

IOSCO's Education and Training Programs

IOSCO's Education and Training Program has become a powerful vehicle for advancing the organization's regulatory goals and building the regulatory capacity of its members. By drawing on the expertise of its policy committees and its broad array of contacts in industry, academia and the regulatory community, IOSCO keeps its members abreast of relevant developments in securities markets and helps prepare them for the regulatory challenges that lie ahead, particularly in the fast growing emerging markets.

IOSCO E&T Activities 2012-2013

IOSCO Seminar Training Program

The 2012 Seminar Training Program (STP) was successfully conducted at IOSCO's headquarters in Madrid from 23 to 26 October 2012. Entitled *Corporate Governance Issues Related to Securities Firms and Sanctions for Market Abuse*, this intense four-day program was developed based on the responses received from IOSCO members in a comprehensive education and training-needs analysis. It examined the critical aspects of corporate governance and the sanctions for market abuse. The STP was attended by 70 delegates from 42 jurisdictions, and received outstanding feedback and evaluations.

The 2013 Seminar Training Program will be held in Madrid from 22-25 October 2013. The program and further information will be made available in due course.

Building on the success of the annual STP, IOSCO organized similar mobile training seminars in the different regions, using the same broad format, theme and materials. These seminars were held in 2012 and 2013 in the European, Africa / Middle-East, and Asia-Pacific Regions, and dealt with the different subjects of new financial products, investor education, corporate governance, and sanctions for market abuse. All of the Mobile STPs received very good feedback from participants.

The Cyprus Securities and Exchange Commission hosted the European Mobile STP in Nicosia, Cyprus on 22-24 February 2012. This seminar on *New Financial Products: Their Regulatory Challenges and IOSCO's Response* was based upon the 2010 and 2011 Seminar Training Programs in Madrid. More than 70 delegates from 21 different jurisdictions attended the seminar.

The Mobile STP for the Africa / Middle-East region was hosted by the Securities and Commodities Authority of the United Arab Emirates, in Dubai, from 10-12 December 2012. The first two days of the seminar were on *Investor Protection: Investor Education, Corporate Governance and Sanctions for Market Abuse*, and the third day was dedicated to *Islamic Finance*. The program was attended by almost 50 delegates from 15 different jurisdictions.

The Financial Markets Authority of New Zealand hosted the Mobile STP for the Asia-Pacific region in Auckland, from 11-12 March 2013. This seminar was largely based upon the program of the 2012 STP in Madrid on *Corporate Governance Issues Related to Securities Firms and Sanctions for Market Abuse*. Fifty delegates from 15 jurisdictions participated in the program.

While the mobile STPs are based on the STP held annually in Madrid, IOSCO staff work closely with the host jurisdiction to make certain the program is tailored to the specific interests and needs of the region. Additionally, regional speakers and other new

speakers are incorporated into the mobile STPs as well as speakers from the annual STP. Consequently, IOSCO is steadily building a speaker data base that enhances its education and training capabilities.

Enforcement Training Program

The IOSCO Education & Training Team, together with the Dubai Financial Services Authority (DFSA) and the Securities and Commodities Authority of the United Arab Emirates (SCA), organized a four-day Enforcement Training Program from 4-7 March 2013 in Dubai, UAE.

This very practical program for enforcement staff of IOSCO's securities regulators members had the format of a workshop and was hosted at the premises of the SCA in Dubai. Forty participants from 25 different jurisdictions were divided into five working groups with one experienced mentor assigned to each group. Each mentor used a case study that he or she had developed and which was used by the attendees to develop and fully execute different phases of the planning and conducting of an investigation, i.e., from the assessment of allegations to the investigation planning and the interviewing of witnesses and suspects. Due to the success and popularity of the program (maximum capacity was reached within a matter of days), IOSCO is considering replicating the program or aspects of the program in other regions, and/or including it as part of the Madrid STP.

Joint IOSCO / Financial Stability Institute (FSI) Seminar

The seventh edition of the joint IOSCO and FSI seminar took place at the FSI headquarters in Basel from 28 to 30 November 2012. The FSI is the training arm of the Bank for International Settlements, and this joint seminar successfully examines relevant cross-sectoral issues. The seminar on *Trading Book Issues and Market Infrastructure* emphasized the legal, regulatory, and compliance issues. Almost 60 bank supervisors and securities regulators from 34 jurisdictions attended the seminar.

IOSCO SROCC Training Seminar

Following the success of the four previous training seminars, the Self-Regulatory Organizations Consultative Committee (SROCC) conducted a three-day training seminar from 7 - 9 November 2012 in Istanbul, Turkey. The program covered the IOSCO Principles relating to Regulators, Secondary Markets and Market Intermediaries. The event was co-organized by IOSCO, ANBIMA (Brazilian Financial and Capital Markets Association), FINRA (Financial Industry Regulatory Authority) and TSPAKB (Association of Capital Market Intermediary Institutions of Turkey). In

its previous five editions, the program reached more than 400 delegates from over 80 regulatory entities in 57 different jurisdictions.

The 6th edition of the IOSCO SROCC Training Seminar will take place from 22 - 23 May 2013 in Toronto, Canada. This year's two-day program will cover the IOSCO Principles relating to Firm Supervision, Inspections and Enforcement. The agenda also includes panels on *High Frequency Trading*, *SME Finance* and *Ahead of the Curve* regulatory topics. The Seminar is co-organized by IOSCO, ANBIMA, FINRA, and IIROC (the Investment Industry Regulatory Organization of Canada).

The IOSCO & IFIE Investor Education Conference

The fourth joint IOSCO-International Forum for Investor Education (IFIE) Investor Education Conference was held in Seoul, Korea, from 20-22 May 2012. The theme of the conference hosted by the Korea Financial Investment Association (KOFIA) was *Implementing the Financial Capability and Investor Education Agenda: Protecting Investors in a Dynamic Environment*. The conference was composed of different panels, breakout sessions, and practical workshops covering themes such as *Working Together to Organize, Develop and Implement an Ongoing National Strategy for Financial Capability and Investor Literacy*; *Elements That Create Effective Financial Capability and Investor Literacy Programs – Overcoming Barriers to Achieve Success*; *Emerging Challenges in Financial Capability and Investor Literacy around the Globe*; and *How Do You Determine if an Investor Education Programme is a Success? Looking for Quantitative Measurements and Statistically Reliable Data*.

The upcoming fifth joint Investor Education Conference is based on the theme of *Delivering Dynamic Financial Capability and Investor Education Program - Changing Behavior Across Life Stages*. The event will be held from 20-21 June 2013 in Toronto, Canada, and will be hosted by the Investment Industry Regulatory Organization of Canada (IIROC).

EMC Training

The Emerging Markets Committee (EMC), as part of its 2011 EMC Conference in the Dominican Republic from 17-19 October, started to organize Market Development Workshops that are open to all IOSCO members. The four workshops in the Dominican Republic covered the following: *the implementation and practical application of the new IOSCO Principles and Methodology*; *the effective regulation and oversight of FMI's*; *developing the investor base in the Emerging Markets*; and *Systemic Risk in the Emerging Markets*.



Due to the success of the workshops, two were organized during the Annual Conference in Beijing, China, on 13 May 2012; one on *Developing the Institutional Investor Base* and the other on *Developing Corporate Bond Markets*. The workshops attracted over 100 participants.

During the 2012 EMC Conference in Chile from 19-21 November 2012, the following two workshops were organized: *Development of Derivatives Markets in EMs*

and *Developing Surveillance Capacity of Securities Regulators*. There was also a discussion on the *Recent Benchmark Manipulation Scandals and the Need for Deterrent Sanction Regimes*. The three sessions were attended by approximately 70 participants, who rated the sessions as useful and in line with expectations. They noted the sessions allowed them to exchange their views and experiences, as well as identify areas of improvement.

The 2013 EMC Conference in Panama of 21-23 May 2013 was also to feature two workshops on *Risk Based Supervision* and on *FMI's and Risk Management*.

Investor Education

Given that IOSCO members are showing growing interest in investor education, the Education and Training team is considering which programs and/or materials IOSCO might make available to meet this demand. In 2011/2012 the Education and Training team undertook an analysis of members' current investor education offerings on their websites, which showed that many members are providing outstanding and innovative programs, materials and creative solutions with respect to investor education. This study resulted in June 2012 in the internal publication of a report titled, *Investor Education: An Analysis of IOSCO Member Websites and Web-Based Information*.

Building upon this experience, IOSCO launched in May 2013 an Investor Education Gateway on its website, where IOSCO members can showcase and share with each other as well as the global community their work on investor education.

Developing a Comprehensive Strategy with Respect to Investor Protection and Education is one of the main objectives of the Education and Training Pillar of the proposed IOSCO Foundation. This objective entails organizing special IOSCO investor education programs; establishing strategic investor education partnerships that will advance IOSCO's own investor education initiative to the benefit of IOSCO members; and sharing investor education information, research and resources with IOSCO members.

On 3-4 February 2012 the OECD and the Securities and Exchange Board of India (SEBI) organized jointly an International Conference on Investor Education in Goa, India. The Secretariat presented IOSCO's work on investor education and, in particular, on what IOSCO members are offering with respect to investor education.

As part of the 2012 IOSCO meeting of the Africa/Middle-East Regional Committee (AMERC), an IOSCO Training Session on Investor Education was organized on 24 February 2012 in Mombasa, Kenya. Speakers from the IOSCO General Secretariat, the Capital Markets Authority (CMA) Uganda, the Securities Exchange Commission (SEC) Ghana, and the First Bank of Nigeria Capital spoke on the topic of investor education.

In conjunction with the 2012 meeting of the Council of Securities Regulators of the Americas and the Inter-

American Regional Committee (COSRA/IARC), IOSCO organized an Investor Education Panel on 29 October 2012 in Trinidad & Tobago. The Secretariat participated in the panel discussion on *Investor Education – A key factor in Capital Market Development*.

On 6 November 2012, IOSCO member websites were highlighted in the presentation *Child and Youth Financial Education and Inclusion in Europe and Central Asia* that was given at the Child & Youth Finance International (CYFI) Regional Meeting for Europe and Central Asia, held in Brussels, Belgium. IOSCO was asked to deliver the keynote speech at the European Fund and Asset Management Association (EFAMA) Investor Education Day, held on 7 November 2012 in Brussels, Belgium. IOSCO outlined its commitment to investor education and stressed that it is a priority.

Priorities on the horizon for the IOSCO team were also presented, including but not limited to, the following:

- > Investor Education Workshops; Investor Education Gateway / Resources at IOSCO for IOSCO members;
- > Continued Member Research, Assessment, and Assistance;
- > Forums to Share *Best Practices* and *Good Ideas*;
- > Analyze *what does the current statistically valid research show?*
- > Focus on *What Works and What Does Not Work...and what is the supporting evidence?*

Survey Analysis

In the first quarter of 2013, IOSCO carried out an online survey on E & T among all IOSCO members as a follow up to similar surveys in 2009 and 2011. Compared to previous surveys, the 2013 survey received the highest number of responses (69). The survey supports and confirms the very positive evaluations received on IOSCO's E&T programs. It also reflects strong agreement that E&T programs provide an international regulatory perspective, enable attendees to gain new knowledge, and bring them up to date regarding regulatory matters.

The survey offered 57 different topics concerning securities regulation and allowed respondents to indicate their level of interest in each topic on a scale of 1 to 7 with 7 indicating *very interested*. The following

topics received the strongest support¹ according to the 2013 survey:

- > Going Forward; Regulation and Supervision 77%;
- > Insider Trading Investigations 70%;
- > Market Manipulation 68%;
- > Ethics and Conflicts of Interest 67%;
- > Investor Education 66%;
- > Insider Trading (Litigation) 66%;
- > Investor Protection 65%;
- > Helping Investors Avoid Fraud 65%;
- > Conducting Regulatory Investigations 64%;
- > Inspections and
and
- > Transparency and Disclosure
in Financial Markets 61%.

Regarding IOSCO's Principles, these categories received the strongest support² according to the 2013 survey:

- > Market Intermediaries (Principles 29-32) 73%;
- > Enforcement (Principles 10-12) 67%;
- > The Regulator (Principles 1-8) 65%;
- > Cooperation in Regulation (Principles 13-15) 62%;
- > Collective Investment Schemes
(Principles 24-28) 54%;
- > Secondary Markets (Principles 33-38) 51%;
- > Issuers (Principles 16 -18) 49%;
- > Self-Regulation (Principle 9) 41%;
- and
- > Auditors, Credit Rating Agencies and Other
Information Providers (Principles 19-23) 39%.

Several conclusions regarding the direction of IOSCO E&T can be drawn from this comparative data:

- > The topic *Going Forward; Regulation and Supervision* received one of the highest ratings of any survey topic in the past five years;
- > IOSCO members continue to show an increasing desire for IOSCO to offer a certificate program for regulators (such as the one outlined in the IOSCO Foundation proposal). (76%, 79% and now 81%, respectively, for 2009, 2011 and 2013);
- > There continues to be a huge interest in receiving education and training with respect to *Insider Trading Investigations* and *Market Manipulation*;

- > There seems to be growing interest in the fourth highest ranked topic in 2013, *Ethics and Conflicts of Interest*. This topic was not ranked in the top ten in either 2009 or 2011;

- > The similar topics of *Investor Education*, *Investor Protection*, and *Helping Investors Avoid Fraud* ranked, respectively, fifth, tied for seventh, and then continued to advance in popularity; and

Given this data, IOSCO members indicated the following as their top three areas of IOSCO Principles: Market Intermediaries (73%), Enforcement (67%), and The Regulator (65%). This data is generally consistent with prior years.

IOSCO Foundation Proposal

As part of the proposal to create an IOSCO Foundation, IOSCO E&T is proposing to expand the education and training opportunities available to IOSCO members. With additional funding, IOSCO will be able to broaden the offer of E&T programs for securities regulators. In addition to increasing the quantity and quality of current E&T seminars and events, the objective will be to develop and launch the following new training programs that include, but are not limited to, the following:

- > *Investor Protection and Education*;
- > *International Exchange Program for Securities Regulators*;
- > *Global Certificate Program for Securities Regulators*; and
- > *Enhanced Education and Training*.

It also will be better placed to disseminate E&T programs and materials through video streaming and a new electronic library of top education and training materials, modules and programs. This library will expand the reach and impact of IOSCO's E&T efforts, and will particularly benefit emerging market members.

¹ Strongest support is defined as the total percentage of respondents who marked the topic as a "7" or a "6" on a 7 point scale with 7 reflecting the highest level of interest.

² Ibid

