



*Public Documents
of the XXVIIth Annual Conference of
the International Organization of
Securities Commissions*

(IOSCO)

18 – 24 May, 2002, Istanbul, Turkey

Opening Ceremony

3. A Capital Markets Odyssey,

Speech by Mr. David A. Brown

Chairman of the IOSCO Technical Committee

and

Chairman of the Ontario Securities Commission of Canada

22 May 2002

A Capital Markets Odyssey

“It was the best of times, it was the worst of times,
it was the age of wisdom, it was the age of
foolishness.”

You will recognize these words from the opening line of Charles Dickens, famous novel, *A Tale of Two Cities*. How appropriate they are, penned almost one hundred and fifty years ago, to describe our capital markets odyssey of the past 12 months!

The year 2001 brought the end of an extended bull market, as markets descended from their Olympic heights reached the previous year. In September, the United States experienced an unspeakable human tragedy when the twin towers of the World Trade Center in New York collapsed in the wake of terrorist attacks; destroying with them a critical piece of our capital markets infrastructure. As our markets gradually absorbed the shock of these events, they were struck less than three months later with the news of the largest bankruptcy filing the world had ever seen, that of the energy trading giant, Enron. This, combined with other corporate failures in the U.S. and elsewhere, produced a human tragedy of another dimension, as millions of investors and employees lost their savings and dreams for retirement.

In both of the world’s hemispheres, major economies suffered serious decline, with dangerous possibilities for contagion to other economies of their region.

Clearly the “worst of times”; perhaps also “the age of foolishness”!

Yet, in many respects, it was also the best of times; the age of wisdom.

Opening Ceremony
Mr. David A. Brown

Each of these events alone had the potential to inflict serious systemic damage to the world's capital markets; to the global economy. Taken together, one would have expected such consequences to be a certainty. Yet our markets survived. Governments, central banks, financial institutions, private citizens and, yes, even securities regulators, responded quickly to each of these events. Their efforts combined to ensure that damage was contained and markets could continue to function.

For IOSCO, it has been, perhaps, our finest hour. We acted swiftly to provide support and encouragement where needed, demonstrating the spirit that has come to define IOSCO. We coordinated responses among securities regulators. We coordinated our activities with those of other regulators and governmental bodies. We offered assistance, exchanged information and quickly formed teams of experts to capitalize on the lessons learned by these events; to implement changes; to minimize the risk of similar events occurring again. IOSCO has much to be proud of. In times of great stress, it demonstrated great leadership. It has earned an important place in the world order.

But these very successes bring new challenges and new responsibilities. We have caught the world's attention. We are recognized as the body that will take responsibility for regulation of securities markets; the body that will identify issues and work together to implement wise but timely corrective measures.

The past 12 months have underscored the imperative of international coordination of the regulation of all sectors of our financial system. We have seized that role for securities regulation.

As highlighted by the theme of this year's conference – Globalization:

Opportunities and Challenges – this responsibility and leadership role present additional opportunities and challenges to securities regulators; the opportunity to improve the way our markets work, to strengthen our financial structures and to enhance the world's economy; while, at the same time, recognizing the immense challenges of achieving those goals in a concrete and durable manner. This is an enormous responsibility, but one we are well capable of handling.

Opening Ceremony
Mr. David A. Brown

Building on our strengths, experience and desire to work together towards common goals, I am confident that IOSCO will achieve much. Turkey is a particularly appropriate country in which to hold IOSCO's annual conference. At a crossroad between continents; with a rich and diverse culture and deep history, Turkey summarizes well the membership of IOSCO. IOSCO must recognize that this diversity of membership is one of its great strengths. The organization must become more and more inclusive. We must embrace our diversity and enhance the dialogue among members. We must continue to improve our processes to bring forward solutions to important issues on a timely basis.

This annual conference marks the end of my term as Chair of the Technical Committee. I have been privileged to occupy this position through such challenging but rewarding times. I have been proud to be one of your representatives to other international bodies.

I am particularly confident that, under the leadership of its newly elected Chair, David Knott of the Australian Securities and Investment Commission, the Technical Committee will continue its important work and make significant contributions to IOSCO as a whole. I know that you will give him the wonderful support that you gave to me.

Thank you.