

# MEDIA RELEASE



International Organization of Securities Commissions  
Organisation internationale des commissions de valeurs  
Organização Internacional das Comissões de Valores  
Organización Internacional de Comisiones de Valores

IOSCO/MR08/2012

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## **IOSCO Prepares for the Regulatory and Financial Challenges Ahead**

The International Organization of Securities Commissions (IOSCO) opens its Annual Conference public sessions today focusing on the themes of a new financial architecture for the post-crisis era, financial market infrastructures and market integrity, capital markets development in emerging markets, and regulation of commodity futures and financial derivatives.

The public conference comes at the conclusion of IOSCO's private meetings in which important steps were taken to ensure that IOSCO, as the international standard setter for securities markets regulation:

- is structured and positioned to continue providing the lead in the development of regulatory standards for capital markets;
- has the resources needed to engage in the identification of emerging securities markets risks;
- possesses the capacity to meet the needs of its members; and
- is prepared to respond to requests for project work by the G20 and the Financial Stability Board (FSB).

### **New Transitional IOSCO Board**

A transitional IOSCO Board was constituted today to subsume the functions of the Technical Committee (TC), the Executive Committee (EC) and the Emerging Markets Committee Advisory Board. The merger streamlines IOSCO's governance structure and decision-making process, helping position the Organization for a larger role in shaping the global framework for securities market regulation.

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In this context, IOSCO said it would continue to contribute to ongoing efforts in global regulatory reform.

As the global economic crisis continues, securities markets are expected to step in and fill the funding gap left by cash-strapped governments and financial institutions that can no longer finance economic growth. Pressure is growing for regulators to ensure that robust and transparent markets are prepared to meet the rising demand for capital.

IOSCO Secretary General David Wright said: “This Annual Conference is taking place in Beijing at a pivotal moment. We are seeing an important change – a move towards an increase in financing of the world economy by securities markets. ”

At its inaugural meeting on Thursday 17 May, the 32 members of the new transitional Board are expected to appoint a new Chair and Vice-Chairs for the duration of the two-year transitional period.

To enhance the effectiveness of the Organization’s new governance structure and strategic direction, IOSCO members discussed, during the conference, the need for alternative sources of financing, including the possible creation of an IOSCO foundation. New funding would go towards expanding services offered to members, including technical assistance, education and training, and research on global securities market issues.

A substantial portion of that funding would be earmarked for capacity building in emerging markets.

### **The Emerging Market Committee**

During the Emerging Market Committee meeting in Beijing, the EMC Chairman, Mr. Vedat Akgiray, and the EMC Vice Chairman, Mr. Ranjit Ajit Singh, emphasised the importance of emerging markets in the context of global capital markets, where emerging markets now include some of the world's fastest

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growing economies. More than 80% of IOSCO's members are from emerging markets, and 10 members of the EMC form part of the Group of 20 leading economies in the world.

It was observed that the role of the EMC remains critical, and its recognition as a distinct group has been a key source of strength for IOSCO. A Task Force has therefore been formed to define the role of the future EMC within the new IOSCO architecture.

### **New Committee Structure**

Pursuant to a prior consultation with members, IOSCO merged the policy and standard-setting work of the TC Standing Committees and the EMC Working Groups. The new structure improves the effectiveness of the IOSCO policy and standard-setting committees, making them more effective and inclusive of members.

### **Enhancing Cross-Border Enforcement Cooperation**

IOSCO today approved a resolution allowing it to take tougher measures to encourage compliance by members who have not yet signed the Multilateral Memorandum of Understanding (MMoU), a tool used by securities regulators to help ensure effective global regulation and preserve and strengthen securities markets around the globe.

The new resolution is designed to assist these non-signatories in overcoming the obstacles they often encounter in securing support from their governments or legislatures for implementing the legal and regulatory changes required for compliance with the MMoU, which marked its 10<sup>th</sup> anniversary at IOSCO's Annual Conference.

Georgina Philippou, the Co-Chair of the MMoU Screening Group, said: "The MMoU has made a real difference in the world of international enforcement, raising the standards of enforcement action,

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encouraging cooperation among international regulators and making it more difficult to conduct market misconduct in an increasingly cross border environment.”

### **New Signatories to the MMoU**

Four IOSCO members signed the MMoU today during a ceremony in Beijing, bringing to 86 the total number of signatories. Together these participants cover about 95% of the world’s securities markets.

The new signatories include:

- The Labuan Financial Services Authority
- The Peruvian Superintendencia del Mercado de Valores
- The Egyptian Financial Supervisory Authority
- The Mauritius Financial Services Commission

IOSCO will celebrate its 38<sup>th</sup> Annual Conference in Luxembourg on 15 – 19 September 2013.

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## NOTES FOR EDITORS

1. A Final Update on the IOSCO 2012 Annual Conference will be available on the IOSCO website on the afternoon of Thursday 17 May.
2. IOSCO is recognized as the leading international policy forum for securities regulators. The organization's membership regulates more than 95% of the world's securities markets in over 100 jurisdictions and its membership is steadily growing.
3. The IOSCO Principles for Securities Regulators are one of the 12 key standards or codes recognised by the FSB as core to sound global financial regulation. They play an important role in promoting a sound global financial regulatory system through their use by the International Monetary Fund (IMF) and World Bank assessors in the performance of the securities sector element of country Financial Sector Assessment Programs
4. The new IOSCO Board is a new body that subsumes the functions of the Executive Committee, the Technical Committee and the Emerging Markets Committee Advisory Board.
5. IOSCO aims through its permanent structures:
  - to cooperate in developing, implementing and promoting adherence to internationally recognised and consistent standards of regulation, oversight and enforcement in order to protect investors, maintain fair, efficient and transparent markets, and seek to address systemic risks;
  - to enhance investor protection and promote investor confidence in the integrity of securities markets, through strengthened information exchange and cooperation in enforcement against misconduct and in supervision of markets and market intermediaries; and
  - to exchange information at both global and regional levels on their respective experiences in order to assist the development of markets, strengthen market infrastructure and implement appropriate regulation.

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