



Report from the Chair of the Assessment Committee

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This has been a year of significant achievement for the Assessment Committee. Our projects and reports have underscored our emerging importance in the life of IOSCO.

Before outlining the achievements, I would like to summarize the Assessment Committee's responsibilities and outline our value add.

Our Responsibilities

We have three primary responsibilities.

The first is the design and conduct of Thematic Reviews, which are reviews of implementation across our membership of particular elements of *IOSCO Principles of Securities Regulation* (IOSCO Principles) and other IOSCO guidance.

The second is the design and conduct of Country Reviews, which are reviews of self assessments prepared by particular IOSCO members about their implementation of IOSCO's Principles.

The third is maintaining and periodically updating the IOSCO Principles and supporting Methodology (Methodology) through the Implementation Task Force (ITF) Sub-Committee.

Our Value Add

Our value add to IOSCO and our members lies in the following.

The first is in identifying, through our Reviews, opportunities for members to align their regulatory frameworks with IOSCO's Principles and guidance. Our findings lay the foundation both for regulatory reform and for capacity building initiatives.

The second is in encouraging the development of regulatory frameworks consistent with IOSCO's Principles and guidance across our membership. This consistency can contribute to members recognizing regulatory approaches in other jurisdictions as equivalent and, in turn, can contribute to reducing barriers and hurdles to cross border activity.

The third is ensuring that IOSCO's Principles (and Methodology) are up to date, accessible and usable.

This value add highlights the important links between our work on the Assessment Committee and IOSCO's standard setting and capacity building work. It is also evident through each of our projects and activities this year.

Our Achievements

In the 12 months to July 2015, we will have published eight reports on five Thematic Review projects and one Country Review report.

Thematic Reviews

As I indicated last year, we published well-received reports in July and September 2014 on the implementation of IOSCO's 2013 *Principles for Financial Benchmarks* by the administrators of three key interest rate benchmarks (EURIBOR, LIBOR and TIBOR) (IBOR Review) and the administrator of the London 4pm closing spot rate for foreign exchange rates (FX Review). These reports identified gaps in implementation by administrators and made recommendations about how the gaps might be



addressed. The reports were an important element of the FSB's work on reforming benchmarks globally.

In November, interim reports to the FSB and the G20 were published on our Reviews of the implementation of money market fund reforms (MMF Review) and IOSCO's 2012 recommendations on incentive alignment in securitization (Securitization Review). Work has continued on these Reviews with reports expected to be finalized in mid-2015.

We are also publishing reports on our Review of Implementation of Derivatives Market Intermediary Regulation (DMI Review) in member jurisdictions and our review of implementation of requirements about the timeliness and frequency of disclosure to investors

under IOSCO Principles 16 and 26⁴ (Disclosure Review). These reports will provide useful information, in the case of the DMI Review, on the status of reforms in a key post-crisis reform area. In the case of the Disclosure Review, they provide opportunities for members to reflect on the need for reform and opportunities for IOSCO to reflect on whether further guidance is needed in these areas based on the range of practices the Review identifies.

4 Principle 16: There should be full, accurate and timely disclosure of financial results, risk and other information which is material to investors' decisions.

Principle 26: Regulation should require disclosure, as set forth under the principles for issuers, which is necessary to evaluate the suitability of a collective investment scheme for a particular investor and the value of the investor's interest in the scheme.





Country Reviews

Of particular note, is the publication of the outcomes of our Country Review of Pakistan – our first Country Review. This review has highlighted both the benefits and the power of Country Reviews. Our Pakistani colleagues have benefited from the wisdom and experience of six experts drawn from across our membership. For Pakistan, the review has acted as a catalyst for the regulatory and legislative change needed to address gaps identified in the review. For the Assessment Committee, this report has laid the foundation for us to monitor and report on the progress Pakistan makes in addressing the recommendations from the report.

We have also created a global database about the outcomes of members' FSAP⁵ and other assessments and reviews on the implementation of the IOSCO Principles. This initiative – shepherded by Assessment Committee Vice Chair Amarjeet Singh of the Securities and Exchange Board of India (SEBI) – will assist all our members in better understanding the assessment process and the particular issues they may need to address through FSAP assessments and our country reviews.

Maintaining and Updating the Principles and Methodology

We have also given further thought to how the Principles and Methodology should be updated. In September, we conducted a roundtable with experienced assessors about how the Methodology might be improved. We have also instituted a process that asks IOSCO committees and task forces to complete a questionnaire when finalizing reports about policy guidance to help identify whether the guidance might require changes to the Principles and Methodology.

The Assessment Committee has also taken important initiatives to improve the accessibility of the IOSCO Principles and the supporting Methodology. Under the guiding hand of Jean Paul Bureaud of the Ontario Securities Commission (OSC), supported by the IOSCO Secretariat, the Methodology has been translated into Spanish and Portuguese with the translation into French almost complete. The E-Methodology – which facilitates easy access to the Methodology for our members – has also been updated and is now available online.

5 The Financial Sector Assessment Program (FSAP) is an in-depth analysis of a country's financial sector. FSAP assessments are the joint responsibility of the IMF and World Bank in developing and emerging market countries, and of the IMF in advanced economies.



The coming year

This will – again – be an active year for the Assessment Committee.

We will complete our work on the MMF and Securitization Reviews and report the outcomes to the FSB and the G20 Leaders. We will also conduct follow ups to our IBOR and FX Reviews, testing progress in implementing our recommendations. The outcomes of these reviews will also be reported to the FSB and G20 Leaders.

We will also start a new project assessing progress in implementing IOSCO's 2014 *Recommendations regarding the Protection of Client Assets*. This will be a project that will give IOSCO the opportunity to raise awareness of these recommendations and for the Assessment Committee to undertake a project addressing issues of interest and concern across our full membership.

We will progress and finalize our Country Review of Trinidad and Tobago and work to identify and start a further country review in the first half of 2016.

Of particular importance will be our work in updating and revising the IOSCO Principles and Methodology. A framework for conducting this update and revision was developed by the ITF Sub-Committee under the leadership of Mr. Bureau of the OSC during 2014 and will now be carried forward under the leadership of Philipp Suedeck of Germany's BaFin. This project will reflect on whether and how to update the Principles and Methodology to

take on board guidance developed since the last review in 2010 and 2011. It will also take on feedback we have received from members and particularly assessors about improvements to both documents.

Finally, we will also think through whether we should develop other forms of implementation reviews and assessments. Our current work is highly resource intensive. We need to consider whether there might be other less resource intensive ways of achieving the benefits of the programs we currently undertake.

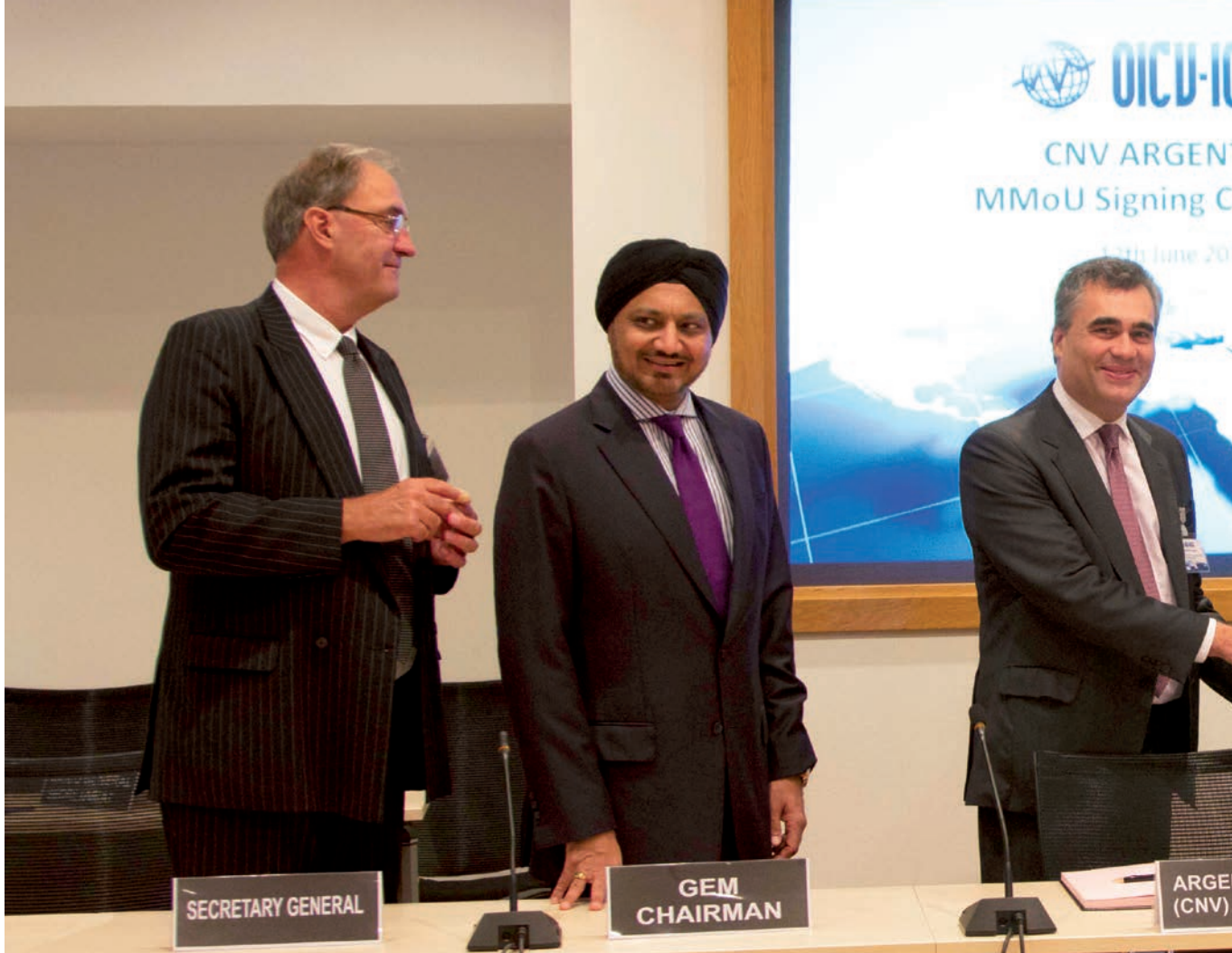
A Thank You

I would like to extend my thanks to the Assessment Committee, to every member of each review team and their agencies for their contribution through this year. I want particularly to thank Raluca Tircoi-Craciun of the IOSCO Secretariat for her professionalism and unflagging support to the committee.

Our work is challenging, intense and time consuming. We would not have been able to achieve what we have without your energy and commitment – and that of your agencies. It is enormously appreciated.

Finally, I would like to thank Mr. Singh of SEBI for his great support and dedication to and belief in our work through the year. I want also to thank Mr. Bureau of the OSC for his energy, insight and steady hand in building and guiding the ITF Sub-Committee. Finally, I want to thank Mr. Sudeck of BaFin for his enthusiasm and dedication in forging ahead with the sub-committee's work.





The IOSCO Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information (MMoU) Screening Group

- > Chair: **Georgina Philippou (UK FCA)**
- > Chair: **Jean-François Fortin (Québec AMF)**

In 2010, IOSCO asked all its ordinary and associate members with primary responsibility for securities regulation in their jurisdictions to become signatories of the IOSCO Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information by 1 January 2013. (For more information on enforcement and the MMoU see the *Committee on the Enforcement and Exchange of Information (C4)*)

To encourage non-signatory members to take the necessary measures for signing the MMoU, IOSCO published in February 2013 the list of members who failed to meet the January deadline (at that time 30). Later in the year, IOSCO

adopted the first of a series of measures that gradually restrict the opportunities of non-signatory members to influence key IOSCO decisions due to the limited support they can provide IOSCO's enforcement efforts.



These graduated additional measures included:

From 30 September 2013: All outstanding non-signatory members will be restricted from nominating candidates from their organization for election or appointment to leadership positions.

From 31 March 2014: All outstanding non-signatory members in leadership positions will be asked to step down.

From 30 June 2014: The participation of non-signatory members in IOSCO Policy Committees will be suspended.

From 30 September 2014: The voting rights of all remaining non-signatory members will be suspended.

During its 2014 Annual Conference in Rio de Janeiro, IOSCO approved an additional measure:

From 1 October 2014: Participation in all other IOSCO Board Committees and Task Forces will also be suspended. The suspension shall endure until those members become MMoU signatories.

These measures are aimed at encouraging national governments and parliaments to take the necessary steps to support securities commissions in their efforts to comply with the MMoU. At the same

time, IOSCO reiterated its commitment to provide technical assistance and political support to those non-signatories who require it in order to sign the MMoU.

In 2014 the following IOSCO members became signatories to the MMoU, bringing the number of signatories to 103 at the end of 2014, out of a total of 126 eligible members.

- > The Financial Services Authority, Indonesia (January 2014)
- > The Palestine Capital Market Authority (February 2014)
- > The Comisión Nacional de Valores, Argentina (June 2014)
- > The Financial Regulatory Commission, Mongolia. (June 2014)

The Bank of Russia and the Financial Services and the Commission of Jamaica became signatories to the MMoU in February 2015.

The growing number of signatories has increased cross-border cooperation, enabling regulators to investigate a growing number of insider traders, fraudsters and other offenders. The annual figure increased to 2,658 in 2013 and to more than 3000 in 2014.