



Content

1. Role of IOSCO

- (1) Organization
- (2) Mission

2. Scope of IOSCO's Work

Current Work Streams Responding to the Financial Crisis

3. Development of Work on Securities Clearing and Settlement

4. Nature of Current Review of Standard

- i. Ongoing Initiatives
- ii. CPSS-IOSCO Work

1. Role of IOSCO

Organization

- **Members**
 - Ordinary Members: 109
 - Associate Members: 11
 - Affiliate Members: 63
- **Committees**
 - Presidents, Executive,
 - Technical, Emerging Markets
 - Regional, SRO Consultative
- **General Secretariat**

Greg Tanzer Secretary General of IOSCO
Presentation 17/11/2009

3

1. Role of IOSCO

Mission

- **IOSCO** is the primary **global forum** for securities regulators, with members from over 100 jurisdictions regulating **more than 95% of the world securities markets**
 - **It exists:**
 - **To cooperate** to promote **high standards of regulation** to maintain just, efficient and sound markets
 - **To exchange information** and experience to promote the development of domestic markets
 - **To unite efforts to establish standards** and an effective surveillance of international securities and derivatives transactions
 - **To provide mutual assistance** to promote the integrity of markets by a rigorous application of the standards and by effective enforcement against offences

Greg Tanzer Secretary General of IOSCO
Presentation 17/11/2009

4

1. Role of IOSCO

IOSCO Principles

- **What are the IOSCO Principles?**
 - 30 principles of securities regulation based upon three objectives of securities regulation
 - The protection of investors
 - Ensuring fair, efficient and transparent markets
 - The reduction of systemic risk
- **Principles adopted in 1998, and updated in 2003 and 2008**
- **Recognized by FSB, IMF and World Bank as global standard on effective securities regulation**

Greg Tanzer Secretary General of IOSCO
Presentation 17/11/2009

5

1. Role of IOSCO

Link to Clearing and Settlement

- ***Principle 30 on Clearing and Settlement***
 - Assessed in accordance with :
 - CPSS/IOSCO Recommendations on Securities Settlement (2001)
 - CPSS/IOSCO Recommendations on Central Counterparties (2004)
- **Principles considered in line with CPSS Standard on Payment Systems:**
 - Core Principles for Systemically important payment systems (2001)

Greg Tanzer Secretary General of IOSCO
Presentation 17/11/2009

6

2. Scope of IOSCO's Work

Crisis Responsiveness

- **G 20 and FSB calls for action:**
 - Addressing macroprudential risks;
 - Prevention of excess leveraging;
 - Appropriate degree of regulation and oversight for systemically important financial institutions, markets and instruments
- **Work streams relating to:**
 - Credit Rating Agencies
 - Unregulated Financial Entities
 - Supervisory Cooperation
 - Unregulated Markets and Products
 - Other Crisis Related Work

Greg Tanzer Secretary General of IOSCO
Presentation 17/11/2009

7

2. Scope of IOSCO's Work

Crisis Responsiveness

- **JOINT CPSS-IOSCO WORKING GROUP**
 - Response to challenges in applying the *Recommendations for Central Counterparties (RCCPs)* to OTC credit derivatives eg. (CDSs)
 - Goal of promoting consistent interpretation, understanding and application of the RCCPs across arrangements for derivatives

Greg Tanzer Secretary General of IOSCO
Presentation 17/11/2009

8

3. Development of work on Securities Clearing and Settlement Standards to Date

- **Core Principles for Systemically Important Payment Systems (BIS, 2001)**
- Prepared by Committee on Payment and Settlement Systems (CPSS) of the central banks of the Group of Ten Countries
- Stipulate 10 Core Principles on key characteristics that all systemically important payment systems should satisfy.
- Report also explains key role of central banks and their responsibilities in applying the Core Principles
- Focus of report was on payment systems

Greg Tanzer Secretary General of IOSCO
Presentation 17/11/2009

9

3. Development of work on Securities Clearing and Settlement Standards to Date

- **Recommendations on Securities Settlement (2001)**
- Products of Task Force on Securities Settlement Systems created in December 1999 building on work in Core Principles
- 19 recommendations identifying minimum standards that securities settlement systems (SSSs) should meet
 - designed to cover systems for all types of securities
 - for securities issued in both industrialised and developing countries
 - for domestic as well as cross-border trades
- 2002 Methodology for use in Assessment of Compliance

Greg Tanzer Secretary General of IOSCO
Presentation 17/11/2009

10

3. Development of work on Securities Clearing and Settlement Standards to Date

- **Recommendations for Central Counter Parties (2004)**
- Recognition of growing role and importance of CCP's interposed between counterparties to financial transactions
- 15 headline recommendations and accompanying explanatory text covering the major types of risks CCPs face
 - Sets out relationship with the Task Force report on *Recommendations for Securities Settlement Systems (RSSS)*
 - With one exception, the recommendations regarding CCPs intended to supersede the recommendations in the RSSS.
- Includes a methodology for assessing implementation of the recommendations

Greg Tanzer Secretary General of IOSCO
Presentation 17/11/2009

11

4. Nature of Current Review of Standards Ongoing Initiatives

- **OTC Derivatives Regulators Forum**
 - Established to provide regulators means to cooperate, exchange views and share information related to OTC derivatives CCP's and Trade Repositories on regular basis
 - Made up of central banks, banking supervisors, market regulators and governmental authorities with direct authority for OTC infrastructure providers, participants or OTC derivate markets broadly
 - 5 dedicated working groups on different aspects of OTC derivatives clearing and trade repositories
 - Ongoing work on promotion of standardization in data reporting, coordinated oversight of trade repositories, confidentiality issues in reporting and oversight

Greg Tanzer Secretary General of IOSCO
Presentation 17/11/2009

12

4. Nature of Current Review of Standards

Ongoing Initiatives

- **OTC Derivatives Supervisors Group**

- Working in conjunction with ISDA
- Monitoring
 - CCP usage
 - Electronic Processing
 - Bilateral collateralisation practices
 - Buy-side access

4. Nature of Current Review of Standards

Ongoing Initiatives

- **CESR / European Commission**

- Ongoing oversight of implementation of recommendations on CCP's and CSD's in EU
- Considering feedback on Trade Repositories Consultation Paper
- Range of initiatives on reducing counterparty credit and operational risk, increased transparency using trade repositories and market integrity

4. Nature of Current Review of Standards

Ongoing Initiatives

- **CPSS-IOSCO**
 - Dual Projects
 - RCCP Working Group
 - CPSS/IOSCO Standards Review
- **RCCP Working Group**
 - Created in June 2009
 - Seeking to identify challenges in applying RCCP to CCP's clearing OTC derivative transactions
 - Guideline for compliance by CCP's and identify areas in which RCCP may be strengthened or expanded to better address risks associated with the central clearing of OTC derivatives
 - Outputs to be incorporated into Standards Review after Consultation

Greg Tanzer Secretary General of IOSCO
Presentation 17/11/2009

15

4. Nature of Current Review of Standards

Ongoing Initiatives

- **CPSS/IOSCO Standards Review**
 - Proposal currently under consideration by CPSS and IOSCO TC
 - Joint initiative to update and strengthen standards for all payment and settlement systems
 - Review of the minimum standards prescribed in Core Principles, RSSS and RCCP in light of Crisis
 - Drive to attain consolidated standards for payment systems, CSD's and CCP's based on commonalities

Greg Tanzer Secretary General of IOSCO
Presentation 17/11/2009

16

Thank you

Any questions ?



International Organization
of Securities Commissions