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# IOSCO Quarterly Update – January 2010

Key Issues – Enforcement MMoU, Joint Forum, Audit Services, Emerging Markets, Unregulated Markets & Products, Annual Conference 2010.

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**IOSCO's announcements and publications reflect its work in support of the organizations objectives:**

- **The protection of investors**
- **Ensuring that markets are fair, efficient and transparent;**
- **The reduction of systemic risk**

**Recent IOSCO publications:**

- **Press Releases and Statements**

Click on the link to view the full press release on IOSCO's [website](#)

22 January 2010 [\*\*IOSCO Completes Global Framework to Fight against Cross-Border Market Abuse\*\*](#)

The International Organization of Securities Commissions (IOSCO) announced that it has achieved its goal, set in 2005, of having its eligible membership sign onto or committed to sign the Multilateral Memorandum of Understanding concerning Consultation, Cooperation and the Exchange of Information (MMoU).

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The goal was achieved at the last meeting of the Chairs of the Executive, Technical and Emerging Markets Committees, at the conclusion of which the Conseil du Marché Financier of Tunisia was invited to become the latest full signatory to Appendix A of the MMoU. From IOSCO's eligible membership of 115 securities regulators, 96% now meet the requirements needed to become signatories to the MMoU, or have made the necessary commitment to seeking national legislative changes to allow them to do so in the near future.

### 8 January 2010 [Joint Forum Release of Review of the Differentiated Nature and Scope of Financial Regulation](#)

The Joint Forum has released its report, *Review of the Differentiated Nature and Scope of Financial Regulation – Key Issues and Recommendations*. This review was requested by the G20 through the Financial Stability Board. The report analyses key issues arising from the differentiated nature of financial regulation in the international banking, securities, and insurance sectors. It also addresses gaps arising from the scope of regulation as it relates to different financial activities, with a particular focus on certain unregulated or lightly regulated entities or activities. The objectives of the review were to identify potential areas where systemic risks may not be fully captured in the current regulatory framework and to make recommendations on needed improvements to strengthen regulation of the financial system.

### 13 November 2009 [Mr. Tajinder Singh Appointed Deputy Secretary General at IOSCO General Secretariat](#)

The International Organization of Securities Commissions (IOSCO) announced the appointment of Mr. Tajinder Singh as Deputy Secretary General of the IOSCO General Secretariat. He will take up his appointment early in 2010.

### 03 November 2009 [IOSCO Consults on Principles to Mitigate Private Equity Conflicts Of Interest](#)

#### [Consultation period closes on 01 February 2010](#)

The International Organization of Securities Commissions' (IOSCO) Technical Committee published a Consultation Report on *Private Equity Conflicts of Interest*. The Report proposes a number of Principles for the effective mitigation of the potential conflicts of interest encountered in private equity firms, and the risks these conflicts pose to fund investors or the efficient functioning of the market.

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### 29 September 2009 [Joint Forum Final Release of Report on Special Purpose Entities](#)

The Joint Forum released its paper entitled *Report on Special Purpose Entities*. This paper serves two broad objectives. First, it provides background on the variety of special purpose entities found across the financial sectors, the motivations of market participants to make use of these structures, and risk management issues that arise from their use. Second, it suggests policy implications and issues for consideration by market participants and the supervisory community.

### 14 September 2009 [IOSCO Publishes Regulatory Standards for Funds of Hedge Funds](#)

The International Organization of Securities Commissions (IOSCO) published *Elements of International Regulatory Standards on Funds of Hedge Funds Related Issues Based on Best Market Practices* containing standards aimed at addressing regulatory issues of investor protection which have arisen due to the increased involvement of retail investors in hedge funds through funds of hedge funds.

### 04 September 2009 [IOSCO Issues Final Regulatory Recommendations on Securitisation and CDS Market](#)

The International Organization of Securities Commissions' (IOSCO) Technical Committee published *Unregulated Financial Markets and Products – Final Report* prepared by its Task Force on Unregulated Financial Markets and Products.

#### • [Statements](#)

### 16 November 2009 [IOSCO Consults on Point Of Sale Disclosure for Collective Investment Schemes](#)

#### [Consultation period closes 15 February 2010](#)

The International Organisation of Securities Commissions (IOSCO) Technical Committee published a consultation report on *Principles on Point of Sale Disclosure*. The Report proposes a set of principles, for the disclosure of key information relating to collective investment schemes, designed to assist markets and market authorities when considering point of sale disclosure requirements in their respective jurisdictions.

### 23 September 2009 [IOSCO Consults On Transparency of Structured Finance Products](#)

The International Organisation of Securities Commissions (IOSCO) Technical Committee published a consultation report on *Transparency of Structured Finance*

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*Products.* The Report sets out a number of factors to be considered by market authorities when considering enhancing post-trade transparency of structured finance products in their respective jurisdictions.

### 18 September 2009 [\*\*IOSCO Consults On Auditor Transparency, Communication and Ownership Structures\*\*](#)

The International Organization of Securities Commission (IOSCO) Technical Committee launched three related consultation reports prepared by its Task Force on Audit Services on the *Transparency of Firms that Audit Public Companies; Auditor Communications* and *Exploration of Non-Professional Ownership Structures for Audit Firms*.

#### • **Technical Committee Reports**

November 2009

### 16 November 2009 [\*\*Principles on Point of Sale Disclosure, Report of the Technical Committee of IOSCO\*\*](#)

#### [\*\*Consultation period closes 15 February 2010\*\*](#)

The International Organization of Securities Commissions Technical Committee's Standing Committee on the Regulation of Market Intermediaries and its Standing Committee on Investment Management (collectively: the Joint Group) have published a Consultation Report on *Principles on Point of Sale Disclosure*. The Consultation Report sets out a set of principles that are designed to assist markets and market authorities when considering point of sale disclosure requirements.

### 03 November 2009 [\*\*Private Equity Conflicts of Interest, Report of the Technical Committee of IOSCO\*\*](#)

#### [\*\*Consultation period closes on 01 February 2010\*\*](#)

The International Organisation of Securities Commissions (IOSCO) Technical Committee published this consultation report on *Private Equity Conflicts of Interest*. The Report sets out a number of factors to be considered by market practitioners and authorities when considering the management of conflicts of interest. It also sets out a number of principles for effective mitigation of conflicts of interest in private equity. The Report will be finalised after consideration of comments received from the public.

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September 2009

29 September 2009 [\*\*Report on Special Purpose Entities, Joint Forum \(IOSCO, BCBS and IAIS\)\*\*](#)

18 September 2009 [\*\*Impact On and Responses of Emerging markets to the Financial Crisis, Report of the Emerging Markets Committee of IOSCO\*\*](#)

The IOSCO Emerging Markets Committee (EMC) Chairman's Task Force on the Current Financial Crisis was formed to review the impact and implications of the financial crisis on emerging markets, and the measures introduced by the emerging market regulators in response to the crisis. A Survey questionnaire was circulated to all EMC jurisdictions to seek responses on their major regulatory and supervisory issues, in addition to seeking specific feedback on the sources of financial contagion in their jurisdictions and the measures taken to reduce instability.

16 September 2009 [\*\*Transparency of Structured Finance Products, Report of the Technical Committee of IOSCO\*\*](#)

The International Organisation of Securities Commissions (IOSCO) Technical Committee has published a consultation report on *Transparency of Structured Finance Products*. The Report sets out a number of factors to be considered by market authorities when considering enhancing post-trade transparency of structured finance products in their respective jurisdictions. The Report will be finalised after consideration of comments received from the public.

14 September 2009 [\*\*Elements of International Regulatory Standards on Funds of Hedge Funds Related Issues Based on Best Market Practices, Report of the Technical Committee of IOSCO\*\*](#)

In the report on *Funds of Hedge Funds – Final Report* dated June 2008 and for the purpose of completing the principles provided for the report entitled *Regulatory and Investor Protection Issues Arising from the Participation by Retail Investors in (Funds-of) Hedge Funds* as published in February 2003, the International Organization of Securities Commissions' (IOSCO) Technical Committee Standing Committee on Investment Management (TCSC5) proposed developing guidelines in the particular areas where it has identified additional investor protection regulatory issues in the fund of hedge funds field.

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09 September 2009 **[Exploration of Non-Professional Ownership Structures for Audit Firms, Report of the Technical Committee of IOSCO](#)**

The International Organization of Securities Commissions' Audit Services Task Force (Task Force) is concerned with the risks to the capital markets presented by concentration in the market for large public company audit services, in particular the impact concentration may have on the continued availability of audit services.

09 September 2009 **[Auditor Communications, Report of the Technical Committee of IOSCO](#)**

The IOSCO Technical Committee has published for public comment this consultation report on Auditor Communications, which has been prepared by its Task Force on Audit Services. The Report is aimed at identifying whether changes to the standard audit report or additional auditor communications are needed to meet investor information needs.

09 September 2009 **[Transparency of Firms that Audit Public Companies, Report of the Technical Committee of IOSCO](#)**

The IOSCO Technical Committee has published a consultation report on Transparency of Firms that Audit Public Companies. The Report explores the potential effects of enhanced transparency of audit firms, specifically whether it will improve audit quality and the availability and delivery of audit services.

04 September 2009 **[Unregulated Financial Markets and Products, Report of the Technical Committee of IOSCO](#)**

The IOSCO Task Force on Unregulated Financial Markets and Products was formed in support of G-20 calls for a review of the scope of financial markets and in particular unregulated financial markets and products.

This Final Report examines ways to introduce greater transparency and oversight in unregulated financial markets and products and improve investor confidence in, and the quality of, these markets.

This Final Report makes recommendations about regulatory approaches to be considered by financial market regulators and then implemented as appropriate with respect to securitisation and credit default swap markets and then goes on to discuss the broader unregulated financial markets.

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### • Emerging Markets Committee Reports

December 2009

21 December 2009 **[Guidelines to Emerging Market Regulators Regarding Requirements for Minimum Entry and Continuous Risk-Based Supervision of Market Intermediaries, Report of the Emerging Markets Committee of IOSCO](#)**

The last two decades witnessed significant growth and dynamism in global capital markets. This growth created new markets, exchanges and intermediaries and also led to the emergence of progressively complex financial products and instruments. Structural improvements helped develop large and complex financial structures, promoted financial engineering and exploited new avenues of financial leveraging that was accompanied by greater risk appetite and increased use of information technology. The supervision of these complex structures also made it necessary to develop towards a much more comprehensive approach, evolving from an initial emphasis on ensuring compliance with laws and rules, designed to ensure proper management of all the risks associated with complex institutions.

18 December 2009 **[Approaches to Market Surveillance in Emerging Markets, Report of the Emerging Markets Committee of IOSCO](#)**

The report, published by the Emerging Markets Committee, examines the current approaches adopted by exchanges and/or regulators in conducting surveillance of markets. These include the role of the regulator versus the exchange in conducting the surveillance function, surveillance systems and mechanisms used, the importance of human capital and surveillance skills and supplementary efforts to complement the surveillance function.

11 December 2009 **[Fit and Proper Assessment – Best Practice, Report of the Emerging Markets Committee of IOSCO](#)**

The guide's main aim is to reduce the risk that responsible persons of the regulated institutions are not fit and proper for their roles.

The Emerging Markets Committee believes that the maintenance of *fit and proper* standards is essential to ensuring that business activities in financial sector are conducted with high standards of market practice and integrity.

These Best Practices are intended to support the members of IOSCO in ensuring that financial institutions are subject to adequate regulations and supervision and that competent authorities take necessary legal or regulatory measures in this matter.

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### 09 December 2009 [The Development of the Collective Investment Schemes Industry in Emerging Markets 2005 to 2007, Report of the Emerging Markets Committee of IOSCO](#)

This report from the Emerging Markets Committee of the International Organization of Securities Commissions (IOSCO) presents the results of a wide ranging survey of collective investments schemes (CIS) and the regulation that applied to them in emerging markets between 2005 and 2007.

#### • **Speeches**

6 November 2009 [Jane Diplock, Chairman IOSCO Executive Committee, Opening Remarks, Emerging Markets Committee Conference 2009, Bucharest.](#)

2 November 2009 [Jane Diplock, Chairman IOSCO Executive Committee, Sustainable Stock Exchanges Event, United Nations Headquarters, New York.](#)

8 October 2009 [IOSCO SP009-09 Jane Diplock, Chairman IOSCO Executive Committee, Future of the Financial Regulatory Framework, Basel, Switzerland.](#)

8 October 2009 [Jane Diplock, Chairman IOSCO Executive Committee, 5th IOSCO Technical Committee Conference Opening Remarks, Basel, Switzerland.](#)

#### • **Upcoming Events**

##### **35<sup>th</sup> IOSCO Annual Conference, 6-10 June 2010**

The 35<sup>th</sup> IOSCO Annual Conference will be hosted by the Autorité de Marché et Financiers of Quebec in Montreal, Canada from 6 to 10 June 2010.

Further details about the event including the programme, speakers and registration are available on the [website](#).

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