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INTERNATIONAL ORGANIZATION OF SECURITIES COMMISSIONS

## STRUCTURE OF THE PRESENTATION

- What were the issues in the Crisis?
- How are we addressing these issues?
- What are other risks that are coming up as we address these?
- How are we addressing those other risks?
- What is IOSCO's role in all this?
- What other policy measures is IOSCO working on?

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## LEARNING FROM THE CRISIS- LOOKING AT WHAT HAPPENED

- Too big to fail
- OTC derivatives (remember Lehman bankruptcy?)
- Resolution
- Mortgage underwriting, securitization- originate to distribute model, reliance on CRAs
- Risk management and corporate governance
- Banks- Special role in financial system

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## LEARNING FROM THE CRISIS- ADDRESSING WHAT HAPPENED

- Basel III framework, increase in capital and liquidity requirements
- OTC derivatives : reporting to TRs, central clearing, platform trading, standardization, margin & capital requirements; LEI
- Key attributes for Resolution Regimes
- Loans, securitization: Skin in the game, mortgage underwriting, reducing reliance on CRAs; CRA oversight
- Too big to fail: identification of “SIFIs” starting with G SIBs

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## LEARNING FROM THE CRISIS- EXAMINING OTHER RISKS

- Regulatory perimeter- shifting of risks from banking to non banking
- Non bank SIFIs
- Financial Market Infrastructures, especially CCPs with OTC Derivatives reforms
- Macro economic study of effects of OTCD reforms
- HFT, “flash crash”, commodities...
- Implementation
- Cross-border; extraterritoriality
- Accounting convergence

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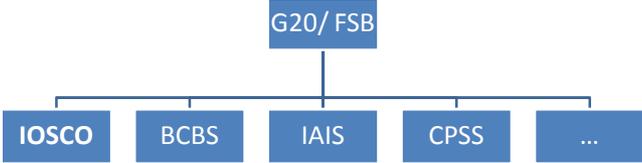
## LEARNING FROM THE CRISIS- ADDRESSING OTHER RISKS

- Shadow banking- strengthening regulation and oversight; integrated view needed; deadline moved to September
- Non bank SIFIs- identification, policy measures
- FMIs: CPSS-IOSCO PFMI; disclosure framework; assessment methodology
- HFT, commodities: New principles
- Implementation: peer reviews, FSAPs
- Cross-border; extraterritoriality: work in progress
- Accounting convergence (?)

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## So what has been IOSCO's role in all this?



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graph TD
    G20[G20/ FSB] --- Line[ ]
    Line --- IOSCO[IOSCO]
    Line --- BCBS[BCBS]
    Line --- IAIS[IAIS]
    Line --- CPSS[CPSS]
    Line --- Dots[...]
  
```

The international regulatory architecture

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## So what has been IOSCO's role in all this?

- Identifying priorities, G20 mandates; working with the FSB
- How do we identify priorities? IOSCO objectives: investor protection; fair, efficient and transparent markets; reduction of systemic risk
- **OTC Derivatives:**
  - IOSCO report on Trading of OTC Derivatives (2011)
  - IOSCO-CPSS Report on Reporting and Aggregation (2011)
  - IOSCO report on Mandatory clearing (2012)
  - IOSCO report on Derivative Market Intermediaries (2012)
  - IOSCO-BCBS consultative report on Margin Requirements (2013)
  - IOSCO-CPSS Principles for Financial Market Infrastructure (2012); assessment methodology and disclosure framework (2012);
  - IOSCO-CPSS working on Recovery and Resolution of FMI and on authorities access to TR data
  - Global LEI was a recommendation of IOSCO-CPSS data report; IOSCO on Executive Committee of LEI ROC
  - Co-chairing FSB OTC Derivatives Working Group and working with other SSBs (ODCG)

*(All Reports available at [www.iosco.org/library](http://www.iosco.org/library))*

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## IOSCO's ROLE (Contd..)

- **Shadow banking**
  - IOSCO recommendations on MMFs (2012)
  - IOSCO recommendations on securitization (2012)
  - Working with FSB on "other shadow banking entities", securities lending and repos...
- IOSCO Principles on Disclosure requirements for Asset Backed Securities (2012)
- **Resolution:** IOSCO consultative report on protection of Client assets (2013)
- **CRAs:** Revising IOSCO CRA Code of Conduct ; supervisory colleges
- Working with FSB on methodology for identification of **Non bank SIFIs**- collective investment schemes, hedge funds, intermediaries ...
- HFT, technological changes on market integrity and efficiency, dark pools- IOSCO reports of 2011, 2012 . Now working on tools for market surveillance and issues raised by market structure changes

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## IOSCO's ROLE (Contd..)

- **Implementation:**
  - IOSCO Assessment Committee: peer review of OTC Derivatives, country peer reviews, thematic peer reviews of systemic risk principles
  - PFMI- implementation monitoring by CPSS-IOSCO
  - Commodities principles- Review by IOSCO in 2012
  - Reports on MMFs, PRAs, securitization commit to implementation monitoring reviews in 2 years time
- **Cross-border issues:** new IOSCO mandate next month
- **Emerging Risk** discussions now a focus item IOSCO-wide: Board, Regional Committees, EMC, Policy Committees, SCRR

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## In addition to the Financial Crisis...

- Financial **Benchmarks** (Consultation report, 2013)
- Regulation of **ETFs**
- Liquidity Risk Management of CIS
- Principles for Valuation of CIS portfolios
- **Suitability Standards** for Complex Financial Products (Published 2013)
- Intensive engagement with Accounting and Audit Standard Setters including their governance through the Monitoring Board and Monitoring Group: IAASB, IESBA, IASB; also with IFIAR
- **Sanctions** regimes
- **Hedge Fund** survey
- **Retail Structured Products**
- Joint work with BCBS and IAIS through Joint Forum: Principles for Financial Conglomerates (2012); Point of Sale Disclosure, mortgage insurance, longevity risk transfer

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## TO SUM UP...

- IOSCO very actively and very intensively involved in global regulation formulation
  - Emphasis on consistent implementation
  - This raises issues for the institutional framework in a medium to long term perspective- when we have many more significant jurisdictions and multiple issues
  - Conscious of its role in policy formulation and also in assisting members especially emerging markets
  - Strong interest of IOSCO members in investor and consumer protection
  - Strong tradition of working together with other regulatory bodies, standard setters and stakeholders
- We value your feedback and consultation responses*

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**THANK YOU**

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