The 34th AMERC Annual Conference was hosted by the Capital Market Authority Oman, from the 24 to 25 February 2015 in Muscat, Oman. The theme of the conference was *Promoting Sound Regulation through Understanding the Balance between Its Costs and Benefits*. At the meeting I was also elected Chair of AMERC.

The Search for Greater Inclusiveness

Just as the visibility of AMERC has increased in recent years, so has its yearning for inclusiveness. Thus, at the Muscat meeting, members resolved to propose to the IOSCO Board the adoption of Arabic as one of the organization’s official languages. IOSCO’s Arabic speaking membership represents 50% of AMERC and consists of about 15 active members who together regulate jurisdictions with a market capitalization of more than one trillion dollars.

Given the size of IOSCO’s Arab membership, the adoption of Arabic as an official language will signal IOSCO’s commitment to be as inclusive as possible.

I commend IOSCO’s work on credible deterrence, SME financing and data gathering. IOSCO has focused significant attention on these crucial issues. Other important work streams include the joint work with the Financial Stability Board on OTC derivatives, risks and shadow banking.

AMERC Meetings

During 2015, AMERC held or attended the following meetings:

- **IOSCO Board Meeting, Seoul, South Korea**, 12 – 13 February 2015.
- **IOSCO Board Meeting, Toronto, Canada**, 6 – 7 October 2015.

We also continued to distribute the AMERC Quarterly Report, which informs the staff of member organizations of the latest issues regarding global capital markets.

Specific Regional Issues

Although many AMERC members have succeeded at becoming signatories to the IOSCO MMoU on cooperation and the exchange of information, a few still face challenges to qualify as (Appendix “A”) signatories. AMERC and the IOSCO General Secretariat will continue to offer support in the coming year to assist these members in overcoming these hurdles and others that may arise with the planned launch of a new Enhanced MMoU.

Our meetings continued to be a forum for discussing those issues most relevant to our region.

The 34th AMERC Meeting in Muscat examined cybercrime and information sharing.
Our 35th Meeting held on the sidelines of the 40th IOSCO Annual Conference -- themed Building a New Financial World -- focused on the need for regulators to prepare markets for playing a bigger role in driving economic growth and regional integration.

It also featured the presentation of a paper on Changing Technology and Implications for Regulation, Investor Protection and Systemic Imbalance in Emerging Markets.

The discussions on these technology-related issues underscored the need for members to pay more attention to cyber threats and resilience. Members were encouraged to improve their frameworks on enforcement, risk mitigation, market information sharing and corporate governance in an effort to enhance market efficiency and investor protection.

We continued our quest for best regulatory practices, greater capacity building and market development. This has spurred the region to collaborate and promote various training programs in the year. On this note, I commend the UAE Securities and Commodities Authority on its offer to host the AMERC regional pilot hub for capacity building, at its training center.

Objectives for 2016

As AMERC members, we are all committed to developing and deepening our markets, enhancing regulatory capacity and empowering investors as necessary, with the aim of building fair, transparent, efficient and resilient markets throughout the region.

We are committed to ensuring the success of the new IOSCO 2020 Strategic Direction and to encouraging members who have yet to qualify as signatories to the IOSCO MMoU to intensify their efforts as the Enhanced -MMoU gradually comes into play.

Challenges Facing AMERC Going Forward

The plunge in oil prices is a particular challenge for oil-exporting countries within the AMERC region, most of which are also grappling with serious security problems.

Another major challenge in 2016 is the spillover effect from policies and events in more advanced markets. AMERC, for its part, seeks to protect its markets from the effects of external shocks as much as possible.
The Asia-Pacific Regional Committee (APRC) is an important platform for developing further close ties and strengthening cooperation among regulators in the Asia-Pacific region. In 2015, the APRC continued to speak with a strong Asian voice on core issues that concern the sustainable development of Asia-Pacific capital markets, while recognizing in its work the diversity of Asian economies and regulations. The APRC also promotes greater regional convergence of standards, indicating that it is far more than a discussion forum. As can be seen from the following summary, the Committee has ensured that its work is practical and effective.

The APRC Roadmap, which sets out a strategic framework for making a meaningful contribution to the region’s development, was launched at the APRC meeting in Tokyo on 11 March 2015. Under the Roadmap, three working groups were established for the purpose of coordinating regional responses to the extraterritoriality of overseas regulations; for the mapping of Collective Investment Scheme (CIS) regulation; and for supervisory and enforcement cooperation.

To ensure that overseas rulemaking continues to reflect the views of its members, the APRC sent a letter in April 2015 to Commissioner Jonathan Hill of the European Commission (EC) and to other relevant bodies regarding equivalence decisions under the EU Capital Requirements Regulation (CRR) and its effect on Asia-Pacific markets. Commissioner Hill replied and acknowledged the concerns raised. He also separately wrote to each affected member jurisdiction to address their specific circumstances. The APRC’s collective efforts have facilitated equivalence decisions made by the European Commission, including those for CCPs.

The APRC subsequently sent a letter to the EC in November 2015, proposing to set up a regular forum to facilitate effective communication and implementation of EU cross-border financial reforms in Asia-Pacific. The APRC received a favorable response from Commissioner Hill in December. The APRC working group is now in discussion with the European authorities to establish this forum.

The APRC sent a letter to the IOSCO Board in March 2015 regarding regional cooperation under the IOSCO MMOU, the practice of restorative justice and APRC representation on Committee 4 for Enforcement and Exchange of Information. Two APRC members have since joined Committee 4 (Singapore MAS and Sri Lanka SEC) and one APRC member (China CSRC) has joined the Screening Group. There are now nine APRC members represented on Committee 4 out of a total of 31.

To expand regional cooperation for the supervision of firms, APRC members agreed to establish an APRC Supervisory Meeting alongside the annual Enforcement Meeting. The inaugural APRC Supervisory Meeting will be held in March 2016.

The Hong Kong SFC launched a series of inaugural APRC training webinars which have been very well attended and received. The use of webinars as a tool for capacity building is a highly effective and low cost method of sharing expertise among a large number of participants, including those in the growth and
emerging markets. The APRC webinar on risk-based supervision of market intermediaries now forms part of the IOSCO Online toolkit for members.

As members of the Pilot Hub Selection Committee for the APRC region, the Hong Kong SFC (as APRC Chair) and Singapore MAS (as additional APRC representative) considered the application from SC Malaysia. The role of a pilot hub is to provide a center for the training and education of regulators in an IOSCO region. APRC members were supportive of the application, which they submitted to the Selection Committee in December 2015, with the recommendation that SC Malaysia should host the first pilot regional hub of IOSCO in the region.

Ashley Alder will step down as Chair of the APRC in May 2016 after serving two terms.

Two APRC meetings were held in 2015: in Tokyo on 11 March and in London on 14 June.
The European Regional Committee (ERC) is the largest Regional Committee of IOSCO, composed of 49 ordinary members and two associate members, the European Securities and Markets Authority (ESMA) and the European Commission. The ERC Chair, together with the Hellenic Republic Capital Market Commission and the Swedish Finansinspektionen, represents the ERC on the IOSCO Board.
In 2015, the ERC held meetings in London (on the occasion of the IOSCO Annual Conference) and Krakow, Poland, as well as two conference calls.

On several occasions during the ERC meetings, members discussed important organizational and strategic issues for IOSCO, such as the 2020 Strategic Direction and the resources and funding of the organization. It also devoted ample attention to IOSCO’s role in capacity building. In this context, members discussed the initiatives within IOSCO to set up regional hubs.

During the ERC meetings, members were regularly provided with information on key issues pertaining to the activities of IOSCO’s policy committees and task forces, and they discussed issues relevant to the ERC, particularly in the area of investor protection and market conduct. The IOSCO General Secretariat also provided regular updates on the G20 and FSB work streams.

The ERC paid special attention to IOSCO’s work streams relating to credible deterrence and cross-border regulation. Members welcomed IOSCO’s Credible Deterrence report published in June 2015. The report identifies key features of enforcement that may deter misconduct in securities and investment markets. Members discussed the challenges of cross-border regulation and welcomed the fact that cross-border regulation and its monitoring remain on IOSCO’s agenda, following publication in September of the report of the IOSCO Task Force on Cross-Border Regulation.

Regarding the implementation of the IOSCO Multilateral Memorandum of Understanding concerning Consultation and Cooperation and the Exchange of Information (MMoU), the IOSCO General Secretariat provided regular updates on the status of MMoU implementation by the IOSCO membership, with a focus on ERC members. Nearly all ERC members have signed up to the MMoU. Regular updates and initiatives
continued to be carried out by the ERC regarding the remaining non-signatories.

In addition, members were informed of the progress on the drafting of the Enhanced MMoU that aims to improve the cooperation and information sharing between IOSCO members.

Members also continued regularly to discuss topics of particular relevance to the European region, notably through the exchange of information on relevant regulatory developments taking place in ERC jurisdictions, and with a focus on investor protection and market conduct. Experiences and best practices were shared among members. Committee members continued to be informed regularly about ESMA’s activities, including the latest regulatory developments in the European Union.

Emerging risks and trends in members’ financial markets were a regular topic of discussion. Members analyzed the specific issues faced by ERC jurisdictions and sought to identify emerging risks in European financial markets, with a view to drawing possible policy consequences, including additional potential areas of work for IOSCO.

A major topic of discussion was the possible risks involved in the marketing of leveraged financial products (including FX derivatives) to retail investors. The ERC is of the opinion that the ongoing IOSCO work on OTC leveraged products (Committee 3 on Regulation of Market Intermediaries) should lead to appropriate steps to address these risks to retail investors.

The ERC noted that the new 2020 Strategic Direction confirms that regional committees play a key role in ensuring that the interests and needs of members are understood and factored into IOSCO’s work. Effective communication and coordination between the four regional committees and other IOSCO bodies is crucial to ensuring that IOSCO’s significant initiatives are informed by the views of its members and that those members are aware of IOSCO’s ongoing work. The ERC is committed to playing its role in this strategy to the fullest extent possible.

Lastly, the Committee is grateful to Secretary General David Wright for his ongoing contribution to the ERC meetings and wishes every success to the newly appointed Secretary General.
The Inter-American Regional Committee (IARC) met three times during 2015 to discuss relevant issues for the supervision and regulation of capital markets in the Americas.

During our first meeting (January, Mexico City), the membership discussed the study *Diagnosis and recommendations for the development of the securities markets and cross border investments*, prepared by the Ibero-American Federation of Exchanges. The Committee also received updates on the three IARC-COSRA working groups (on self-regulatory organization (SRO) conflicts of interest, on the IARC-COSRA relationship; and on corporate governance). The Mexico City meeting was also a useful venue for a series of bilateral meetings in which non-MMoU signatories reviewed with the IOSCO Secretariat their progress for becoming full members of IOSCO and discussed issues requiring additional clarification. These meetings were organized to assist member jurisdictions to fully comply with the IOSCO MMoU process and to increase the number of signatories from the Americas.

The second meeting (June, London) was held during the IOSCO Annual Conference. The meeting was an opportunity to inform the membership of the different resolutions that would be submitted to the Presidents Committee later that week. These included the IOSCO 2020 Strategic Direction, its funding strategy, and capacity building. The meeting was also useful for following up on the different activities of the IARC-COSRA working groups.

The last meeting of 2015 was held in Kingston, Jamaica in November. There we focused our discussion on corporate governance issues, specifically the revised G20/OECD Principles and their implications for listed companies and listed state-owned companies. The original Principles were issued in 1999 and were later revised in 2004 and 2015. The discussion centered on board practices, strengthening shareholder rights, supervision and enforcement, and risk management.

IARC also discussed the June 2015 report *Adoption of Corporate Governance Practices in the Americas*. The report was coordinated by our Working Group and based on the answers to a 76-question survey completed by 17 countries. The survey obtained information regarding the development, implementation and enforcement of corporate governance standards in COSRA jurisdictions. In Jamaica, the committee also discussed alternative mechanisms for the financing of SMEs and different viewpoints on regulatory regimes for crowdfunding.

This IARC meeting was also an opportunity for our members to report on recent developments in their financial markets. Jamaica, for instance, presented its financial reform (covering securities, banking and payment systems); Mexico summarized its new energy and infrastructure vehicles; while Peru summarized its new regulation on economic groups and indirect ownership; among other presentations. In addition, we heard from a domestic credit rating agency that is undertaking cross-border operations and has obtained registration in foreign countries. Through this presentation we were able to assess the complexities of cross-border operations from the perspective of a market participant.

New MMoU signatories

Finally, one of the most important features of the last two years has been our efforts to help IARC
members become signatories of the IOSCO MMoU. In 2014, Argentina became a MMoU signatory and Mexico participated in the relevant verification team. In February 2015, the FSC of Jamaica became a full signatory. Finally, in 2016, two new members from IARC will join IOSCO, Ecuador and Turks & Caicos, bringing the total number of IARC signatories to 21 from 17. We will continue to support members in their application and screening processes. We will also ensure technical assistance to non-signatory members, helping them to make the necessary changes to become signatories to the IOSCO MMoU.

**Issues going forward**

Going forward, our domestic financial markets are facing new challenges. As the IOSCO Board and the Growth and Emerging Markets Committee have noted, a pressing task for us is to continue to expand our markets and prepare them to become key drivers of growth and competitiveness, and a source of financing for our businesses, particularly small and medium-sized enterprises. Consequently, IARC is firmly committed to these initiatives and has discussed alternative sources for SME financing, such as crowdfunding and SME trading platforms. Accordingly, IARC members also participated in the joint initiative of the Growth and Emerging Market Committee and the World Federation of Exchanges to analyze SME financing through capital markets.

Numerous discussions in international fora have sought greater integration of the region’s financial markets. Some IARC jurisdictions continue to move in this direction. An example is the Latin American Integrated Market (MILA), which since August 2014 comprises Chile, Colombia, Mexico and Peru. Panama and El Salvador also are undertaking a similar initiative.

As several IOSCO documents have noted, the current MMoU has set the benchmark for international cooperation in enforcement matters. By facilitating information sharing and cooperation, the MMoU enables the detection and prosecution of fraud and illegal conduct, deters wrongdoers and prevents regulatory arbitrage. But since 2002, when the current MMoU was established, global capital markets and financial technology have undergone significant changes. Therefore IOSCO has underscored in its 2020 Strategic Direction the Board’s commitment to completing the Enhanced MMoU, which will take into account the new challenges to the enforcement efforts of IOSCO members. Once the EMMoU is approved, the General Secretariat will require regional committees to support technical assistance programs and communicate the progress made on adoption. Consequently, IARC will coordinate with the General Secretariat the provision of technical assistance programs for implementation of the EMMoU in the Inter-American region.

All these challenges will continue to be further analyzed and discussed in the forthcoming years.