



Update on International Regulatory Initiatives of IOSCO

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In regards to the work I actively participate in as part of my involvement in IOSCO Standing Committee No. 1 my comments and observations today are my own and also do not necessarily reflect the views of IOSCO or other IOSCO members.

So...what is IOSCO?

IOSCO's Mission

- **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**

IOSCO – Current Issues and Projects

- 1. Audit Quality**
- 2. Code of Ethics for Professional Accountants**
- 3. Accounting Frameworks**
- 4. IOSCO Initiatives in Response to Current Market Events**
- 5. Potential Future Membership**

Audit Quality – Auditing Standards

IOSCO has been following and commenting on proposed international standards on auditing (ISAs) in the IAASB Clarity Project

IOSCO issued final comment letters on proposed revisions in September 2008

The final “clarified” ISAs are expected to be completed at the December 2008 IAASB Board meeting and approved by the PLOB in early 2009

ISAs expected to be effective for audits of financial statements for periods beginning after December 15, 2009

Audit Quality - Auditing Standards

Looking to the Future:

Translation, training, and other implementation activities will be key factors in achieving a consistent application of the new standards

- **IOSCO submitted a comment letter to the IFAC related to their consultation paper, “Translation of IFAC Standards”**

IOSCO will continue to monitor the IAASB’s Clarity Project through completion and approval

Audit Quality – Audit Services Task Force

Currently working on three audit services-related issues:

- **Transparency and governance of audit firms**
- **The scope of audit reports**
- **Potential expansion of allowable organizational structures and forms**

Code of Ethics

IFAC Code of Ethics For Professional Accountants

- Issued by the International Ethics Standards Board for Accountants
- Revised in 2001, 2005, and 2006
- Covers both ethics issues and independence requirements
- Currently undergoing an overall rewrite using new drafting conventions in the IESBA's Clarity project

IOSCO has submitted comments over the years on proposed revisions to the Code and most recently on the Clarity project (www.IOSCO.org)

IFAC seeking future international recognition and acceptance of the Code

Accounting Frameworks

Accounting Frameworks Based on IFRS

- Disclosure of references to jurisdictional IFRS (i.e. IFRS as issued by country X) may confuse investors expecting IFRS as issued by the IASB
- IOSCO issued a statement in February 2008 urging public companies to include information which clearly explains the basis on which their statements have been prepared

IOSCO continues to provide comment letters on new or revised IFRSs

IOSCO statements have reaffirmed its commitment to the development and enforcement of high quality accounting standards (May 2000, January 2005, October 2008)

IOSCO Initiatives in Response to Current Market Events

IOSCO's Task Force on the Subprime Crisis issued "Report on the Subprime Crisis", which included:

- | Analysis of the underlying causes
- | Implications for international capital markets
- | Recommendations that address the issues facing securities Regulators

IOSCO areas of focus in response to these recommendations:

- | Issuer transparency and investor due diligence
- | Firm risk management and prudential supervision
- | Valuation and accounting issues

IOSCO Initiatives in Response to Current Market Events

Task Force on Credit Rating Agencies

- IOSCO published a consultation paper on the “Code of Conduct for Credit Rating Agencies”
- Amended the Code based on feedback received
- IOSCO urges greater international coordination in the oversight of credit rating agencies

Three Task Forces were recently created to support G-20 aims to address:

- Short Selling
- Unregulated Financial Markets and Products
- Unregulated Financial Entities

Potential Future Membership

IOSCO is proposed to be a member of the IASC Foundation Monitoring Group beginning in January 2009

IOSCO issued a comment letter stating that they welcome the opportunity

...stay tuned

Conclusion

Questions ?