



OICV-IOSCO

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Opening Ceremony

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Chairman of the IOSCO Executive Committee
Chairman of the Comissão do Mercado de Valores
Mobiliários of Portugal

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SPEECH

Opening Ceremony IOSCO Annual Conference Amman, May 2004

FERNANDO TEIXEIRA DOS SANTOS

*Chairman of the IOSCO Executive Committee
and of the Portuguese Securities Market Commission*

*His Majesty King Abdullah II
Mr Chairman of the Jordan Securities Commission
Mr Chairman of the IOSCO Technical Committee
Mr Chairman of the IOSCO Emerging Markets Committee
Mr Secretary-general of IOSCO
Dear Colleagues
Distinguished Guests
Ladies and Gentlemen*

It is with great pleasure and honour that I welcome you today to the twenty-ninth IOSCO Annual Conference.

The outstanding arrangements offered by our gracious hosts, the Jordanian authorities, and particularly the Jordan Securities Commission, greet us with a week of numerous meetings among many distinguished members of the financial community and of the securities markets worldwide, and it is noticeably already a huge success! The intense contacts and impressive achievements obtained through securities markets' regulation and supervision during these days have indeed culminated in this public session.

The stimulating panels with their appealing and challenging topics present this Conference with an excellent opportunity to intensify the exchange of ideas among members, with the financial community in general and other international partners.

There was an Economics professor in Harvard who, every year, used to ask his students the same questions in the final exam. What he was changing, every year, were the answers, he used to say.

Indeed, the question we regulators face is always the same: how to promote safe, transparent, fair and efficient securities markets? In face of worldwide market developments fostered by competition, technological advance, innovation and major political events we must be able to provide the appropriate answers in such a changing environment.

I hope that we will be inspired by the Jordan's culture of fraternity, openness and ability to cope with diversity to find new answers to the new challenges we face. In that way, I am confident IOSCO will keep choosing the right path in its quest for solutions on increasingly complex challenges, often unexpected due to its causes and dimensions.

I would like to share a few words with you on the way IOSCO is moving forward:

We must bear in mind that there are new horizons to uncover in the pursuance of greater market integrity and transparency, increased investor protection and awareness in the prevention of systemic risk.

Unfortunately, during these last few years, securities markets have been shaded by a cycle of a certain amount of instability and troubling events: beginning with the shock waves following the September 11th's dramatic events onto several accounting scandals and corporate governance malpractices, as well as increasingly complex fraud and financial crime schemes. Nonetheless, our markets have known how to react to this insidious cycle of events that have undermined investors' confidence and have challenged our regulatory and supervisory structures and the propriety of the majority of the professionals, issuers and several market participants that daily operate in the financial markets.

Recent figures show that this cycle has back-turned and that the answers provided by all we supervisors and supervised entities, at the time, were proper. Together with our national authorities, they have played a decisive role in restoring investors' confidence and in reaffirming the essential trilogy for sound and experienced markets: integrity, fairness and transparency.

I will shortly be dealing with three core issues that illustrate the IOSCO's activity and strategy:

Firstly, the IOSCO endorsed in 2002, a comprehensive multilateral memorandum of understanding designed to ease and reinforce international cooperation between securities regulators. The IOSCO MoU is based on the IOSCO Objectives and Principles of Securities Regulation adopted in 1998 and

on the considerable experience gathered by regulators in its use of bilateral MoUs during the past two decades. The IOSCO MoU is well under way to being implemented and is already providing an international network through which enforcement related information is exchanged between national regulatory agencies with relative ease and speed.

Secondly, the implementation of the IOSCO principles across its membership is a strategic goal of this Organization. IOSCO presented initiatives designed to ease the assessment and to reinforce the level of implementation on the full spectrum of the IOSCO Principles. Major work was done in developing a comprehensive assessment methodology that enabled a detailed and objective evaluation of the level of implementation of the IOSCO Principles in the jurisdictions of all the members of the Organization. The efforts on the IOSCO Assessment Methodology, ran in line with an ambitious assisted self-assessment technical programme among IOSCO members. Through detailed action plans, these programmes were designed to ensure and promote a related initiative for self-awareness among the members on the implementation level of our Principles and as conditions for a full adherence to the Multilateral MoU of IOSCO. We are convinced that this peer assessment effort, based on an exercise in which members would volunteer for these programmes, is already bearing fruit/producing results inasmuch as it has allowed us one step further. These recent developments that aid members in identifying difficulties and prioritising the solutions to these problems, allow the IOSCO to envisage the future with confidence regarding the challenge of enhancing the level of implementation of our core principles.

The third issue is the major IOSCO efforts made in recent years that resulted from the initiatives of its Technical and Emerging Markets Committees, taken quickly on board by the wider membership of the Organization. For instance, the Technical Committee of IOSCO developed a set of Principles for Ongoing Disclosure and Material Reporting by Listed Entities, Auditor Independence and the Role of Corporate Governance in its Monitoring and Auditor Oversight. Subsequently, the IOSCO endorsed these principles through its Presidents Committee. Likewise, the Technical Committee recently adopted the Principles and Recommendations on the activities of the credit rating agencies and financial analysts, particularly on the prevention and handling of conflicts of interest.

Finally, the recently created IOSCO High-level Subcommittee mandated to present proposals for the purposes of strengthening international capital

markets against financial fraud, should also be considered as an important initiative in responding to some of the present securities regulatory issues.

In general, it is clear that in a world of globalizing securities markets involving a high level of cross-border economic activity and investment, all jurisdictions must develop and adopt an effective regulatory regime for the securities sector to protect investors, to ensure that markets are fair, efficient and transparent, and to reduce systemic risk. Further, to ease the investigation and prosecution of international securities fraud, the development of an effective network of administrative and enforcement cooperation among securities regulators, as contemplated by the IOSCO Multilateral MoU, must also continue and be enhanced. I anticipate that effective implementation and enforcement of its principles and standards is a great, if not the greatest challenge facing IOSCO in the near future.

Through these key efforts and initiatives, the IOSCO is demonstrating its key role as primary global forum of international cooperation for securities regulators and as the standard setter for the securities sector. In a globalised world, the IOSCO is more than ever relevant and is moving ahead with critical projects designed to systematically upgrade, the implementation level of its high-level regulatory standards in all its members' jurisdictions. This will in turn, reduce systemic risk and improve investor protection. There is a lot to be done still, and it is this strong conviction of advancing yet further, that stimulates the national regulators and supervisors who are responsible for this collective mission drenched in the Objectives and Principles that guide the activity of this Organisation. All these efforts have been carried out through a close and productive dialogue/exchange of ideas and through the cooperation with other international counterparties, such as: the Financial Stability Forum, the International Monetary Fund and the World Bank, the FATF and the Committee on Payment and Settlement Systems. These last few years have therefore confirmed that the IOSCO is in a privileged position to promote the best practises for our securities markets among the financial community.

It is here in Amman, that my Chairmanship in the Executive Committee ends. I have carried out these two mandates to the best of my capabilities, aiming at the achievement of our key objectives as a global Organisation. I have been inspired by all the enthusiasm of so many fellow colleagues that are present here today and so many others that have crossed paths with the IOSCO.

It has been a privilege to have worked with you all, both supervisors and supervised, in order that our securities markets may catalyse development for our nations, so that wealth may walk hand in hand with the investors and economic agents' integrity and confidence. We strive for evermore efficient

and sound systems and regulatory solutions for which I am sure we are all gladly willing to contribute.

Finally, on behalf of the IOSCO, I would like to thank our Jordanian hosts once again, all those that have made this Conference possible as well as all those present here today.

IOSCO looks forward to meeting you again in the near future.

Thank you all.

Fernando Teixeira dos Santos
Chairman of the Executive Committee and of the Portuguese Securities Market
Commission (CMVM)