



Report from the Chair of the Africa/Middle-East Regional Committee (AMERC)

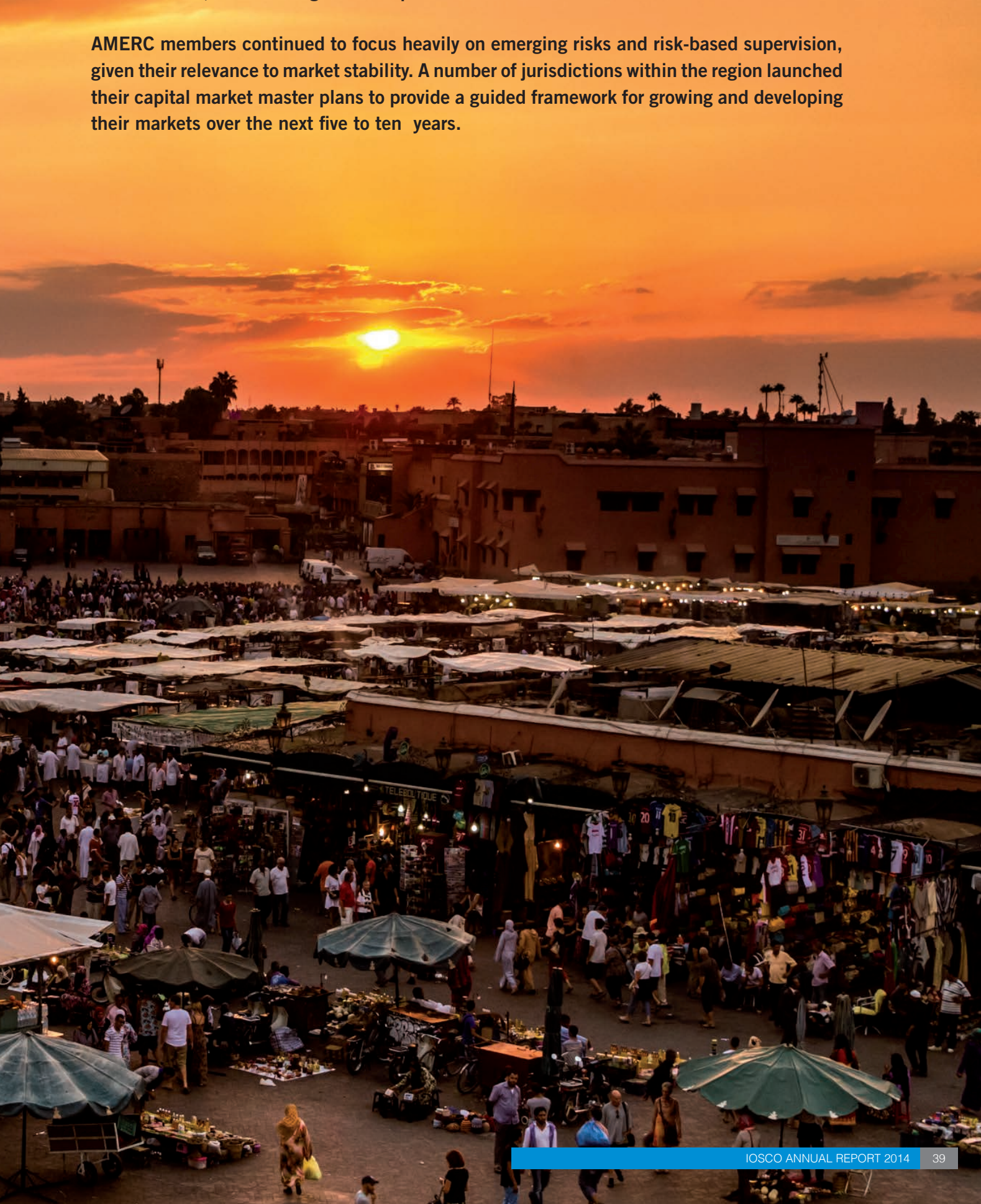
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- > Chair of the Africa/Middle-East Regional Committee
- > Director General,
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Africa and Middle East economies are among the fastest growing in the world. The region contributed significantly to global growth particularly through public investments in infrastructure, increased agricultural production and a vibrant services sector.

AMERC members continued to focus heavily on emerging risks and risk-based supervision, given their relevance to market stability. A number of jurisdictions within the region launched their capital market master plans to provide a guided framework for growing and developing their markets over the next five to ten years.





AMERC Activities and Achievements in 2014

Our two meetings provided the platform for members to share their experiences and raise and debate issues that are pertinent to our region.

The 32nd AMERC Annual Conference was held in Livingstone, Zambia, from 10 to 11 February 2014. The meeting, which had the theme *Balancing Development and Emerging Regulatory Challenges*, examined new ways of confronting the emerging challenges of market regulation and development. The meeting also featured panel discussions on *Innovations in Bonds Market* and *Meeting the Challenges of Globalized Markets: Developments and Policy Issues*.

The event provided our members the opportunity to reassess how best to develop the local bonds market by leveraging on the window of the International Finance Corporation (World Bank Group) for local currency denominated bonds.

The 33rd AMERC Meeting was held on the sidelines of the 39th IOSCO Annual Conference in Rio de Janeiro, Brazil with the theme *Market Based Financing for*

Global Economic Growth: A Forward Looking Approach. The Comissão do Mercado de Capitais (CMC) of Angola and the Non-Bank Financial Institutions Regulatory Authority (NBFIRA) of Botswana both attended as observers. The CMC later became an associate member of IOSCO in November 2014.

Two other key presentations were made. The first focused on the *Implementation of Foreign Accounts Task Compliance Act (FATCA)*. The presentation suggested the possibility of establishing a task force to conduct a necessary assessment of FATCA and OECD tax requirements for financial markets.

The second presentation on *Deepening Emerging Markets through Non-Interest Products*, examined the role and significance of Islamic financing as an alternative for providing long-term funds to emerging markets.

We continued our quest for best regulatory practices and capacity building. This led the region to collaborate and promote various joint training programs. Let me therefore commend the Central Bank of Bahrain; the Union of Arab Securities Authority (UASA) and the Capital Markets Authority (CMA), Kenya for organizing and hosting the following programs:

- > Central Bank of Bahrain hosted the *Capital Market Supervisors Program* from the 21 to the 25 of September 2014.
- > UASA organized the *First Arab Capital Markets* in Dubai on the 25 and 25 of November 2014.
- > CMA Kenya organized the *Regional Leadership Program for Securities Regulators* held November 30 November - 1 December 2014.

Specific Regional Issues

The AMERC region's quest for increased representation and a stronger voice continued to yield fruit as the region gained more seats on the IOSCO Board. At the 39th IOSCO Annual Conference in Rio de Janeiro, the Director General of the SEC Nigeria was re-elected as Chair of the region; Capital Market Authority, Saudi Arabia and the Egyptian Financial Services Authority emerged as first and second representatives from the region on the IOSCO Board. CMA Kenya was also elected to the Board through the GEMC.

We believe strongly that as our region's visibility increases, so will its attractiveness for investment grow. We are therefore focused on doing our best to ensure that our markets remain stable and operate according to global best practices.

The region continued to improve its participation in IOSCO surveys, particularly in the GEMC 2014 survey on capacity building.

AMERC members also provided input to the IOSCO 2020 Questionnaire and responded to the online survey on the IOSCO Global Certificate Program.

The AMERC Quarterly Review continued to be an effective medium for sharing information and informing members of developments in IOSCO and the region.

Building on our successes in 2013, we worked on dealing with the challenges of liquidity, new listings, and SME financing. The implementation of the Additional Graduated Measures for members who have yet to qualify as signatories to the IOSCO MMoU had a significant impact on the region. A few of our members still face various challenges in finalizing legislation that will enable them to become signatories. AMERC will offer the needed support and will work with IOSCO in the coming year to provide the necessary technical assistance to potential signatories.

AMERC's presence was felt in policy committees where the region's members actively participated. These committees include Committee 2 on Regulation

of Secondary Markets, Committee 3 on Regulation of Market Intermediaries, Committee 5 on Investment Management, Committee 7 on Commodity Derivatives Markets and Committee 8 on Retail Investors, among others.

Our members continued to make meaningful contributions to the work of the GEM Committee through the various work streams of the GEM Steering Committee.

Future Plans and Challenges

In 2015, AMERC will remain committed to supporting and providing input to various IOSCO work streams, most importantly the IOSCO 2020 Strategic Direction. We will step up efforts to share experiences and best practices, analyze and discuss emerging risks and push forward the ongoing efforts to build a robust database for the region, with the assistance of the IOSCO General Secretariat.

We will support members that are seeking to overcome the hurdles to qualify for the IOSCO MMoU and will continue to engage in capacity building on a wide spectrum of topics, both at regional and individual member levels.





Report from the Chair of the Asia-Pacific Regional Committee (APRC)

Ashley Alder

- > Chair of the Asia-Pacific Regional Committee
- > Chief Executive Officer of the Securities and Futures Commission (SFC), Hong Kong

The Asia-Pacific Regional Committee (APRC) is an important platform to strengthen and develop collaboration and cooperation among regulators in the Asia-Pacific region. In 2014, the APRC continued to work collectively as a strong Asian voice on core issues that concern the sustainable development of Asia-Pacific capital markets, while recognizing the diversity of Asian economies and promoting greater regional convergence of standards.



A good example of this cooperation would be the growing need for policy coordination among APRC members given the impact of global financial reforms, mainly from the US and the EU, on Asia-Pacific markets. The APRC has been active in this area by communicating directly with the EU and US regulators. Between March and April 2014, the APRC sent letters to the US Commodity Futures Trading Commission (CFTC) regarding SEF (Swap Execution Facilities) on Asia-Pacific OTC derivatives markets and the European Commission on recognition of CCPs under the European Market Infrastructure Regulation (EMIR).

At the APRC meeting in January 2014 in Hong Kong, members agreed to develop and pursue several regional initiatives, one of which was to provide capacity building opportunities that would cater to the needs of APRC members and help increase regulatory standards across the region. One of the early capacity building actions involved Webinars, the first of which was held on 10 November 2014 on the topic of risk-based supervision of intermediaries. Over 250 officials from 28 jurisdictions participated in the Webinar. Webinars are a form of capacity building that involves real-time interactive training and experience sharing at relatively low cost. They are also able to reach a wide audience. Given the good response, a series of future APRC webinars will be arranged.

To further facilitate capacity building opportunities for members, Hong Kong SFC co-hosted a Seminar Training Program with IOSCO in December 2014, which covered practical approaches in regulating markets and intermediaries. It was well attended by regulators from 14 overseas jurisdictions.

The FSB Regional Consultative Group for Asia (RCGA) Shadow Banking Report, which was a collaboration between the APRC and the RCGA, was finalized and approved by the APRC. The report was published on 1 September 2014.

Following discussions at the APRC meetings in 2014, members agreed to develop an APRC Roadmap, which will provide the APRC with a strategic framework and specific areas of focus for making meaningful contributions to the region's development. Eleven member jurisdictions have joined the working group to take this initiative forward.

I was re-elected as Chairman of the APRC in September 2014 for a two year term.

Two APRC meetings were held in 2014: in Hong Kong on 23 January and in Rio de Janeiro on 28 September.





Report of the Chair of the European Regional Committee (ERC)

Jean-Paul Servais

- > Chair of the European Regional Committee (ERC),
- > Chairman of Belgium's Financial Services and Markets Authority (FSMA)



The European Regional Committee (ERC) is the largest Regional Committee of IOSCO, comprising 49 ordinary members and two associate members, the European Securities and Markets Authority (ESMA) and the European Commission. Under the leadership of the Comissão do Mercado de Valores Mobiliários (CMVM) of Portugal and, from September 2014, the Financial Services and Markets Authority (FSMA) of Belgium, the European Regional Committee made substantial progress in strengthening Europe's voice within IOSCO. The ERC Chair, together with two other elected ERC members, represents the ERC on the IOSCO Board. This contributes to ensuring that IOSCO's initiatives are informed by the views of ERC members who, in turn, are made aware of IOSCO's ongoing work.



ERC's activities in 2014

In 2014, the ERC held meetings in Paris, Jerusalem, Rio de Janeiro (on the occasion of the Annual Conference) and Brussels. During the meeting in Rio de Janeiro, the ERC elected the Hellenic Republic Capital Market Commission and the Swedish Finansinspektionen as the two members that, in addition to the Chair, sit on the Board in representation of the ERC.

During the ERC meetings the members were regularly provided with information on key issues pertaining to the projects and activities of IOSCO's policy committees and task forces. Members also had the opportunity to discuss issues relevant to the ERC and to the wider organization, while providing appropriate views and ideas to be conveyed to the Board.

The ERC discussed, notably, IOSCO's work streams relating to securitization, long-term financing, cyber-crime, cross-border regulation, crowd-funding and forex markets. The IOSCO General Secretariat also provided regular updates on the G20 and FSB work streams.

In all ERC meetings in 2014, speakers from within IOSCO and beyond gave presentations covering discussions around the following themes: the financial regulatory landscape, the emerging risks in European growth and emerging markets, the corporate bond markets and SME access to the market and capital market instruments. A presentation was also given on the challenges of cross-border regulation and the tools that have been used, or are under consideration, by IOSCO members to help address the challenges they face in protecting investors, maintaining market quality and reducing systemic risk.

The ERC also discussed organizational and strategic issues such as the *2015-2020 Strategic Review* and IOSCO's role in capacity building. It expressed its views on the envisaged regional capacity building initiatives and underlined the importance of developing e-learning tools for IOSCO members.



Regarding the implementation of the IOSCO Multilateral Memorandum of Understanding concerning Consultation and Cooperation and the Exchange of Information (MMoU), regular updates were provided to the ERC by the IOSCO General Secretariat on the status of implementation by the IOSCO membership, with a focus on ERC members.

Nearly all ERC members have signed the MMoU. Regular updates and initiatives continued to be carried out by the ERC regarding the remaining non-signatories. At the end of the year, 44 out of the 49 eligible ERC members were full MMoU signatories and three members were listed on Appendix B, the list of members who lack the legal authority to fully comply with the MMoU provisions, but are committed to becoming signatories. Another member was invited to be listed on Appendix B, although it had not yet formally confirmed its commitment to seek the legal authority needed to become a full signatory. Finally, the MMoU application from another ERC member was undergoing review by the IOSCO MMoU Screening Group. In early 2015, the Central Bank of the Russian Federation signed the MMoU, bringing the total number of ERC signatories to 45 members.

Also within the scope of MMoU implementation, the ERC was given updates on the graduated measures applied to ordinary IOSCO members who had failed to achieve signatory status within the established deadline.

Members continued to regularly discuss topics of particular relevance to the European region, notably through the exchange of information on relevant regulatory developments in ERC jurisdictions. Particular attention was given to investor protection in the case of complex financial products, small medium enterprises, shadow banking, implementation of European Market Infrastructure Regulation (EMIR) and changes in the structure of domestic supervision.

As per current practice within regional committees, emerging risks and trends in members' financial

markets were regular topics of discussion, bringing into focus the specific issues faced by ERC jurisdictions. The objective is to identify emerging risks in European financial markets and discuss possible policy consequences, including potential areas of work for IOSCO. The ERC also discussed the IOSCO Securities Markets Risk Outlook, developed jointly by the IOSCO Committee on Emerging Risks (CER) and the IOSCO Research Department to provide an overview of some of the major trends and risks in securities markets.

The ERC benefitted from the input of the European Commission and ESMA. Committee members were informed regularly about the activities of ESMA, including the latest regulatory developments in the EU. Those activities focused, among other issues, on the registration and supervision of credit rating agencies (CRAs); EMIR implementation; central securities depository regulation; reports on trends, risk and vulnerabilities; preparatory work on MiFID II / MiFIR, and ESMA work streams for AIFMD³ implementation, including the MoUs with non-EU authorities. The European Commission also presented the program for the coming years of the Commissioner for Financial Stability, Financial Services and Capital Markets Union.

Going forward, the ERC's objective is to strengthen its contribution to IOSCO by building on the breadth of its membership. The committee will continue to speak out on behalf of all members, to ensure that their voice is reflected in the Board discussions and to contribute to the inclusiveness of the organization. Finally, the committee is grateful to the Secretary General for his presence at the ERC meetings and for providing the members in a timely manner with the relevant documents under discussion within IOSCO, allowing the committee and its members to provide the appropriate input.

3 Markets in Financial Instruments Directive, (MiFID), Markets in Financial Instruments Regulation (MiFIR), Alternative Investment Fund Managers Directive (AIFMD).





Report from the Chair of the Inter-American Regional Committee (IARC)

Jaime González Aguadé

- > Chair of the Inter-American Regional Committee
- > President of the National Banking and Securities Commission (CNBV) of Mexico

The Inter-American Regional Committee (IARC) met twice in 2014 and discussed relevant issues for the region's securities regulators and supervisors. In our first meeting, held in Mexico City in May, my peers elected the region's three representatives to the IOSCO Board for the period 2014-2016 (the Trinidad and Tobago Securities and Exchange Commission, the Superintendencia del Mercado de Valores, Peru, and the Comisión Nacional Bancaria y de Valores, Mexico). We also discussed substantive issues, such as the need to improve coordination between IARC and the Council of Securities Regulators of the Americas (COSRA), and how to enhance current corporate governance practices in the region. Two working groups were established and will provide useful guidance to the entire committee in the future.

IARC meetings and activities

In September 2014, the committee met in Rio de Janeiro. Members were updated on IOSCO's key initiatives and members presented their key regulatory developments and market trends.

In 2014, several conference calls were held in preparation for each IOSCO Board meeting. During the calls, members were informed on relevant issues tabled for the Board's agenda, such as the initiatives on IOSCO 2020, capacity building and the prioritization of IOSCO's work. These calls also allowed IARC's representatives to receive feedback and, thus, transmit regional perspectives to the Board.

There was also a constant flow of electronic communication with IARC members. In particular, when consulted regarding IOSCO priorities for 2015, members expressed their interest on issues regarding the Multilateral Memorandum of Understanding on Cooperation and the Exchange of Information (MMoU). The position of IARC members on these issues was conveyed to the Board and we are confident that further discussions will be very useful and productive.

Capacity building issues and technical assistance matters are crucial concerns to the regional membership. In this regard, the CNBV Mexico hosted, in the third quarter of 2014, the IARC Seminar Training Program "*Going Forward: Future Challenges in Securities Regulation and Practical Solutions for Meeting Those Challenges*", which was attended by 64 officers from different jurisdictions.

This program examined issues and challenges that securities regulators currently face, such as insider trading investigations and litigation, market manipulation, investor education, investor protection, helping investors avoid fraud, conducting regulatory investigations, inspections and transparency and disclosure in financial markets.

New MMoU signatories

The CNV of Argentina became a full signatory of the IOSCO MMoU in June 2014 and other IARC jurisdictions are making good progress with their applications. More IARC members are expected to become signatories to the MMoU in 2015.



Challenges and issues going forward

Numerous discussions have been held in international fora encouraging countries to integrate their financial markets. Some IARC jurisdictions continue to move in this direction. The Latin-American Integrated Market (MILA), originally founded by the Chilean, Colombian and Peruvian stock markets, welcomed the Mexican equity market as its fourth member in 2014. The cooperation and supervisory agreements were signed and the first transaction under this new framework took place on 2 December 2014. We foresee the likelihood of other IARC equity markets joining the MILA in the near future.

Going forward, our domestic financial markets face additional challenges. One of the most relevant is to continue to grow and expand our markets; as in other regions, our markets should contribute further to the

financial needs of our businesses, particularly small and medium-sized enterprises.

Other areas of interest include increasing cross-border cooperation, improving market conduct rules, raising financial literacy throughout the region, and addressing the increased complexity in financial products. Also important are the issues surrounding the emerging alternative investments mechanisms and unregulated products and markets. Cyber-crime and social media investment fraud have been identified as important sources of risk for financial markets. All these challenges will be further analyzed and discussed at the forthcoming IARC meetings.

To conclude, this year has been an interesting year for the region. We reiterate IARC members' readiness to work together and continue to participate in IOSCO's projects and initiatives.