Maybe markets are going to become more volatile as they respond to rumours on the social media. We have to think more about this, and quickly.

My next "T", number six, is **Integration**. As Greg has been talking about the need to move and work towards inevitable, I think he would say, Global Capital Market Integration, I tend to agree with that view. We need to facilitate, accompany, support and encourage integration in certain parts of the world particularly those in distress.

Nothing I think could create more confidence than if distressed areas of the world started to think about how they could cooperate more together. The economics of all this for me have always been blindingly clear: instead of little pools isolated of capital, you have bigger and deeper integrated pools of capital, a lower cost of capital, a wider investment community and many more options, and a wider supply products and services. And I think what we are seeing in the world are some quite interesting developments: different in form, different in development, but there are projects underway in Latin America, in East Africa, in the Asia-Pacific region, and I hope these develop more. I think we should try to encourage as much as we can through our regional committees, and let's follow and track these developments through benchmarking and indicators.

My final "I" is **International Reform** we have just heard from the panel here. I'm one of those who think that there is still a long way to go in terms of some of the issues, cross border resolution of course being one of the key ones. Safety of CCPs, we are very involved in this work, and I agree with those who think that time has come to measure and try to look at how the whole thing fits together.

So let me end by thanking Martin Wheatley and all his staff of FCA, on behalf of us all, David Lawton and Georgina Philippou and Ana Duarte, who have worked tirelessly. I think we have been wonderfully well looked after and also extremely creatively looked after in the social functions in the Guildhall, in the Globe Theatre, on the boat on the Thames, to look at the extraordinary changes underway in London. Last night I have to say I particularly enjoyed the Red Bus, because in my youth I took the number 73 from Richmond where my school was, to home. Then, you never got just one bus, you actually got 4 in a row, and then you had to wait an hour and half if you missed the four. The third and the fourth bus of course didn't have any passengers at all! But I was very pleased to be on that special red bus last night. This Conference Centre is also very poignant place for me right here because it used to be the site I believe of Westminster Hospital where my mother, still alive, nursed many badly injured soldiers during World War II.

I would like to thank IOSCO Chair Greg Medcraft, who has, I think I can say, extraordinary energy, extraordinary innovation and determination to make IOSCO stronger, along with the Vice-Chairs and members of our Board.

And finally my own staff. Those of you who know them, I can assure you they are outstanding. I have worked with many people over the world but my staff are up there with the best: Tajinder Singh, Jonathan Bravo, Raluca Tircoci, Tim Pinkowski, Zhong Li, Corina Martinez - I won't go on, but they all deserve a great deal of credit for making this meeting in London successful along with our hosts, the FCA.

When we look back in a few years, I won't be here, but I think we will see that this Annual Conference was a turning point for IOSCO.

Thank you.