



**3 February 2005**

## **MEDIA RELEASE**

### **IOSCO LAUNCHES INITIATIVE TO RAISE STANDARDS OF CROSS-BORDER CO-OPERATION AMONG SECURITIES REGULATORS**

The International Organization of Securities Commissions ("IOSCO") announced today that it has launched an initiative to raise the standards of cross-border co-operation among securities regulators.

IOSCO's objectives are to protect investors, to ensure fair, efficient and transparent markets and to reduce systemic risk. Together IOSCO members are responsible for regulating more than 90% of the global securities market.

The Chairman of the IOSCO Technical Committee, Mr. Andrew Sheng, explained that: "As financial markets have become increasingly global, so cross-border co-operation among securities regulators has become an increasingly important objective".

"Increased globalisation of capital markets has generated cross-border violations where the lack of real co-operation has had an adverse impact. For securities regulators this has meant more focus on combating fraud, market abuse and money laundering. Efforts to improve co-operation and to ensure that appropriate standards are observed by all securities regulators are therefore of fundamental importance".

IOSCO has been looking at problems of cross border co-operation for a number of years. This work has included, but is not limited to, offshore financial centres (OFCs). Although there has been some success resulting in better co-operation, recent financial scandals have highlighted the need for more urgent action towards a multilateral solution.

In dealing with the issue of cross border co-operation, relevant IOSCO standards are being used as benchmarks, including the IOSCO Principles and Resolutions as well as the IOSCO Multilateral Memorandum of Understanding ("the MMoU"), adopted in 2002, which provides a clear benchmark for international co-operation.

IOSCO is embarking on an initiative of the highest importance to identify jurisdictions that present the greatest risks and promote their compliance with IOSCO standards through dialogue designed to explore obstacles to co-operation and paths for their swift resolution. In some instances, this dialogue may be supported by the delivery of technical assistance.

This initiative will be based upon a four part process designed to raise standards for effective cross border co-operation among securities regulators:

- (1) Identifying jurisdictions that appear to be unable or unwilling to co-operate, and prioritizing follow-up work with the jurisdictions presenting the greatest risks to IOSCO's objectives of investor protection, maintenance of fair and efficient markets and financial stability;
- (2) Entering into a dialogue with priority jurisdictions to develop a mutual understanding of their ability and willingness to engage in co-operation and assist them in resolving problems;
- (3) Assessing progress in meeting IOSCO standards for co-operation; and
- (4) Considering further actions that will achieve conformity with IOSCO standards.

The process of identifying priority jurisdictions is underway. IOSCO envisages making initial contact with higher risk jurisdictions beginning in February 2005 with a view to starting a dialogue as soon as possible. It is expected that the dialogue process will take approximately six months though this will vary depending on the jurisdiction involved and the problems identified.

IOSCO believes that confidential dialogue at the start of this process will be the most efficient and effective way to proceed. Accordingly, at this stage IOSCO does not intend to produce public lists of jurisdictions with which dialogue will be taking place. IOSCO will review the timescale and the confidentiality of the dialogue process on a regular and ongoing basis.

**For further information contact**

Mr. Philippe Richard, IOSCO Secretary General 34 (91) 417 55 49 or (34) 650 37 88 98 or

Mr. Andrew Larcos, Public Affairs Officer 34 (91) 417 55 49