



The Process of Rule Making

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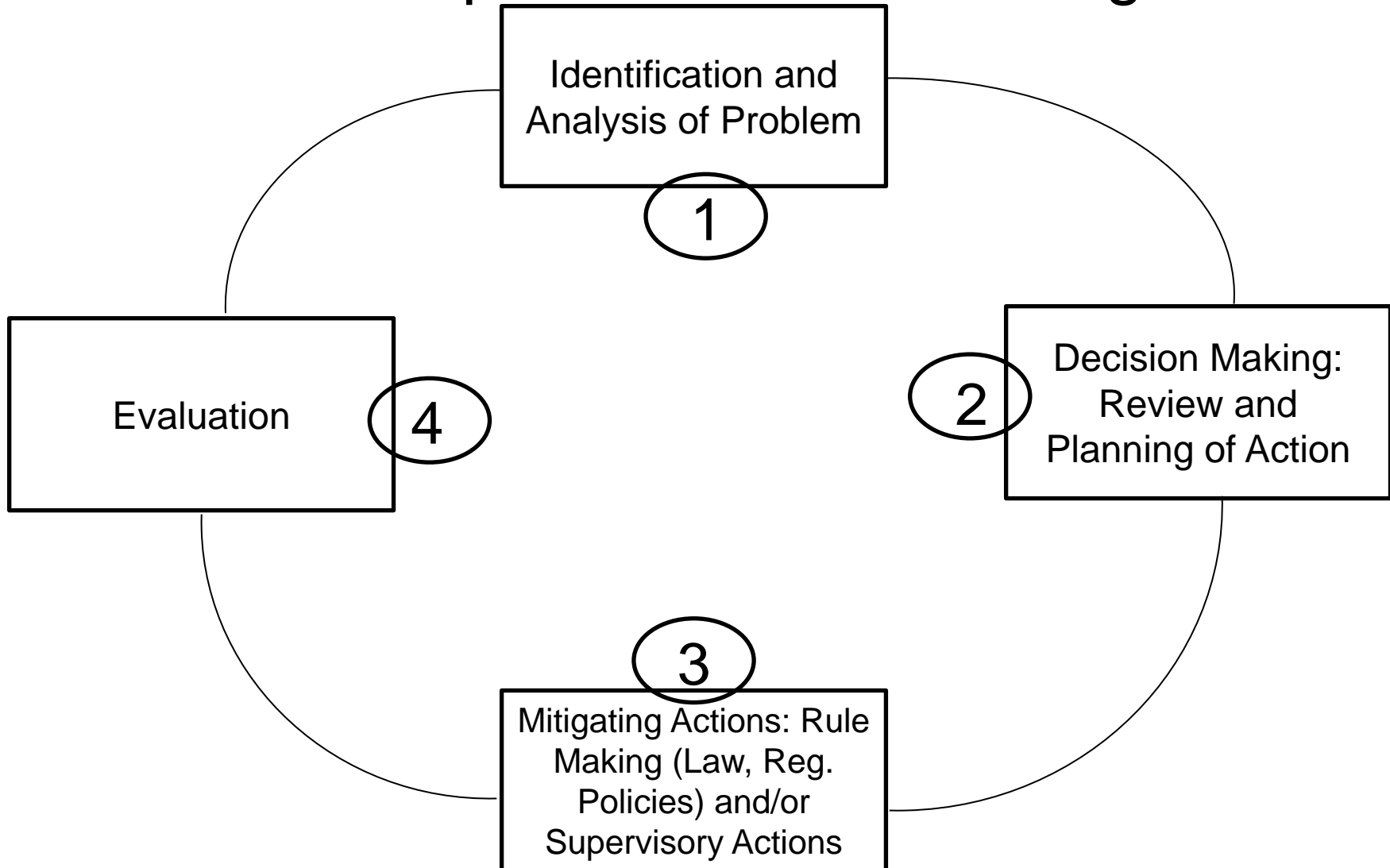
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AMCC Training Seminar
Tokyo, 9 April 2014

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The process of rule making



The process of rule making

Sub ③ Mitigating Actions: Rule Making (Law, Reg. Policies) and/or Supervisory Actions

Steps in the process of rule making:

1. Development of the rule (Regulator, SRO, Ministry)
2. Approval process of draft rule
3. Consultation
4. Finalization of rule
5. Implementation
6. Enforcement

Rules or Principles



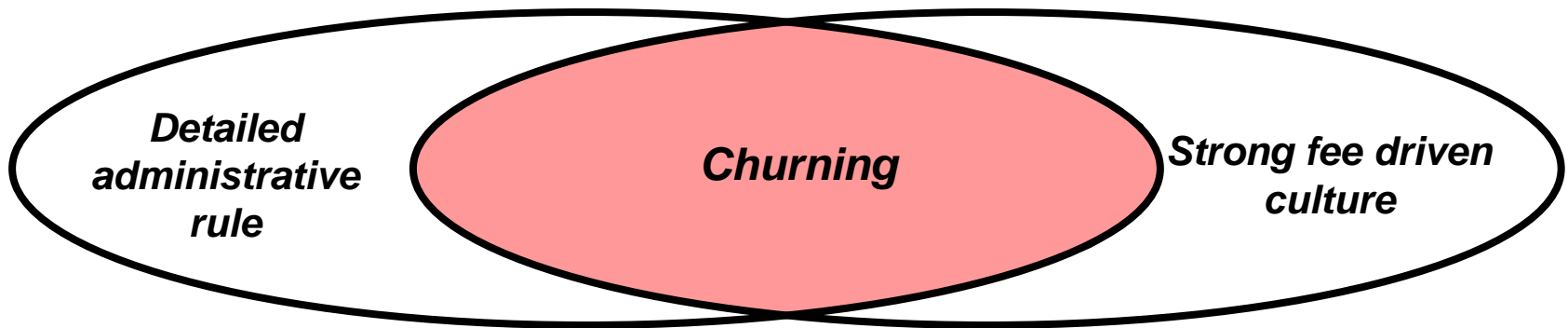
Advantages

- Immediate compliance
 - Strong defence against litigation
 - Strong base and sense of mission
 - Internal cohesion
 - Consistent
 - Prevention of reg capture
 - Punishes benefits by competitive advantages of non-compliance
 - Scale effects in case of huge number of regulated entities
- Minimize opposition in long term
 - Reduces compliance burden allowing tailored responses
 - Reaches further with fewer resources
 - Increases likelihood of agency survival

Regulatory and enforcement focus

Illegal behavior

Harmful behavior



Advantages and disadvantages of focus on
illegal behavior

- + Law is precise basis
- + Accountability relatively simple in short run
- Law is slow and fallible instrument
- Do you attack big problems?

Advantages and disadvantages of focus on
harmful behavior

- + Regulation focused on fixing big problems
- + Better accountability in long run
- What are the applicable rules?
- Risk of getting too far away from the law

The process of rule making

Issues addressed by the panel:

- Bottom-up (by SRO's) versus top-down rule making
- Lifecycle of a rule: review and approval process
- Relationship between SRO and Statutory Regulator

Questions to the panel:

1. What has worked and what hasn't?
2. Challenges and obstacles in the process.