



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

During 2018, IOSCO’s Africa/Middle-East Regional Committee (AMERC) made important contributions to IOSCO’s work, particularly regarding sustainable finance, long-term market based finance and fintech, among other IOSCO Board priorities. The committee also provided a regional perspective to a spectrum of workstreams, thereby enriching IOSCO’s guidance and standard setting work.

The committee played an important role in helping its members identify and address emerging risks in the region while also contributing to IOSCO’s Risk Outlook, spearheaded by the Committee on Emerging Risks and the IOSCO Secretariat.

As part of its effort to facilitate economic growth in the Africa/Middle East region, AMERC focused its annual conference in Rabat in January 2018 on the theme *Market Based Finance in Africa and the Middle-East: Challenges & Opportunities*. This event provided an important platform for members to share experiences on addressing the challenges of how to finance infrastructure projects and highlight the benefits of financing the green economy.

The conference also included a session that focused on the challenges of assisting small and mid-sized enterprises (SMEs) in the region to shift their source of financing from banks to market-based alternatives.

During the year, the committee made important progress in assessing the role of regulators and policy makers in attracting new company listings to the region’s stock exchanges. This work responded to a substantial drop in the number of new listings during the previous five years. For this project, AMERC’s Working Group on Listings sought to identify and compare approaches to address the impediments to new stock market listings.

The work culminated in a series of proposals aimed at helping members build the region’s stock exchanges into a source of market-based financing, particularly for SMEs. To convert these proposals into a replicable set of recommendations, AMERC began discussions with Financial Sector Deepening Africa (FSDA) to support a potential consultancy project in this area.

AMERC also held an in-depth session during its private meeting in Rabat on *Fintech, Regulatory Sandboxes, Reglabs: Buzzwords or Real Implications for AMERC?* The meeting was led by Nezha Hayat, then AMERC Vice Chair and President and CEO of the Moroccan Capital Market Authority (MCMA), the meeting host.

I was honored to participate in a panel discussion with IOSCO Secretary General Paul Andrews and Waleed al Awadhi of the DFSA Dubai that examined the opportunities, challenges and implications of developing new financial technologies. The meeting also allowed AMERC members to deliberate on the key regulatory challenges and risks stemming from cybersecurity, market concentration and money laundering and their impact on investor protection. These risks notwithstanding, members concluded that financial technology is a game changer transforming the structure of the global financial system, supporting borderless economies, increasing financial inclusion, disrupting markets and market participants and

facilitating the emergence of new companies and market funding solutions.

I presided over my first meeting as AMERC Chair in Budapest in May 2018, accompanied by the new committee Vice Chair, Mishaal Al-Usaimi of the Capital Markets Authority Kuwait. I commend our predecessors, Ms. Mary Uduk of the SEC Nigeria and Ms. Hayat of the AMMC Morocco, for the time and effort they dedicated to AMERC during their tenure as Chair and Vice-Chair of AMERC, respectively.

The IOSCO Annual Meeting in Budapest presented an opportunity for AMERC members to familiarize themselves with the key topics discussed by the Board, including data privacy, initial coin offerings, exchange-traded funds, sustainable finance and innovation and fintech.

In Budapest, members also discussed increasing the number of signatories to the Marrakech Pledge, which seeks to promote green finance in Africa, while contributing to the Growth and Emerging Market (GEM) Committee's work on sustainable finance. Members agreed that *green initiatives* are vital to promoting sustainable capital markets and that AMERC should seek to help meet global demand for sustainable assets.

Following the GEM Committee Annual Meeting in Cayman Islands, I was pleased to note the alignment of our region with the outlook of the wider GEM Committee membership in areas such as fintech -- its risks and opportunities-- the impact of technological innovations on the regulatory environment, sustainable finance and Africa's potential to provide leadership in this space through the Marrakech Pledge.





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 a forum for promoting cooperation among securities markets regulators in the Asia-Pacific region. The committee also serves as a platform for APRC regulators to engage with their counterparts in other areas of the world to enhance cross-border cooperation and trading in securities and derivatives markets.

APRC members met twice in 2018 and provided IOSCO with views from an Asian Pacific perspective on a range of global issues, including harmful but legal conduct, crypto-assets and initial coin offerings (ICOs) and sustainable finance.





Most of these global issues are priorities for the IOSCO Board, which enables the APRC to align its work with IOSCO's key policy initiatives.

In May 2018, at their meeting during IOSCO's Annual Conference in Budapest, APRC members discussed emerging risks in the Asia-Pacific region and their potential effect on financial stability. The IOSCO Secretariat updated the APRC on the prioritization of IOSCO workstreams and other financial developments regarding ICOs, IOSCO Standards Implementation Monitoring and data privacy issues arising from the European Union General Data Protection Regulation (GDPR) and which had the potential to affect IOSCO enforcement work.

In October, members gathered in Kuala Lumpur and extensively discussed the issues around harmful but legal conduct, crypto assets/ICOs and the development of European Union reforms and regulations. The Secretariat also updated the APRC on the relevant topics discussed at the October Board meeting.

The APRC's supervisory and enforcement meetings preceded the plenary meeting. In the supervisory meeting, participants discussed the issues around supervision, including the application of suitability requirements for the online distribution and advisory platforms, conduct risk, a risk-based approach for anti-money laundering and counter-terrorism financing and the liquidity risk management of open-ended funds. At the enforcement meeting, members analyzed the common enforcement challenges for the region posed by insider trading and market manipulation, cybercrime, anti-money laundering and counter-terrorism financing, among other things.

This year, the plenary meeting was followed by the third annual EU-Asia Pacific Forum on Financial Regulation, a platform for cooperation and information exchange on cross-border issues among banking and securities market regulators from the two regions. As in the past two years, the participants exchanged views regarding Brexit, the EU Markets in Financial Instruments Directive II (MiFID II), EU Benchmark Regulation (BMR) and the European Market Infrastructure Regulation (EMIR), as well as the EU GDPR, which went into effect in May 2018.

These meetings enable regional authorities to discuss relevant issues for the Asia-Pacific region in more detail and therefore gain a deeper understanding of the regulatory frameworks of each of the region's individual jurisdictions.

They also allow members to discuss APRC contributions to policy development within IOSCO. For example, in December 2018, the IOSCO Board approved mandates on market fragmentation and crypto assets, which are standing agenda items at APRC meetings.

The first mandate called for IOSCO to explore the cross-border impact of international regulation on securities markets -- a high priority issue for the Japanese G20 presidency and IOSCO, which published an important report on fragmentation in 2019. The second mandate entails examining the issues around the regulation of crypto asset trading platforms.

Finally, I would like to thank Bing Shen, the Vice Chair, and the IOSCO Secretariat who have always been extremely supportive. I am looking forward to working together with all the members to strengthen cooperation across the region.



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)

The European Regional Committee (ERC) serves as a forum for IOSCO's European members to share their views on financial developments and regulatory matters in the region. As the largest regional committee, with 11 members and an observer on the Board, the ERC is an important contributor to IOSCO discussions on Board policy priorities.





During its three meetings in 2018 in Madrid, Budapest and Luxembourg, the ERC analyzed key developments in European and global securities markets and their possible impact on investor protection, financial market integrity and systemic risk. Members examined important issues arising from initial coin offerings (ICOs) and crypto assets and shared their regulatory experiences regarding these and other fintech developments. Members also considered how technology could assist regulators to make decisions more effectively and improve regulatory compliance and outcomes.

Throughout the year, the ERC reviewed the latest developments related to asset management -- particularly IOSCO's work on leverage and liquidity -- the reform of the international audit standard-setting process and the issues around sustainable finance. In 2018, European regulators led much of the work in these areas and made valuable contributions to other IOSCO Board projects. The ERC also followed up on the measures IOSCO proposed for its members to consider when addressing the risks arising from the offer and sale of OTC leveraged products to retail investors.

ERC members led three important IOSCO initiatives: the Fintech Network, the Sustainability Network and the ICO Support Framework. The European leaders of each of these three projects gave regular updates to the ERC on recent developments in each of these areas.

As in past years, the ERC maintained a fluid dialogue on European market issues with the European Securities and Markets Authority (ESMA), an IOSCO associate member and Board observer with a non-voting seat on the ERC. ESMA provided regular updates on important regulatory matters, including the latest EU benchmark reform work, the Markets in Financial

Instruments Directive (MiFID II) and the European Market Infrastructure Regulation (EMIR). Each of these initiatives has a significant impact far beyond European borders.

Members also discussed the European Union General Data Protection Regulation or GDPR --which went into effect in May 2018. Among other things, members exchanged views on how best to ensure that cross-border exchanges of information between European Economic Area (EEA) and non-EEA securities regulators would continue in a manner consistent with the new GDPR, the IOSCO MMoU and the overall public interest.

Members deliberated on the possible role of IOSCO in addressing market fragmentation, a priority for the G20, the Financial Stability Board and the IOSCO Board.

In 2018, all but three of the 50 ERC members were signatories to the MMoU. The three non-signatories were listed in Appendix B, the list of IOSCO members that lack the legal authority to comply fully with the MMoU provisions but are committed to becoming signatories. The ERC encourages its members to apply to become signatories to the Enhanced MMoU, which provides for additional enforcement powers that IOSCO believes are useful for enhancing the effectiveness of information sharing.

Finally, I would like to thank my colleagues at the ERC for my re-election as ERC Chair. I am also pleased that Erik Thedéen of Sweden was re-elected Vice Chair. I look forward to working closely with him and other ERC members to analyze both the challenges and the opportunities that lie ahead in European markets. I am also grateful to the IOSCO Secretary General and the IOSCO staff for their support to the committee.



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 2018 to discuss issues relevant to securities regulators and supervisors in the region. The committee meetings provided a platform for members to exchange ideas on IOSCO policy initiatives and to share their experiences addressing the regulatory challenges arising from things such as financial technologies, cyber issues and market volatility. During the year, the committee also discussed sustainable finance, crypto assets and the integration of financial markets in Latin America.

The fact that IARC members hail from both developed and emerging jurisdictions enriches these discussions, as it broadens members' perspective of key issues and trends altering and shaping global capital markets. For example, at the IARC meeting in Budapest in May, OSC Ontario described the rapid growth in online investing in its jurisdiction, the advent of funds investing in initial coin offerings and the regulatory concerns that these developments raise. Various members also provided regulatory updates on fintech initiatives in their jurisdictions aimed at encouraging innovation while protecting investors, increasing financial inclusion and deterring money laundering and other wrongdoing. The SIMV Dominican Republic and the SMV Peru described their new legal regimes for investment funds and funding platforms, respectively; the FMC Chile explained recent changes to the governance of its financial market supervision aimed at improving and strengthening the independence and legal powers of the country's financial supervisors.

At the meeting, Deputy Secretary General Tajinder Singh updated members on Board priorities such as sustainable finance, asset management, crypto assets and ICOs. The discussion that followed enabled the members of the Inter-American region to understand the Board's policy work in more depth.

Mr. Singh also described the latest developments concerning the EU Data Protection Regulation on the transfer of personal data between financial supervisory authorities from the European Economic Area and those from non-EEA jurisdictions. Importantly, members discussed how the new regulation, which went into effect shortly after the meeting, could potentially affect cooperation and the exchange of information under the IOSCO Multilateral Memorandum of Understanding (MMoU) for enforcement purposes. The IARC welcomed the agreement reached in early 2019 between IOSCO and the European Protection Data Board that enables the continued exchange of information, as several IARC members are among the most frequent users of the MMoU.

At the IARC/COSRA meeting in the Cayman Islands in September 2018, IOSCO Secretary General Paul Andrews briefed the committee on various items, including the latest developments of the GEM Committee's Data Sharing Platform, launched in March 2018.

He urged IARC members to share their views and provide feedback on the platform, which offers information on the different GEM Committee members' regulatory frameworks and market architecture and relevant statistical data.

As Chairman of the IARC, I presented the CNV Argentina's thought-provoking case study on the lessons learned during the recent transformation of the Argentine capital markets and the turmoil it created. The study inspired an instructive discussion among members who shared their own experiences addressing market volatility and other challenges arising from the transformation of capital markets.

Members also discussed the progress made on various regional initiatives to integrate local markets and promote cross-border capital flows in the region, including efforts by the Pacific Alliance of Latin American Countries to further integrate jurisdictions in the region. Other projects included the bilateral agreement for the launch of the *Brazil-Argentina Passport for Funds Project*, which is part of an initiative to facilitate the distribution of funds in both Latin America and international markets, and the effort by Panama and El Salvador to integrate their financial markets further.

By working together, all IARC jurisdictions can better confront the challenges that lie ahead in their rapidly evolving financial markets, while making a valuable contribution to IOSCO's projects and initiatives on a global scale.

