



ICSA

INTERNATIONAL COUNCIL of SECURITIES ASSOCIATIONS

6 September 2013

Greg Medcraft, Chairman
IOSCO Board
Oquendo 12
28006 Madrid, Spain

Dear Greg,

On behalf of the members of the International Council of Securities Associations (ICSA), I am writing to you to express ICSA's strong support for IOSCO's newly formed Task Force on Cross-Border Regulation.¹ As we have suggested in previous letters to IOSCO, ICSA members are concerned that the various financial sector reforms being enacted around the world are not consistent with one another and that these overlapping, duplicative and at times conflicting regulations are leading to a balkanization in the global capital market which in turn is increasing costs for globally active firms and contributing to slower global economic growth. Instead of the current global regulatory policy disarray, ICSA members believe that mutual recognition between securities market regulators could be used to coordinate divergent national regulatory policies on a bilateral and multilateral basis, thereby leading to globally consistent regulatory policies in a variety of areas. In addition, mutual recognition also offers a potential means for enhancing capital market integration through more open assess and a closer alignment of regulatory policies, which in turn could contribute to increase efficiency and liquidity in those markets and increased rates of economic growth in the wider economies.

In our earlier communication we also suggested that IOSCO, given its position as both the primary standard setter and global forum for securities regulators, could take a leading role in promoting mutual recognition among securities market regulators. Therefore, ICSA members

¹ ICSA's members come from a broad range of jurisdictions and represent and/or regulate firms active in all of the major developed financial markets as well as a number of advanced emerging market economies. ICSA's objectives are: (1) to encourage the sound growth of the international securities markets by promoting harmonization in the procedures and regulation of those markets; and (2) to promote mutual understanding and the exchange of information among ICSA members. More information about ICSA can be found at: www.icsa.bz

strongly support IOSCO's initiative in creating the Task Force on Cross Border Regulation, which we find to be both extremely timely and important. We look forward to working with the members of the Task Force to the greatest extent possible.

To support the work of the Task Force, I am including with this letter a Research Note prepared by ICSA's working Group on Mutual Recognition. As you will see, the Research Note first reviews the work that has been done to date in various jurisdictions on mutual recognition in securities markets and then suggests a number of issues that the Task Force may wish to examine in order to promote mutual recognition among securities market regulators. We are hopeful that the preliminary work that ICSA has done on this issue may be useful to the members of the Task Force and we stand ready to answer any questions related to the issues raised in the report.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ian Russell', with a long horizontal flourish extending to the right.

Ian Russell, Chairman
ICSA Standing Committee on Regulatory Affairs

cc: David Wright, Secretary General, IOSCO

Ashley Alder, Chair of the Hong Kong Securities and Futures Commission and
Chair, IOSCO Task Force of Cross Border Regulation

Anne Héritier Lachat, Chair of the Swiss Financial Market Supervisory Authority
and Vice-Chair, IOSCO Task Force on Cross Border Regulation

Steven Bardy, Senior Executive, International Strategy, Australian Securities &
Investments Commission and Chair, IOSCO Assessment Committee