Panel 1
EFFECTIVE REGULATION: CROSS-BORDER SUPERVISION OF FINANCIAL INSTITUTIONS

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Some background information

- Financial markets form a huge international chain
- IOSCO is the common voice of the international securities regulatory community
- Its objectives are to increase market integrity and provide investor protection
- Coordination and speedy exchange of information are key to successful cross-border supervision
The IOSCO Method

- 30 IOSCO Objectives and Principles of Securities Regulation endorsed in 1998 and updated on a regular basis
- IOSCO Principles are outcome based
- Adjusted to level of development and local market and legal circumstances
- Rules based versus principles based approach according to circumstances
- New guidance to facilitate convergence
  Ex: conflicts of interest in sec.offerings
Major corporate scandals led to more stringent regulation and enforcement

“Effective” or “better” regulation requires some form of:
- harmonization, sometimes slow and costly
- convergence with roadmap/target
- mutual recognition with common foundation of principles

In an international context the three methods are not mutually exclusive
A successful example of mutual recognition: the IOSCO MMoU

Cross border investigations on:
- insider dealing
- market manipulation...
...related to pub/non public info.

REQUESTING AUTHORITY

41 Signatories (A list)
gathered in the Monitoring Group

+ 15 commitments (B list)

REQUESTED AUTHORITY

Individuals

Corporates
A successful example of mutual recognition: the IOSCO MMoU

- A common set of international principles on cooperation and exchange of information for investigation purposes
- An agreed, fair and stringent verification and screening process for new signatories to the MMoU
- A strong monitoring of compliance with the MMoU Provisions
- How to extend the scope of mutual recognition? Would another MMoU be able to cover other sets of principles?
Dialogue with industry

- Add active dialogue with stakeholders to the usual public consultation policy and technical advices
- Two way dialogue on market integrity and regulatory efficiency will facilitate convergence and/or mutual recognition
- TC work program for public consultation released in March 2007
- Mechanism for a structured dialogue to be designed and operational before year end
Thank you