

Biennial Convention 2007

# Adventures in Risk

23-26 September 2007 • Christchurch, New Zealand



Institute of Actuaries of Australia



# Developments in Global Securities Regulation

**Jane Diplock AO**

**Chairman, Executive Committee**

**International Organisation of Securities Commissions (IOSCO)**

**&**

**New Zealand Securities Commission**

# Global capital markets

- Cross-border capital flows and investment now US\$6.4 trillion, 14.5% of world GDP
- Internationally acceptable regulatory frameworks are important for investor confidence

## Three themes today

- Regulatory developments globally-  
International Organisation of Securities  
Commissions (IOSCO)
- Recent developments between Australia and  
New Zealand
- Private Equity and global regulatory  
frameworks

# IOSCO

- International standards setter for securities regulation
- Members include regulators from 109 jurisdictions
- Members regulate and oversee 90% of world's capital markets
- Vision
  - markets operate across the world on sound principles & standards
  - regulators cooperate & exchange information across borders to enforce securities law

# IOSCO

- Collaborates on issues of common concerns
- Joint Forum with Basle Committee and IAIS
- Work with Financial Stability Forum, IMF and World Bank
- Engage with others in international financial community

# IOSCO's four priorities

## 1. Maintain its role as global standard setter for securities regulation

- Proactive in identifying new issues and developing appropriate responses
- Technical work programme is wide-ranging
- One example is our advocacy for IFRS & our IFRS database

# IOSCO priorities


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2. Implement IOSCO principles to raise level & consistency of regulation worldwide
- IOSCO Principles seek to
    - ensure fair, efficient & transparent markets
    - protect investors
    - reduce systemic risk
  - IOSCO provides technical assistance, advice & training for members

## IOSCO priorities

3. Further develop & strengthen relationships with stakeholders
  - Ensure that regulation is workable & accepted by market participants
  - Technical Committee routinely seeks input from industry & professional bodies
  - Collaborate with other international bodies as relevant



## IOSCO priorities

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4. Promote greater cooperation between regulators to combat cross-border fraud
    - IOSCO MMOU enables cooperation & exchange of information for enforcement
    - Deadline January 2010 for member regulators to join
    - Currently 41 members are signatories & a further 15 committed to joining
    - IOSCO provides technical assistance, advice & training for members

# Trans Tasman Cooperation

- CER focus now on Single Economic Market
- Treaty on Mutual Recognition of Securities Offerings - 2006
- Strong cooperation between ASIC and NZSC

# Private Equity

- Global boom in size and breadth of activities
- Broadening of traditional focus- now private equity firms prominent in public company and debt markets
- UK 2006: Some research indicates public company acquisitions involving private equity exceeded value of IPO offerings to public market that year

# Private Equity

- IOSCO interest - points of intersection between public & private markets:
  - Private equity control and use of funds sourced from public investors
  - Private equity firms active in markets for control of publicly-traded companies
  - Private equity firms as promoters of IPOs after restructuring under private ownership

# Hedge Funds

- Strong parallels between private equity and hedge funds
- IOSCO's work on hedge funds:
  - Survey of regulatory environment of hedge funds in developed jurisdictions
  - Report on hedge fund portfolio valuation, possibly final paper by end of year
  - A new work stream on funds of hedge funds launched recently

## In Summary

- IOSCO believes consistent, high quality regulation is essential for fair, efficient and transparent securities markets
- Cross border cooperation between regulators is a high priority
- New Zealand and Australia are leaders in cross border cooperation

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