



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

### Mrs. Nezha Hayat

- > Chair of the Africa/Middle-East Regional Committee
- > Chairperson and CEO, Autorité Marocaine du Marché des Capitaux, Morocco

During 2019, IOSCO's Africa/Middle-East Regional Committee (AMERC) focused on a range of regulatory and financial issues facing both the region and IOSCO members in general.





In January 2019, AMERC held its 42<sup>nd</sup> meeting in Kuwait, during which members discussed the issues related to sustainable finance, Fintech, long term finance, including listings, and financing for small and medium-sized enterprises (SME).

During the meeting, the Moroccan Capital Markets Authority (AMMC) and Abu Dhabi Global Market (ADGM) shared their experiences in developing green financial products in their jurisdictions. The Financial Sector Deepening Africa (FSDA) presented its ongoing work with nine AMERC members to promote and support sustainable finance initiatives to strengthen financial markets across sub-Saharan Africa. In the future, the FSDA will provide guidance on the implementation of sustainable finance standards in Africa, building on the foundation laid by the Marrakech Pledge, the regional agreement to promote green finance on the continent. AMERC agreed to partner with the FSDA to study listing regimes in the Africa Middle East region and map the way forward.

At the 43<sup>rd</sup> meeting of AMERC in May 2019, in Sydney, members considered how to foster market listings on the region's exchanges, a concern to all involved. The AMERC Working Group on Listings reported on its survey of members regarding listings in their jurisdictions. The report indicated that a vast majority of members had recorded ten or fewer listings over the previous five years, implying that businesses in the region, particularly SMEs, continue to depend heavily on banks, rather than capital markets, for financing.

Based on the survey's findings, the Working Group made several recommendations aimed at streamlining the requirements for listings, educating and preparing companies to list and encouraging prospective issuers. AMERC believes these recommendations will help clear the way for more companies to list on regional exchanges, which is a key to future economic growth.

In addition, AMERC members discussed emerging risks and vulnerabilities in their jurisdictions. The committee contributed its conclusions to IOSCO's annual Risk Outlook, thereby helping define the IOSCO Board's priorities for 2020. Among the important risks for AMERC are cyber-security and resilience, crypto assets, money laundering, an unfavorable macroeconomic environment and investor protection issues.

In September 2019, in Abu Dhabi, AMERC held a high-level seminar on the *Development of Sukuk Markets in the Middle East and Africa*, jointly with the Islamic Financial Services Board. Participants gained insights into the prospects for and challenges facing Islamic Finance and Sukuk worldwide. They discussed issues such as the impact of technological innovation on the growth of Islamic Markets, the need to strengthen regulatory frameworks and how to enhance investor protection.

In November 2019, in Morocco, the AMMC organized a high-level program on developing green capital markets in the region, jointly with the Toronto Center. The event provided a venue for exchanging information on the global financial market, sharing experiences in building green capital markets, networking and debating the issues arising from climate change and related financial policy and institutional innovation.

The AMMC and Toronto Centre published a white paper on the key factors contributing to the development of green capital markets globally, examples of African countries that have developed or started to develop green capital markets and the key action-oriented recommendations discussed in the program.

Finally, I am grateful to the former Chair of the Kenya CMA, Paul Muthaura, for his efforts to advance the work of this committee during his mandate as Chair. I look forward to working together with all the members to strengthen cooperation across the region.



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

### Mr. Jun Mizuguchi

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

**The Asia-Pacific Regional Committee serves as a forum for sharing information and promoting cooperation among securities markets regulators in the Asia-Pacific region. The committee also provides a platform for APRC regulators to engage with their counterparts in other regions on cross-border issues and to exchange views with the IOSCO leadership on work priorities.**

APRC members met twice in 2019 to discuss important issues for the region, including harmful but legal conduct, market fragmentation, Fintech, crypto assets and sustainable finance. Most of these subjects are also priorities for the IOSCO Board, which enabled the APRC to align its work with the Board's policy initiatives and inform IOSCO policy and risk-analysis efforts from an Asia-Pacific perspective. In several cases, APRC members have led the IOSCO work streams on priority issues, underscoring the region's significant contributions to IOSCO work.

In 2019, the IOSCO Board agreed to draw more heavily on the expertise and experiences of its regional committees in identifying risks, trends and vulnerabilities in capital markets for the preparation of the IOSCO Risk Outlook. As requested, the APRC prepared short notes on specific risk-related issues, such as market fragmentation, crypto assets, the dark web and the private fund sector, analyzed from an Asia-Pacific perspective.

In June 2019, the IOSCO Follow-up Group to the former Task Force on Cross-border Regulation published a report on *Market fragmentation and Cross-border Regulation*. The report revisits the issues around cross-border regulation and its developments, which have been a standing agenda item at APRC meetings. Christopher Giancarlo, then Chair of the US Commodity Futures Trading Commission (CFTC), and I co-chaired this Group, which received significant input

from APRC members. The report also cites the EU-Asia Pacific Forum, the annual dialogue among members of the APRC, the European Commission and the European Securities and Markets Authority (ESMA), as an example of how to foster mutual understanding. In October 2019, the Board approved the follow-up work plan to address market fragmentation. Going forward, the regional committees, including the APRC, are expected to identify whether and how existing and emerging issues are developing, taking into account the potential cross-border implications for the region.

At its meeting in Sydney in May 2019, the APRC created a working group to enhance supervisory cooperation among its members and inform IOSCO on policy issues regarding cross-border supervision. As part of this effort, members agreed to organize a pilot project of holding a high-level symposium on supervision to complement its annual Supervisory Directors' Meeting. The Australian Securities and Investment Commission (ASIC) and the Financial Services Agency Japan (JFSA) co-chair the working group.

The APRC has also been discussing conduct-related issues extensively, including harmful but legal conduct. APRC members actively encouraged the Board to consider addressing these issues at its meetings, which led to the establishment of a Board-level task force on retail market conduct in February 2020. The task force is co-led by ASIC, together with the Central Bank of Ireland.



The APRC's work has long focused on the topic of crypto-assets. Because a number of APRC member jurisdictions have adopted or are considering legal and regulatory frameworks for crypto-assets, the APRC has proven to be a useful forum for peer authorities to exchange information and learn from each other. The experience and insights of the APRC member authorities informed the IOSCO-wide discussion on this matter, including the consultation report on *Issues, Risks and Regulatory Considerations Relating to Crypto-Asset Trading Platforms* published in May 2019.

In October 2019, the JFSA hosted the APRC plenary meeting in Tokyo. Among other things, the plenary meeting focused on sustainable finance, conduct-related issues and cross-border supervisory cooperation. The APRC agreed to make sustainable finance a standing agenda item. In April 2020, it established an APRC working group on sustainable finance, led by the Securities and Futures Commission of Hong Kong. The APRC's annual Supervisory Directors' Meeting and Enforcement Directors' Meeting, which typically precede the plenary meeting, promote and facilitate dialogue and the sharing of experiences among members concerning supervisory and enforcement-related topics of particular relevance to the region.

In conjunction with these meetings, APRC members also held the annual EU-Asia Pacific Forum in Tokyo. With the participation of 18 jurisdictions, the Forum has proven to be an excellent opportunity for regulators and supervisors from both regions to enhance cross border cooperation and address issues of common interest, such as sustainable finance and market fragmentation.

Finally, I would like to thank all APRC members for supporting my re-election as Chair of this committee. I believe the APRC's active contribution, as described above, provides the wider IOSCO community with valuable insights. Since March 2020, APRC members have been actively collaborating and exchanging information with each other regarding COVID-19. We have periodic conference calls to identify potential spill-over effects with a cross-border impact from COVID-19.

As APRC Chair, I am very much looking forward to continuing to work closely with all my APRC colleagues and other IOSCO members on important matters, including overcoming the current difficult situation.





## 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 that impact the region. As the largest regional committee, with 11 members and an observer on the IOSCO Board, the ERC is a regular contributor to the organization's risk identification and policy-making work.**

During its three meetings in 2019 in Dublin, Sydney and Saint Petersburg, the ERC analyzed the principal developments in European and global securities markets and their possible implications for investor protection, financial market integrity and systemic risk. At their meetings, ERC members discussed IOSCO work on sustainable finance, the regulation of crypto-assets, misconduct, market fragmentation and cross-border regulation and financial technology, among other policy matters. ERC members also shared information on IOSCO's increased interaction with other standard-setters and the Financial Stability Board.

As in past years, ERC members maintained an open and 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 EU regulatory developments throughout the year. While the EU's regulatory initiatives have particular ramifications for European jurisdictions, their impact often extends beyond European borders. ERC helps ensure that other IOSCO members understand the European stance on important issues.

ERC members, especially ESMA, played a vital role in IOSCO's discussions with the EU Data Protection Board on the EU General Data Protection Regulation (GDPR) that went into effect in May 2018. In February 2019, these discussions led to an agreement on the content of an Administrative Arrangement (AA) that

provides safeguards for personal data transfers to supplement existing information-sharing arrangements and strengthen international cooperation. The AA offers a mechanism consistent with the GDPR under which European Economic Area (EEA) authorities can share personal data with non-EEA authorities for supervisory and enforcement matters. This agreement is of great importance to IOSCO because it enables members to continue exchanging crucial information for enforcement purposes under the IOSCO Multilateral Memorandum of Understanding (MMoU) and its newer, enhanced version, the EMMoU. During the year, the ERC encouraged its members to sign the AA to underpin IOSCO members' enforcement work.

ERC members led key IOSCO initiatives in 2019, including the Fintech Network, the Sustainability Network and the ICO Consultation Network and Support Framework. Members received regular feedback on these initiatives from the ERC members who led them. This process allowed members to express their views on the preparatory workstreams that drafted important IOSCO reports, such as the report on Sustainable Finance, which were later published.

Since evidence of benchmark manipulation emerged in 2012, European members have been a driving force behind IOSCO's pioneering work on the global benchmark reform. This work includes the campaign launched in 2019 to raise awareness among relevant market participants of how an early transition to Risk-



Free Rates can mitigate potential risks arising from the expected cessation of LIBOR after the end of 2021.

The ERC supported IOSCO's work on market fragmentation, a priority for the G20 and the Financial Stability Board. On several occasions, the ERC discussed the measures that IOSCO could explore to mitigate the risk and potential adverse effects of fragmentation on global securities markets (see the resulting IOSCO report on *Market Fragmentation and Cross-Border Regulation*, published in June 2019). In 2020, members are focusing on follow-up work to this report.

During IOSCO's annual meeting in Sydney, the ERC participated, like the other IOSCO regional committees, in IOSCO's risk identification work for the first time. By engaging with IOSCO's four regional committees, the IOSCO Committee on Emerging Risks seeks to gain a broader view of key regulatory issues and the risks,

trends and vulnerabilities in global securities markets, to inform the IOSCO Risk Outlook. ERC members prepared short discussion notes on artificial intelligence and big data, the impact of climate change on capital markets and the effect of low interest rates on retail investment -- all from a European perspective. The ERC strongly supports this risk identification process, as it elicits a wide range of views to supplement the input from policy committees.

I warmly thank the General Secretariat for its valuable help in supporting the Committee. I look forward to continuing to engage with my ERC colleagues and thereby contributing to the inclusiveness of the organization. The relationships and channels of communication that ERC members have forged among themselves in recent years will serve us well in meeting the continuing challenges that lie ahead with the outbreak of COVID 19.





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

### Mr. Antonio Quesada

- > Chair of the Inter-American Regional Committee
- > Vice President, Regulatory Policy, Comisión Nacional Bancaria y de Valores, Mexico

**The Inter-American Regional Committee (IARC) met twice in 2019 to discuss issues relevant to securities regulators and supervisors in the region. Our committee meetings provide a platform for members to exchange ideas on IOSCO policy initiatives. Members also share their experiences in addressing the regulatory challenges posed by new financial technologies, market fragmentation, conduct issues, sustainable finance and, more recently, COVID 19, among other matters.**

IARC offers valuable analysis from its internal discussions to the Board and provides a regional perspective on critical issues that concern the wider IOSCO membership. Because IARC members are from both developed and emerging jurisdictions, the discussions are enriched by a broad range of opinions and experiences regarding the trends shaping global capital markets today. Increasingly, IOSCO depends on the regional expertise and reach of its four regional committees to access a broad cross-section of members and stakeholders for their perspectives on market developments. In particular, IOSCO's Committee on Emerging Risks draws on the regional committees for its risk identification work that feeds directly into the Board's Risk Outlook. This information-gathering process helps foster IOSCO's mission as an international organization.

Throughout 2019, IARC members shared information among themselves and provided input to Board priority work. Many discussions centered on international initiatives that help members understand how regulators worldwide are addressing issues directly affecting global capital markets.

At both IOSCO's meetings, Secretary General Paul Andrews provided updates on the Board's priority work related to market fragmentation, crypto assets, margin

requirements and leverage in investment funds, among other matters. At the IARC meeting in Sydney in May 2019, Mr. Andrews also provided a summary of the work conducted by IOSCO's information-sharing networks. These networks enable members to analyze the emerging issues shaping the future of securities regulation, such as Fintech, artificial intelligence and machine learning, sustainable finance and initial coin offerings.

During 2019, IARC discussed the key implications of stablecoins for capital markets and the regulatory approaches that different authorities were considering for addressing these issues. In addition, members reviewed the sustainability initiatives of the CNV of Argentina and the SIMV of the Dominican Republic.

IARC members acknowledged the importance of international cooperation for ensuring robust financial systems. Indeed, members cooperate extensively through the IOSCO MMoU to promote sound capital markets.

Likewise, members are encouraged to follow and, when possible, actively participate in the initiatives of the Assessment Committee (AC). In 2019, the focus was on the AC's *Liquidity Risk Management in Collective Investment Funds Initiative* (an ISIM Project) and on the Principles related to the Regulator.



During the year, IARC members succeeded at deepening their relationship with the members of the Council of Securities Regulators of the Americas (COSRA), which facilitated the coordination and collaboration among regulators that is crucial for sustaining sound capital markets in the region. Particularly, FINRA of the US updated members about the 360 Transformation – an initiative to ensure FINRA is operating as efficiently and effectively as possible – and its expected impact on the supervision of the US securities markets.

The North American Securities Administrators Association (NASAA) also strengthened its commitment to regulators in the region by continuing to reserve seats at its training sessions for IARC members. The aim is to enhance the communication channels between securities authorities in the Americas and securities regulators in US states and Canadian provinces.

The IARC also played a role in explaining the implications of the global benchmarks reform to regional stakeholders. This exercise is part of a wider IOSCO campaign to raise awareness among relevant market participants worldwide of the likely cessation of LIBOR after the end of 2021 and the need to transition from USD LIBOR to new Risk-Free-Rates. This initiative helps encourage prudent risk management across corporate and financial institutions and mitigate potential financial stability and conduct risks.

Finally, I would like to thank my predecessor Marco Ayerra, who resigned as Chairman of the CNV of Argentina in February 2020. During his term as IARC Chair, Mr. Ayerra worked to strengthen cooperation among IARC members. As the COVID-19 pandemic continues to impact our lives, these bonds of cooperation are proving crucial to our efforts to meet the challenges ahead.