



International Organization of Securities Commissions  
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**09 June 2010**

**Opening Ceremony**  
**35<sup>th</sup> IOSCO Annual Conference**  
**Montreal**

*Opening Remarks*

**9 June 2010**

Speech by

Kathleen L. Casey

Chairman,

Technical Committee

International Organization of Securities Commissions

and

SEC Commissioner

**SP06-10**

Dear colleagues, ladies and gentlemen, allow me to join my colleagues in welcoming you on behalf of the Technical Committee to Montreal for IOSCO's 35<sup>th</sup> Annual Conference.

It is a pleasure and an honor to address you this afternoon.

I would like to first express my warmest thanks and congratulations to our hosts, Chairman Jean St. Gelais of the Québec Autorité des Marchés Financiers (AMF), and his superb and gracious staff. I must say, not a detail has been missed, and yet they make it look so easy.

Montreal is an amazing and beautiful city. And we have been fortunate to have the opportunity to experience a small, but rich, taste of it through your hospitality during our



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meetings here. Montreal is clearly a city that beckons you back to visit again. I know that I plan to. So, thank you for making our conference such an enjoyable, successful and memorable event.

As many of you are likely aware, this is the last conference that I am attending in my capacity as Chairman of IOSCO's Technical Committee. So before I touch upon some of the important work undertaken by the Technical Committee over the past year, I would like to take this opportunity to express my appreciation for the opportunity to serve in this important and rewarding post. It has truly been a great honor serving as Chair of the Technical Committee and a distinct pleasure to work alongside such brilliant and capable colleagues from around the world.

And for this reason I'd also like to take this chance to thank those whose hard work and support over the past year have been so important both to the Technical Committee as a whole and to me personally.

First, I would like to thank my IOSCO colleagues — Executive Committee Chair Jane Diplock and Emerging Markets Committee Chairman Guillermo Larrain. It has been a privilege to serve with them both and I am deeply grateful for their support, friendship and leadership. Of course, we will be sorry to see Guillermo leave IOSCO as he moves on to new professional challenges. Of course, we also say goodbye to Eddy Wymeersch of the Belgium Banking, Finance and Insurance Commission and the Chairman of CESR. His wisdom, wit and charm will be sorely missed. I am confident, however, that we will not lose sight of Guillermo or Eddy as they both continue in the next stages of their impressive careers.

I would also like to thank Secretary General Greg Tanzer and Deputy Secretary General Tajinder Sing and all of the staff of the Secretariat. Over the past year, Greg and his staff have worked tirelessly to meet ever-increasing demands in effectively representing and supporting IOSCO's work around the world and in other fora. And, without question, their good efforts have helped successfully support IOSCO's growing role and prominence.

Of course any current accomplishments of IOSCO and the Technical Committee could not have happened but for the esteemed leadership of those preceding me. I would, therefore, like briefly to pay tribute to my predecessors Chairman Michel Prada and Chairman Christopher Cox who provided IOSCO with the leadership needed in very difficult times. I would also like to thank them for their example and guidance as I prepared to assume this important post.

And finally, I would like to provide a special thanks to Vice-Chairman Hans Hoogervorst who not only provided critical leadership to the Technical Committee during a turbulent time of transition but also has been so indispensable in helping to guide the important work of the Committee over the two past years. I am very heartened to know that the Technical Committee will be in his capable hands. I wish him all the best as he assumes the position as the next Chairman of the Technical Committee.



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I am also confident that Masa Kono will serve as effectively and ably as Vice Chairman as Hans has over these past two years.

The past year has been an extraordinarily active and productive period for the IOSCO Technical Committee and its members in pursuing its goals of protecting investors, fostering more efficient and transparent capital markets, and strengthening and supporting the stability of the financial system as a whole

Over the past year the Technical Committee has taken numerous steps in response to the financial crisis that will strengthen the supervision and oversight capabilities of its members. In particular, IOSCO has taken important steps in improving regulation in the areas of credit rating agencies, hedge funds, over-the-counter derivatives, securitization and short selling. In addition, IOSCO has continued important work in identifying specific action its members can take to improve their markets, increase investor protections, and identify and address systemic risk.

Of course IOSCO has historically been an exemplar of cooperation among international financial regulators. And, the crisis has only highlighted the need for continued and enhanced cooperation in international regulation.

It should therefore be of no surprise that IOSCO and the Technical Committee have continued to focus on raising standards in relation to international cooperation and coordination among securities regulators. This focus over the past year on cooperation relates to enforcement as well as in supervisory oversight of market participants whose operations cross borders in the globalized market place.

This work, significantly, includes release by the Technical Committee of the Final Report by the Task Force on Supervisory Cooperation intended to facilitate enhanced cooperative relationships among jurisdictions.

Notably, in furtherance of this goal, I am pleased that SEC Chairman Mary Schapiro will be signing tomorrow such an enhanced MOU with our colleagues from the Quebec AMF and Ontario Securities Commission.

It goes without saying that IOSCO's work is not focused solely on responding to the crisis and to past events. On the contrary, it strives to anticipate events and issues that may arise in the future. In this regard, the Technical Committee, through its standing committees and task forces, continues to examine a number of important initiatives. Examples of such initiatives currently underway include several on valuation and accounting issues, issuer transparency and investor due diligence, firm risk management, and on the commodity and futures markets. In particular, the Technical Committee's work in considering the role of securities regulators in addressing systemic risk remains a significant focus.



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Our experience through the crises has made it clear that as market regulators in an increasing complex, interdependent and interconnected market we must continue to challenge ourselves in how effectively we are meeting our mission in this respect.

Over the past year, IOSCO representatives also continued to provide guidance, perspective and expertise to other international fora. And as the preeminent forum for international securities regulation, IOSCO has played, and will continue to play, a critical role in the coordination of international financial regulation and in shaping regulatory reform efforts around the globe.

As we are all acutely aware, the financial crises shook the foundations of our markets and demonstrated how truly interdependent and connected they are. The result was an overwhelming call for coordinated global action to address the crisis.

As a result, the Leaders of the G20 agreed on a series of high-level initiatives around which a new regulatory framework would be established and coordination would take place. Of particular note in the new regulatory framework was the establishment of a new Financial Stability Board as the successor to the Financial Stability Forum.

In support of the G20's call for greater coordination, IOSCO has advanced many of its regulatory priorities through its participation within other organizations such as the Financial Stability Board, the Joint Forum for Financial Conglomerates and the IASCF Monitoring Board. In addition, IOSCO has collaborated closely with the central bank committees – the Basel Committee on Banking Supervision and the Committee on Payments and Settlement Systems.

When considering the collaborative work being undertaken by these organizations, we must acknowledge both the unique perspective of securities regulators that is offered by IOSCO and the importance of the independent voice IOSCO provides for its securities regulator membership in this new international regulatory framework. For as we continue to pursue regulatory reform in these various international fora, we should not lose sight of the significant differences in certain of the guiding philosophies and goals among banking, insurance and securities regulators.

Although these regulators all have a common interest in maintaining the health and soundness of financial firms, for example by requiring the firms to maintain adequate capital reserves, and, of course, all of these regulators have an interest in enforcing the law, we should not lose sight of important differences in their perspectives. These differences are the result of the inherent tension in balancing the needs and interests of "investor protection" and financial stability.

In particular, the regulation and supervision of banks and insurance firms is more focused on stability than transparency. For example, enforcement actions of insurance and banking regulators are often negotiated and conducted far more discreetly than those in the securities sector - because banking and insurance regulators are concerned that that bad news about a



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firm or a public enforcement action will lead depositors or consumers to lose faith in that firm. Such a loss of faith could possibly lead to a run on the bank or a detrimental exit of policy holders.

By contrast, securities regulation is grounded on the principle of transparency. This focus is seen not only in securities regulator's emphasis on disclosure and transparent accounting and audit standards, but also extends to their methods of enforcement. Securities regulators tend to have aggressive and public enforcement programs where wrongdoers are prosecuted and punished swiftly and severely under watchful eyes of the public and the media. Indeed, securities regulators believe public enforcement actions are necessary to deter fraud and reassure investors of the integrity of the system.

For securities regulators understand that without the confidence inspired by the transparency brought about by stringent disclosure requirements and robust and public enforcement of the laws, investors will lose the faith needed to keep capital flowing. Without the trust of investors, our markets will grind to a halt.

The financial crisis highlighted the importance of sound regulation and cooperation among regulatory authorities around the globe. Accordingly, IOSCO will continue to play a central role in fostering cooperation among securities regulators and setting high-quality standards for capital market regulation. In addition, IOSCO will continue to support the work being done in the FSB and the other international fora in fostering regulatory reform and international regulatory cooperation among the financial sectors.

However, we must also remain steadfast in maintaining focus on our primary goals of investor protection and fostering fair, efficient and resilient markets for capital development through transparency, including sound disclosure supported by rigorous public enforcement. These goals should not be sacrificed, whether for political expediency or the sometimes competing needs of other financial sectors. For it is only through abiding by our mission and maintaining these objectives, can we, as securities regulators, ensure the health and vitality of our markets which are vital to the stability of the global financial system as a whole.

To conclude my remarks today, I would just like to restate what an honor it has been to serve as Chairman of the IOSCO Technical Committee. And although I will be stepping down from the Chair, we at the US Securities and Exchange Commission look forward to continuing our long-standing support and promotion of IOSCO's mission and goals.

I am sure that Mary Schapiro will relay the same message to you all tomorrow.

In conclusion, I would like to thank our hosts once again for their magnificent hospitality, and wish you all a most productive and worthwhile conference.