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IOSCO's annual meeting is being held in Paris at a crucial time for the French financial market. For almost a year, the authorities, under the impetus of President Nicolas Sarkozy, have promoted the competitiveness and attractiveness of the French financial market, in partnership with business community. Coordinated by a Financial Services High-Level Committee which I am honoured to chair, this work is intended to bring about an unprecedented modernisation of French legislation in order to align the system with the best European standards. The French government is making rapid headway and reforms will be voted before the summer of 2008 as part of the Economic Modernisation Bill. This reform is not only set to guarantee the financial stability of our market but also to improve service quality and to make the market more attractive for users, intermediaries and investors alike.

Competitiveness and stability are also key to the government's financial initiatives at European and global level. Effective supervision is critically important to make the market both competitive and stable: we need to adapt our systems to the ongoing integration of financial activities and develop the tools required to improve supervision of financial groups, which are increasingly engaged in cross-border activities. Our collective European aim must be to strengthen cooperation and to move forward towards convergence between supervisors forward. It is in our common interest and I hope that the imminent French Presidency can bring about the concrete and ambitious application of the roadmap approved by the Ecofin Council on 4 December 2007. In practice, this could be reflected in new banking directives (revision of Basel III) and insurance directives (Solvency II). Europe must continue to modernise its financial sector: it needs to achieve genuine, effective integration of the asset management industry and the post-market sector.

IOSCO's annual meeting and the French Presidency of the European Union will both be building on the international and European initiatives launched to meet the challenges raised by the financial turbulence. Here, the rating agencies play a crucial role: the G7 meeting held on 11 April 2008 stressed the need to reform IOSCO's Code of Conduct, inter alia to reflect the recommendations in the Financial Stability Forum report. Self-regulation by rating agencies, based in particular on compliance with IOSCO's Code of Conduct, helps maintain discipline in a sector where flexibility is required in certain areas to avoid hindering innovation. In this spirit, the financial industry will also have to put forward convincing solutions. The European Union will need to further have examine the feasibility of a form of European regulation.

Finally, the G7 stressed the need to ensure that risks incurred by financial institutions are transparent by imposing the disclosure of more exhaustive information and adopting more homogeneous valuation rules for financial instruments. A shared commitment is urgently required in these areas if confidence in the markets is to be restored quickly. The supervisors and the IASB are expected to present standards and recommendations to achieve this.

I am confident that the quality of the debates during this 33rd annual conference will confirm IOSCO's growing role as a key player in international cooperation on financial supervision. I am both pleased and proud that Paris has been chosen to welcome you at a time when international cooperation is more necessary than ever. Enjoy your work.

CHRISTINE LAGARDE
Minister of the Economy, Industry and Employment

A handwritten signature in black ink, appearing to read 'Ch Lagarde', written in a cursive, flowing style.