



Report from the Chair of the Africa/Middle-East Regional Committee (AMERC)

Mr. Paul Murithi Muthaura

- > Chair of the Africa/Middle-East Regional Committee
- > Chief Executive, Capital Markets Authority, Kenya

Two key focus areas of the Africa/Middle-East Regional Committee (AMERC) in 2017 were to identify comparative lessons on promoting new listings on the region's stock exchanges and the continued enhancement of the regulatory capacity of its members. During the year, AMERC also provided a regional perspective to IOSCO work in such areas as market resilience and development, data management and the exchange of information, investor protection, and financial innovation.



In May 2017, AMERC created a working group to examine the impediments to new stock market listings in the AMERC region and to draw on the experience of IOSCO members in tackling this challenge. The new group also discussed efforts to streamline current regulatory requirements to facilitate new listings. This work forms part of AMERC's quest to build the region's capital markets into a leading source of corporate funding and a driver of economic growth in member jurisdictions.

In February, AMERC staged its annual conference in Abu Dhabi on *The Role of Financial Markets in Building an Economy based on Knowledge, Innovation and Happiness*. The Annual Conference featured the Minister of Economy, HE Sultan bin Saeed Al Mansouri, as a speaker and held three panels on education and scientific research, global market trends in innovation and the role of Fintech, and the knowledge economy.

At the AMERC meeting in February, the IOSCO Secretary General described the organization's policy priorities for the year, which included examining the role of financial technology and automation, enhancing investor education and protection, and analyzing capital formation and sustainability issues.

The Moroccan Capital Market Authority (AMMC) also presented the results of the 22nd Conference of the Parties (COP22) held in November 2016 in Marrakesh, where participants launched the Marrakech Pledge to promote green finance in the region. Comprised of 19 African

capital market regulators and stock exchanges from 23 African nations, the Marrakesh Pledge is a commitment by its members to promote sustainable development and foster green capital markets in Africa. In Abu Dhabi, the AMMC invited African jurisdictions that were not already members to join this initiative.

In May 2017, AMERC held its meeting in Jamaica on the sidelines of the IOSCO Annual Conference, where it discussed IOSCO projects to expand capacity building for members, particularly from emerging and growth markets. In this context, the CMA Kenya was pleased in November 2017 to host Phase 1 of the Regional Technical Assistance Program on Inspection Manuals which targeted seven regional members and had representatives from five jurisdictions. The TA program was facilitated by the IOSCO General Secretariat and Mr. Greg Tanzer, a former Secretary General of IOSCO and ASIC Commissioner. Noting the positive progress made during the program, non-attendee jurisdictions made a fresh commitment to leverage the lessons learned from the development of a skeleton inspection manual for domestic use during Phase 2.

In both of its meetings in 2017, AMERC discussed with members of the IOSCO Board and the Secretariat ways to increase its contribution to the organization's priority work. It also analyzed emerging risks in member jurisdictions arising from the growth of Ponzi schemes, online investments, and the lack of surveillance capability among many of the region's regulators.





Report from the Chair of the Asia-Pacific Regional Committee (APRC)

Mr. Jun Mizuguchi

- > Chair of the Asia-Pacific Regional Committee
- > Deputy Commissioner for International Affairs, Financial Services Agency, Japan

The Asia-Pacific Regional Committee is an important forum for promoting cooperation among regulators in the Asia-Pacific region. The committee also serves as a platform for APRC regulators to engage with their counterparts in other parts of the world, helping to break down barriers to financial integration on a global scale.

APRC members met twice in the year to consider issues that are increasingly relevant to regulators in both the region and worldwide, such as sustainability and green finance, financial technology, cyber resilience, and regulatory developments in Europe and the United States.

By working through the APRC, the region's securities markets regulators contribute more effectively to IOSCO policy work. In 2017, committee members met to discuss IOSCO policy initiatives and implementation of the G20 financial reform efforts and to stay abreast of the latest developments affecting global capital market stability and resiliency.

At their meeting during IOSCO's annual conference in May, APRC members exchanged views on the emerging risks in the region and their potential impact on financial stability. The IOSCO Secretariat updated the APRC on the prioritization of IOSCO workstreams and other financial developments, IOSCO Standards Implementation Monitoring, and data privacy issues arising from the 2018 European Data Protection Regulation.

At its meetings in Colombo in September 2017, the APRC focused on the effective supervision of harmful but legal conduct, the common enforcement challenges for the region, the impact of European Union regulations on Asia-Pacific markets, and possible capacity building initiatives in the region, following the launch of the IOSCO Capacity Building Hub in Kuala Lumpur earlier in the year.

The meeting was preceded by the IOSCO APRC Supervisory and Enforcement Meeting and followed by the annual meeting of the IOSCO Growth and Emerging Market Committee. The Securities and Exchange Commission of Sri Lanka hosted all three events.

The APRC participated in the second EU-Asia Pacific Forum on Financial Regulation in Hong Kong in December 2017—an event that has proven to be a valuable platform for cooperation and information exchange on cross-border issues between banking and securities market regulators from the two regions.

The EU delegation was led by Mr. Valdis Dombrovskis, Vice President for Financial Stability, Financial Services, and Capital Markets Union of the European Commission, and Ms. Verena Ross, Executive Director of the European Securities and Markets Authority (ESMA). IOSCO Chair Ashley Alder and I represented IOSCO and the APRC, respectively.

Participants exchanged views on asset management and funds passporting, developments in sustainable finance and Fintech. They also deliberated on many of the issues that APRC members discussed at their meetings throughout the year, including MiFID II and EU benchmark reform.





Report by the Chairman of the European Regional Committee (ERC)

Mr. Jean-Paul Servais

- > Chair of the European Regional Committee
- > Chairman of Belgium's Financial Services and Markets Authority (FSMA)

Throughout the year, the European Regional Committee (ERC) served as a forum for IOSCO's European members to share their views on regional developments and IOSCO related matters.

As the largest regional committee in IOSCO, the ERC gave voice within the organization to European views on a range of global issues, including developments in the growing asset management industry and concerns over retail OTC leveraged products, particularly those sold cross-border and by unregulated entities.

During its three meetings in 2017 in Paris, Montego Bay (Jamaica), and Vienna, the ERC also engaged with the General Secretariat on IOSCO Board policy priorities, the launch of the IOSCO Standards Implementation Monitoring Program, and the introduction of the Enhanced Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information (E-MMoU).

In 2017, all but four of the 50 ERC members were signatories to the original MMoU, the instrument used by securities regulators to share information and combat cross-border fraud and misconduct. The four remaining members were listed on Appendix B, the list of IOSCO members who lack the legal authority to comply fully with the MMoU provisions but are committed to becoming signatories.

Moreover, three European members applied to become among the first signatories of the EMMoU, which provides for additional enforcement powers that IOSCO believes are necessary for enhancing the effectiveness of information sharing.

During the year, ERC members also discussed IOSCO's work related to structural vulnerabilities from

asset management activities, the regulatory issues around Initial Coin Offerings (ICOs), and the latest developments in financial technologies and innovation. Members shared their experiences operating regulatory sandboxes and innovation hubs and addressing the potential risks of technological innovation without stifling its potential benefits. Members exchanged views as well on national approaches to investor education and welcomed IOSCO's initiative to coordinate the World Investor Week.

The ERC maintained a fluid dialogue with the European Securities and Markets Authority (ESMA, an ERC associate member and Board observer) throughout the year and received regular updates on ESMA's latest work on the benchmark regulation, asset management, Markets in Financial Instruments Directive or MiFID II, and the European Market Infrastructure Regulation (EMIR). The EU Commission, which is an IOSCO associate member, updated the ERC on the Capital Markets Union (CMU) initiative, which comprises several projects aimed at further integrating EU capital markets. Members also discussed the introduction of the General Data Protection Regulation or GDPR in May 2018 and its interaction with the cooperation among the signatories of the IOSCO MMoU.





Report by the Chairman of the Inter-American Regional Committee (IARC)

Mr. Marcos Ayerra

- > Chair of the Inter-American Regional Committee
- > Chairman, Comisión Nacional de Valores, Argentina

The Inter-American Regional Committee (IARC) met twice in 2017 to discuss relevant issues for the region's securities regulators and supervisors.

The committee provided a platform for members to exchange ideas on IOSCO policy initiatives and to share their experiences with new technologies, cyber issues, and market development, among other things. Market-based financing, emerging risks in the region, and the integration of financial markets in Latin America were among the key topics and concerns discussed.



At its May meeting in Jamaica, IARC engaged with members of the IOSCO General Secretariat on the launch of the Enhanced Multilateral Memorandum of Understanding on cooperation and the exchange of information (EMMoU), and the requirements for IOSCO members to become signatories to this new enhanced standard for cross-border enforcement cooperation. Three IARC members submitted their applications in 2017 to become signatories to the EMMoU.

During the IOSCO Annual Conference in May, the Superintendencia de Mercado de Valores de Panama became the 20th IARC member to sign the MMoU--the predecessor to the Enhanced MMoU--out of a total of 28 members. By the end of 2017, five IARC members were listed under Appendix B of the MMoU, the list of members who lack the legal authority to comply fully with the MMoU provisions but are committed to becoming signatories. Two associate members from the region also applied to become signatories in 2017.

At the Jamaica meeting, the Vice Chair of the IOSCO Assessment Committee (AC) updated IARC members on the launch of the IOSCO Standards Implementation Monitoring (ISIM) project. The objectives of the ISIM are to monitor the implementation of the IOSCO Principles for Secondary Markets, to identify gaps and good practices in their implementation, and to identify areas where future policy work may be required.

The AC Vice Chair encouraged IARC members to participate in the ISIM. This program enables members

to access the implementation of IOSCO principles for secondary markets in each jurisdiction and lay down a path for improvement. Strengthening our capital markets is an IARC goal, as our markets become an increasingly important source of funding for companies, particularly small and mid-sized enterprises.

Members also discussed the biggest challenges facing the region at its meeting in Jamaica and then again in October in Cancun, Mexico. Cybersecurity, regulatory and financial technology, cross-border cooperation and integration of local markets, and complex retail financial products were among the most important issues discussed. The views of IARC members helped inform IOSCO policy discussions through our representatives on the IOSCO Board.

IARC also discussed innovative new projects undertaken by its members. These included initiatives to finance local SMEs, including Argentina's launch of simple bonds that feature a streamlined and standardized procedure for registration and documentation; Panama and El Salvador's progress in integrating their stock exchanges, clearing houses and regulators; the progress made in regional integration by the Pacific Alliance of Latin American countries, and Canada and Mexico's progress with advancing technological innovation and Fintech initiatives.

I look forward to working with my colleagues at the IARC in the future. Together we can build robust capital markets in our region and make a valuable contribution to IOSCO's projects and initiatives on a global scale.

