

**IOSCO ARRANGEMENT ON  
INTERNATIONAL FINANCIAL REPORTING STANDARDS  
REGULATORY INTERPRETATION AND ENFORCEMENT**



**OICU-IOSCO**

**TECHNICAL COMMITTEE  
OF THE  
INTERNATIONAL ORGANIZATION OF SECURITIES COMMISSIONS**

**OCTOBER 2005  
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**THIS DOCUMENT IS FOR THE USE OF IOSCO ORDINARY MEMBERS AND OTHER  
SECURITIES REGULATORS.**

# **IOSCO TECHNICAL COMMITTEE**

## **STANDING COMMITTEE ON MULTINATIONAL DISCLOSURE AND ACCOUNTING (SC1)**

- Statement of Principles – Regulatory Interpretation and Enforcement of Financial Reporting Standards
- Appendix 1 – Guidance for Implementation
- Appendix 2 – Pro forma Participation Arrangement

## **Introduction**

1. The adoption of International Financial Reporting Standards (IFRSs) in many national jurisdictions and their use in cross-border transactions promotes the objective of convergence toward high quality global accounting standards that will provide transparent and comparable information in general purpose financial reports.
2. Any significant inconsistency in the regulatory interpretation and enforcement of IFRSs has the potential to undermine the above objective. Given the role that securities regulators and enforcers (regulators) have in monitoring and enforcing financial reporting requirements there is a need for an appropriate mechanism whereby IOSCO members and other independent regulators can share information and consult in order to maximise co-ordination and convergence.
3. The objective of this document is to establish the principles that IOSCO members will apply to minimise the risk of inconsistent judgements on the regulatory interpretation and enforcement of IFRSs. It is important that other independent regulators are also engaged in achieving the objective of consistent application of IFRS and to the extent practicable IOSCO will facilitate this (refer to paragraph 14).
4. The model is aimed at promoting a high level of coordination and convergence in regulatory interpretation and decisions, while recognising that an individual regulator must have the right to deal with an issue in its own right and in a timely manner. The model can only facilitate consistency and not assure absolute consistency.
5. An implementation process that will enable participation under agreed-upon conditions established under a defined Participation Arrangement will support the principles in this document. The Participation Arrangement entered into between IOSCO and individual regulators will detail the basis of participation, responsibilities and obligations, including confidentiality and resourcing.
6. The model represents a co-ordination mechanism aimed at improving convergence on future decisions by regulators dealing with compliance with IFRSs. It is not directed to providing general interpretations of IFRSs, which is the role of the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC).
7. To achieve its objectives, the model needs to be flexible in order to provide access to information on decisions taken and facilitate proactive consultation where practicable. The most practical way to support consultation and disseminate decisions is via a database. The IOSCO General Secretariat in Madrid, Spain is responsible for arranging the establishment and ongoing maintenance of the database facility, including the Participation Arrangements, security and access conditions and compliance with laws and regulations. This establishes the database as a formal regulatory activity independent of national interests. The database will be on a server physically located in Spain.

## **Objectives**

8. The objectives of the IOSCO IFRS Regulatory Interpretation and Enforcement Arrangement are to:
  - Establish a comprehensive and current database of decisions that is readily accessible as a source of information for regulators in enforcing IFRSs;
  - Provide a reference source and contact details for regulators seeking to contact other regulators to discuss a particular outcome or issue on the database;
  - Encourage and facilitate discussion amongst regulators on accounting issues before and after decisions are reached; and
  - Provide an indication of which issues are subject to multiple interpretations, such that they should be addressed by the IASB or IFRIC.

## **Basic Principles**

9. Participation in the process will be supported by a defined written Participation Arrangement between each regulator (participating regulator) and the IOSCO General Secretariat. The Participation Arrangement document will identify the responsibilities of each party. Continuing participation in the process and access to the database will be conditional upon regulators meeting the obligations imposed under the Participation Arrangement and will be monitored by the IOSCO Technical Committee (TC).
10. To achieve the objectives, regulators are to formally commit through such a Participation Arrangement to:
  - (a) using best endeavours to be informed of the regulatory interpretation and enforcement of IFRSs taken by other regulators as a source of input to their own decision-making process, and
  - (b) allocating specific resources to the activity and committing to support the process.
11. Each regulator that enters into a Participation Arrangement is also expected to use best endeavours to provide information in relation to ex-ante and ex-post enforcement decisions about the regulatory interpretation and enforcement of IFRSs in their jurisdiction.

## Participation

- 12. Any IOSCO ordinary member and any of those IOSCO associate members with primary responsibility for security regulation (Relevant Member) may enter into a Participation Arrangement with IOSCO.**
13. Participating members will have the right of access to all information on the database and will be expected to use best endeavours to contribute information to the database. It is not necessary that the use of IFRSs be required or permitted for any domestic or cross border purposes in the member's jurisdiction.
- 14. Other government appointed regulators of IFRS application that fulfill certain functions of securities regulators but are not Relevant Members (Other Regulators), and are responsible for regulation of IFRS application in the same geographical jurisdiction as a Relevant Member, may seek to enter into a Participation Arrangement with IOSCO.**
15. Participating Other Regulators might include, for example, a Financial Reporting Review Panel that selects financial reports for review and is empowered to take appropriate regulatory action.
16. The Relevant Member in the same geographical jurisdiction must first nominate the Other Regulator for participation in writing. As well as stating the reasons for seeking participation, the nomination would need to include confirmation that the Other Regulator is a competent government appointed regulator in that jurisdiction and confirmation that it has appropriate processes to ensure that information received from or given to the database is used and developed as intended.
17. The Relevant Member in the same geographical jurisdiction may be invited by TC to liaise with the Other Regulator on behalf of IOSCO on matters concerning compliance by the Other Regulator with its obligations under the Participation Arrangement.
18. The IOSCO Technical Committee Standing Committee on Multinational Disclosure and Accounting (SC1) will first assess nominations for the participation of Other Regulators in the geographical jurisdictions of SC1 members. It is envisaged that SC1 will then develop criteria for assessing whether other government appointed regulators who are not Relevant Members should be permitted to participate.
19. SC1 may also make an assessment as to whether self regulatory organisations (SROs) that are IOSCO Affiliate Members but which are not government appointed regulators should be able to participate. If so, it is anticipated that those SROs would participate on similar terms to Other Regulators.

## Information to be Provided

- 20. Within a reasonable time after a participating regulator (ie a participating Relevant Member, a participating Other Regulator or, if relevant, a participating IOSCO Affiliate Member) has taken a decision, or information becomes available from another regulatory agency in the same geographical jurisdiction, the participating regulator shall use best endeavours to make the required details of that decision available to other participating regulators in the prescribed database format identified in Appendix 1.**
21. Enforcement activities occur at the national level and within the relevant national structures. Those activities involve both ex-ante and ex-post decisions. In jurisdictions where pre-clearance decisions are provided, these are designated as ex-ante decisions.
22. Enforcement decisions include situations where it has been concluded that there has been no infringement of the reporting framework as well as where an infringement has been established. The quality and usefulness of the database requires that the information provided be comprehensive and timely. Decisions entered into the database should relate to specific transactions that have been subject to comprehensive analysis by the regulator so that all regulatory interpretations and applications have been given due consideration.
23. In some jurisdictions, where there is an independent regulatory agency or public institution that does not contribute to the database, but makes decisions about the interpretation and application of IFRS, eg a market operator, review panel, court, tribunal etc., the relevant national securities regulator (Relevant Member) should, to the extent such decisions are publicly available and subject to national legal requirements, use best endeavours to monitor and provide the details of those decisions.
24. Recognising the practical constraints of national enforcement activities, the promotion of harmonisation and consistent regulatory interpretation and enforcement by securities regulators is facilitated by having information available on decisions taken by other regulators together with the rationale for those decisions. The objective is to facilitate consistent decisions being taken where similar circumstances exist.
25. Full consultation between all regulators is not feasible in most cases, which means that the model needs to be flexible in order to support multiple "consultation" mechanisms, eg direct consultation with individual agencies or electronic research of precedents. This requires that the information available be sufficiently detailed to support these different approaches.
26. The database will comprise a summary of relevant decisions and personnel to contact at the initiating regulator on each matter.
27. Although input will be anonymous as to the regulated entity and any individuals involved, summaries of decisions must be sufficiently detailed as to the facts of the transaction/event, the IFRS subject matter and references and the basis for the decision to enable other regulatory agencies to assess its relevance to their case and understand the basis for the decision. Appendix 1 identifies the nature and extent of the input required.

28. While regulators who commit to participate through the Participation Arrangement are expected to use best endeavours to contribute to the database, they are not obliged to do so. The success of the database will be dependent upon regulators contributing to the database. Participation will be monitored by TC.
29. The nature and amount of information, reports, evidence etc involved in making a judgement about a particular event or transaction by a regulator can be voluminous. It is not envisaged that the input to the database will include all of the details and reports available to the regulator in making a decision. The information on the database will be a summarised version of the specific IFRS related issue. Appendix 1 to this Statement of Principles identifies the specific data fields relevant for this purpose.
- 30. Each participating regulator that contributes information on a matter will designate an individual(s) to take responsibility for the coordination and provision of all information into the database and a contact officer to facilitate direct contact and discussion on specific issues on which advice is sought.**

## **Confidentiality**

- 31. Participating regulators will ensure the confidentiality of all information obtained from the process outlined in this Statement of Principles in accordance with the Participation Arrangement entered into as a participant.**
32. The database will not hold any names of individuals (natural persons) or any information that could directly or indirectly lead to the identification of such persons (eg position in an organisation), having regard to relevant data protection legislation.
- 33.

Having regard to confidentiality issues and legal requirements relating to the provision and use of the information on the database, input will not include:

- (a) issuer names, the name of the group of which an issuer is a part, company names or the name of the audit company/firm ; or
- (b) other information such as the markets on which the issuer's securities are listed, the issuer's market capitalisation and/or the sector(s) in which the issuer operates, if it could conceivably lead to the identity of the issuer,

unless the name of the issuer or company is public and the regulator chooses to provide that information.

## **Access to the Database**

- 34. Initially, the database will only be accessible to participating regulators, including Other Regulators nominated by a Relevant Member and approved by IOSCO.**

35. Consideration will be given to communicating certain information publicly after the database has been operating for one or two years and greater experience is gained in its operation and effectiveness. Regulators can reconsider their participation if information is to be made public.
36. It is likely that any public information would be provided in a periodic newsletter or a summary on the IOSCO website. The objective of such publication would be to make companies and their auditors aware of how regulators are enforcing the application of IFRSs. This may promote greater uniformity and reduce the incidence of disputes between regulators, companies and auditors.
37. The content of any newsletter or summary would be determined by the Accounting Subcommittee of SC1 and subject to review by SC1.
38. No contributions made to the database by a participating regulator would be made public unless that regulator has positively agreed to their contributions being made public.
39. A participating regulator may contribute matters that have already been made public in their own jurisdiction. It is not intended to segregate the database between the public information on such matters and any additional information on those matters. A single document will be contributed on any matter, which may contain both the information in the public domain and the additional information.

## **Decision-Making Process**

- 40. Regulatory agencies should use their best endeavours to be informed as to the position taken by other regulators on similar relevant issues as a source of information and input to their decision-making process.**
41. It is acknowledged that the precedent information is not binding on a securities regulatory agency, but it is considered to be a reliable reference source and a useful adjunct to the decision-making process.
42. While acknowledging the time constraints facing individual regulators in their decision-making process, Relevant Members are strongly encouraged to use the database to initiate direct contact with other regulators before making a decision. While using the information on the database itself will be a useful addition to the decision-making process, its effectiveness as a decision-making tool may be enhanced through direct consultation and discussion with other regulators who have been involved in similar issues.

## **Referral of Common Matters**

43. It is not envisaged that the IASB, IFRIC or other standard setters or interpretation bodies would participate in the database.
44. Consistent with the objective of improving financial reporting, the database is to be monitored by the Accounting Subcommittee of SC1 on a regular basis to

identify common and/or frequently raised issues or inconsistent decisions that suggest that there are difficulties in applying a particular IFRS. Such matters will be referred to the IASB and/or IFRIC. That Subcommittee will also review the database and initiate the removal of obsolete decisions, for example due to changes in accounting standards or as a result of IFRIC interpretations.

### **Committee of European Securities Regulators (CESR)**

45. SC1 is liaising with CESR, which has developed and implemented a similar database to that outlined in this document for the European Union jurisdictions.
46. IOSCO intends to develop its database model in parallel with the CESR approach to facilitate any eventual integration of these activities.
47. The cooperation with CESR includes sharing knowledge on development and implementation, maximising consistency in the format of information submitted to the databases, and an intention to adopt common categories for matters submitted to the database wherever possible.
48. European securities regulators that contribute information to both the CESR interpretations database and the IOSCO database should be able to contribute the same information to both databases.

## APPENDIX 1 – GUIDANCE FOR IMPLEMENTATION

1. The Statement of Principles – Regulatory Interpretation and Enforcement of Financial Reporting Standards ("Statement of Principles") identifies the principles under which IOSCO members will operate to maximise consistency in the regulation of IFRSs.
2. This Appendix provides guidance on the application and interpretation of the principles.

### Decisions

3. There are different types of decisions that individual regulators may take. Decisions may be taken on an ex-post or an ex-ante basis. A decision may be one not to take an action ("non-action decision") as well as one to take a particular action. The status of these decisions is clarified below along with guidance on how they might be shared with other participating regulators.
4. Some regulators may provide an opinion on a particular financial reporting issue that is questioned before the accounts of a regulated entity have been finalised. Where a regulator gives an opinion that represents an official decision of the regulator, then such a decision is to be included in the decision database.
5. Regulators may investigate particular financial reporting issues adopted or to be adopted by a regulated entity and conclude that the treatment adopted or proposed is within the scope of the relevant standard. Such decisions constitute a decision and fall within the criteria for submission to the database.

### Consultation

6. Paragraph 40 of the Statement of Principles requires that "**Regulatory agencies should use their best endeavours to be informed as to the position taken by other regulators on similar issues as a source of information and input to their decision-making process**". Individual regulators should always as a minimum, consult the database before taking a decision to ensure that they are fully informed of existing precedent(s).
7. Situations may arise where apparently contradictory decisions are taken. In such cases, the regulator taking the new decision would normally be expected, where practicable, to discuss the facts and rationale surrounding the earlier decision with its originator before taking the decision. In cases where contradictory decisions have been taken in similar circumstances, these are to be discussed by the Accounting Subcommittee of SC1 for possible referral to IFRIC.

### *Submission of Decisions to the Database*

#### Relevant Decisions

8. Details of decisions are to be made available in accordance with the Statement of Principles. Regulators may take many different types of regulatory

interpretation and enforcement decisions, not all of which will be relevant for submission to the database. To determine which decisions are relevant, regulators should consider the following criteria:

- Whether a material misstatement in financial information has been detected in line with that envisaged by the definition of "material" in IFRSs;
  - Whether a decision apparently contradicts a previous decision on the database;
  - Whether the decision is expected to potentially impact harmonised financial reporting or have a major impact on a financial market;
  - Whether the decision will be of interest to other regulators;
  - Whether there is a risk of significantly different treatments between companies and jurisdictions;
  - Whether a decision is likely to have a significant impact on other issuers;
  - Whether a decision is taken on the basis of principles under IAS 1 and 8 because an issue is not covered by a specific standard; and
  - Whether a decision has been overruled by an appeals committee or Court.
9. Where any of the above criteria are met, a decision will be relevant for submission to the database and should as such be submitted to the database. A number of the above criteria are subjective and will require regulators to apply judgement in determining whether or not a criterion is met. In practice, the development of the database will be influenced by the practical experiences of regulators.
10. Regulators should not refrain from entering decisions into the database because a decision they have made is consistent with a number of similar decisions on a particular IFRS or subject matters that are already on the database. The database needs to be comprehensive and recognise that different facts and circumstances may differentiate the basis for a decision compared to other similar database entries.

## **Input to the Database**

11. Input to the database is decentralised and decisions are to be sent in electronic form to a holding area of the database by regulators using a standardised input form. The IOSCO General Secretariat will review all submissions for consistency of presentation, style, level of detail and terminology, as well as completeness of input and overall understandability. Where the submission as a result of the Secretariat review is deemed insufficient, the relevant regulators may be asked to resubmit or provide additional information. Following a completed review the submission is given a unique precedent number and is formally logged on the database.

The following details are recorded on the database:

- a Date of input MM/YY
- b Date decision taken by regulator
- c Financial year end to which decision relates DD/MM/YY
- d Type of document (e.g. annual report, interim report, prospectus)
- e Jurisdiction of regulator
- f Name of regulator

- g Name of issuer (**optional**)
- h Group of which issuer is part (**optional**)
- i Market(s) where the securities are listed (**optional**)
- k Indicative market capitalisation of issuer (**optional**)
- l Sector details (**optional**)
- m Category of issue
- n Standard or accounting requirement(s) involved
- o Description of issuer financial reporting treatment and/or disclosure adopted/proposed and the circumstances
- p Rationale for regulator's decision
- q Whether action has been taken
- r Details of the corrective action taken e.g. restatement, corrective announcement and regulator rationale and how communicated to the market (if communicated)
- r Effect of restatement
- s Whether the decision is final (**optional**)
- t Date the decision is interim or final (**optional**) (see paragraphs 20 and 21 below)
- u Whether the decision is subject to any appeal process (**optional**)
- v Details of any court decision or appeals of regulator decision
- w Precedent number cross reference (to precedent followed or contradictory precedent) (**optional**)
- x Auditor's opinion (i.e. clean or qualified)
  - y Part of auditor's opinion (**optional**)
- z Name of audit firm (**optional**)
- aa Miscellaneous (**optional**)

12. The decisions submitted to the database will not include the names of individuals or any information that could directly or indirectly lead to the identification of such persons. Nor will decisions ~~normally~~ include the names of the issuer or the group to which it belongs, unless that information is public and the regulator decides to include that information.
13. Wherever possible the market where the issuer's securities are listed, the market capitalisation and/or details of the sector in which the issuer operates should be provided. However, some or all of this information will need to be omitted if it could conceivably lead to identification of the issuer and the information is not already public.
14. The database is in English and all submissions will be in English. There is no obligation for the whole of a national enforcement decision to be translated into English, only those summary details necessary to complete the input submission template.
15. The "Category of issue" will be a brief description of the main issue which will allow regulators to search issues more effectively e.g. "Capitalisation of development costs", "Impairment of goodwill".
16. The "standard or accounting requirement(s)" input field may contain more than one accounting standard reference, as there may be interaction between several standards. Regulators should indicate which version of a standard is applicable.

17. The description of the issue must contain sufficient detail to allow an understanding of the relevant facts and circumstances surrounding the issuer treatment or disclosure.
18. Decisions may include a number of aspects in a particular case resulting in more than one decision. Regulators only need to include and submit details of the relevant decisions (using the relevancy criteria outlined above) on the input form – there is no need to describe every individual misstatement/breach relating to a particular case.

## **Timing**

19. Paragraph 20 of the Statement of Principles requires that decisions be made available "**Within a reasonable time after a securities regulator has taken a decision...**". No time deadline is specified for submission of decisions, as what is considered reasonable will depend on the nature and complexity of the particular decision. Common practice and acceptability on timing will develop with experience.

## **Interim Submissions**

20. In the case of some significant decisions there may be a delay between arriving at the conclusion that there has been non-compliance with relevant accounting standards and agreeing what the correct disclosures or accounting treatments should be. In these situations it would be useful for other regulators to know that there has been a significant decision taken in another jurisdiction relating to a particular accounting issue – other regulators may be in the process of taking similar decisions and this knowledge would enable them, if relevant, to contact the other regulator.
21. In order to achieve this, where a regulator has taken a significant decision and believes that there will be a delay before full details can be provided to the database, it should submit an interim draft decision to the database. Such interim submissions contain only the data that are currently available and will be clearly identifiable as interim decisions. Interim submissions will be held on the database pending completion. These interim decisions can be viewed by other regulator and will be superseded once the full decision is available on the database.

October 2005

## **APPENDIX 2 – PRO FORMA PARTICIPATION ARRANGEMENT**

# **Participation Arrangement on the Regulatory Interpretation and Enforcement of Financial Reporting Standards**

### Preamble

1. This Participation Arrangement is made on [date] between [Name of Regulator], and the International Organisation of Securities Commissions ("IOSCO").
2. Regulators throughout the world share a common interest in strengthening international co-operation to ensure consistent regulatory interpretation and enforcement of International Financial Reporting Standards ("IFRSs").
3. Although IOSCO itself is not directly involved as an operational regulator, it can play a useful role in facilitating consistent supervision and application of the IFRSs.
4. This Participation Arrangement sets out the specific conditions agreed between IOSCO and [Name of Regulator] in relation to the maintenance, access and use of the Global IFRS Coordination Database ("GICD").

### Interpretation

5. In this Participation Arrangement:
  - (a) "Participating Regulator" means a regulator that regulates compliance with IFRSs and which is party to an arrangement with IOSCO that arrangement is, or is substantially, in the same form as this Participation Arrangement; and
  - (b) "Global IFRS Coordination Database" ("GICD") means the database of information established by IOSCO for use by Participating Regulators under this Participation Arrangement and similar arrangements.
6. In this Participation Arrangement, the plural has a meaning consistent with the meaning of the singular.

### Operative clauses

7. This Participation Arrangement includes by reference the principles and guidance in IOSCO "Statement of Principles – Regulatory Interpretation and Enforcement of Financial Reporting Standards and Appendix – Guidance for Implementation" ("SOP").
8. The IOSCO General Secretariat agrees to establish and maintain a secure electronic GICD database that is readily accessible by, and only by, the IOSCO General Secretariat and any Participating Regulator who enters into a Participation Arrangement.

9. The IOSCO General Secretariat agrees to review each individual decision submitted for inclusion on the GICD for completeness and compliance with the database format prescribed in the SOP.
10. The IOSCO General Secretariat agrees to take all reasonable steps to ensure that a decision is accessible only to the IOSCO General Secretariat and Participating Regulators. Access to particular decisions may be given to other relevant parties, subject to the prior written consent being obtained from the Participating Regulator that contributed the decision.
11. The Accounting Subcommittee of the IOSCO Technical Committee Standing Committee on Multinational Disclosure and Accounting ("SC1") will review, on a regular basis, common and/or frequently raised issues or decisions where there are inconsistent outcomes that may indicate difficulties in applying a particular IFRS. SC1 will determine whether the issue should be referred to the International Accounting Standards Board or International Financial Reporting Interpretations Committee for review. SC1 will also review the database to remove decisions that have become obsolete.
12. [Name of Regulator] agrees to use its best endeavours to ensure that its officers will refer to the GICD as a source of information in regulatory activities involving the regulatory interpretation and enforcement of IFRSs. The use of such information will reflect the principles and guidance in the IOSCO SOP.
13. [Name of Regulator] is expected to use its best endeavours to provide input to the GICD in accordance with the principles and format contained within the SOP and to implement a quality control process to ensure the factual accuracy of that input, including where possible, a dedicated resource to support the process. The success of the database will be dependent upon regulators contributing to the database.
14. [Name of Regulator] agrees to identify a specific officer or officers as the contact point for enquiries about the input to the GICD by IOSCO and/or other Participating Regulators on specific decision inputs. The identity of the officer(s) and any replacement officer(s) must be notified to the IOSCO General Secretariat as soon as is reasonable after the officer is identified.
15. [Name of Regulator] agrees to co-operate with, and exchange relevant information (not including any information that [Name of Regulator] is required to keep confidential under legislation or other any requirements) through personal contact and discussion with, identified representatives of other Participating Regulators.
16. Any information obtained by [Name of Regulator] in accordance with the principles of this Participation Arrangement is confidential and is to be used exclusively for lawful regulatory purposes. [Name of Regulator] accepts that it is responsible for the manner in which it uses the information on the database and that it has no right of recourse of any type against the other Participating Regulator that contributed the database information or against the IOSCO General Secretariat.
17. In situations where [Name of Regulator] wishes to disclose information from the GICD to a third party for a legitimate regulatory activity, [Name of Regulator] will consult with and obtain the prior written consent of the Participating Regulator who provided that information. In the event that the [Name of Regulator] is legally compelled to disclose information obtained under this

Participation Arrangement, [Name of Regulator] will seek to preserve the confidentiality of the information to the extent permitted by law and advise the Participating Regulator that provided the information.

#### Ongoing participation

18. [Name of Regulator] agrees that continuing participation in the GICD is conditional upon meeting the obligations contained in this Participation Arrangement. [Name of Regulator] agrees that its compliance with the terms of this Participation Arrangement can be subject to review or monitoring by the IOSCO Technical Committee ("TC").
19. [Name of Regulator] will notify the Secretariat in writing where circumstances outlined in its application for participation in the GICD subsequently change in a way that could have been material to IOSCO's original decision concerning the participation of [Name of Regulator] had the change occurred prior to the date of the application. *[This paragraph is only included where the Regulator is not an IOSCO ordinary member or an IOSCO associate member with primary responsibility for security regulation.]*

#### Termination

20. If the TC determines that [Name of Regulator] has not complied with the terms of this Participation Agreement, the TC may terminate this Participation Arrangement by written notice to the other parties to the agreement. Before such a determination is made, [Name of Regulator] must be given reasonable opportunity to provide appropriate explanations and to discuss the matter with a representative of the TC.
21. [Name of Regulator] may terminate this Participation Arrangement at any time by providing written notice addressed to the IOSCO Secretary General.
22. This Participation Arrangement ceases to have effect in relation to [Name of Regulator] when the written notice is received by [Name of Regulator] pursuant to clause 19 or by the IOSCO General Secretariat pursuant to clause 20, except insofar as [Name of Regulator] agrees that:
  - (a) the IOSCO General Secretariat may continue to retain any information provided by [Name of Regulator] on the GICD after the termination of this Participation Arrangement; and

(b) [Name of Regulator] must continue to comply with paragraphs 14 and 15 of this Participation Arrangement in relation to any information previously obtained from the GICD after the termination of this Participation Arrangement.

Signed by

Signed by

.....  
[Name and title]

.....  
[Name and title]

.....  
for [Name of Regulator]  
on

.....  
for IOSCO  
on

.....  
[date]

.....  
[date]