



ICSA

INTERNATIONAL COUNCIL of SECURITIES ASSOCIATIONS

April 2, 2007

Michel Prada, President
Autorité des marchés financiers
17 place de la Bourse
75082 Paris, Cedex 02
France

RE: Meeting with industry representatives on March 26th

Dear Michel,

On behalf of the members of the International Council of Securities Association (ICSA), we would like to thank you for hosting the meeting with industry representatives that was held in Madrid on March 26.¹ From our point of view, it was a very frank and useful exchange of views regarding the possible ways that a more formal dialogue between the industry and IOSCO could be structured. As you know, ICSA members consider that a structured dialogue between IOSCO and the industry is crucial, given the rapid pace of change that is taking place within the securities industry on a worldwide basis. Ultimately, regulators and industry participants share the same objective, which is to foster the sustainable growth of the capital market in the most efficient and effective manner possible. We believe that a structured dialogue between IOSCO and the industry will contribute toward achieving that common objective.

We suggest that a founding principle for the dialogue between IOSCO and the industry should be that the industry be able to contribute to the agenda for the dialogue and bring its own issues to the table. We believe that will help the industry to contribute fully to the dialogue and participate as a valued member. We would also suggest that the dialogue between IOSCO and the industry include the following elements:

¹ ICSA is the global body for trade associations and self-regulatory organizations that represent and/or regulate the securities industry in their respective jurisdictions. ICSA's primary objective is to aid and encourage the sound growth of the international capital market by: (1) promoting international regulatory convergence and, where appropriate, mutual recognition of regulatory regimes; and (2) encouraging the mutual understanding and exchange of information among ICSA members. A list of ICSA members is attached to this letter.

- Regular meetings between the Technical Committee and the industry –

As was discussed during the meeting on March 26th, it may be sufficient to have one annual meeting. This meeting would provide the opportunity for regulators and industry representatives to share their concerns about specific issues and, in an informal manner, to discuss possible solutions. It also would also provide the opportunity for participants to discuss emerging issues in an informal and frank manner.

- A mechanism for interacting with the individual Standing Committees –

In addition to scheduled meetings with members of the Technical Committee, it would be useful to develop a formal mechanism that would allow industry representatives to easily communicate with the individual Standing Committees. We understand that such a mechanism is already in place for the SRO CC, which assigns one member to serve as “liaison” between the SRO CC and the individual Standing Committees. It may be useful to structure a similar mechanism for representatives of the private sector. Alternatively, each Standing Committee could have a “council” of industry members that it would consult on a fairly regular basis for input regarding current and future work projects. We are not wedded to any specific approach. Our main concern is that there is a structured way for the industry to interact with the Standing Committees in a fairly flexible and informal manner.

- A mechanism for working together on specific issues –

In addition to discussing general issues of mutual concern, we think it would be useful to develop a mechanism that would allow regulators and industry representatives to work together on specific projects. This would allow regulators to benefit from the expertise and insight of the industry on specific issues. One approach, which is already being used by the Financial Action Task Force (FATF), would be to establish working groups composed of IOSCO members and industry members that are focused on specific issues. These working groups could be developed out of the existing Standing Committees, or could be entirely separate entities.

Regarding the substance of the dialogue between IOSCO and the industry, we would like to emphasize that from the point of view of the industry a major focus of IOSCO’s work should be to promote regulatory harmonization and mutual recognition of regulatory regimes.² This is an extremely important issue because financial markets are already

² ICSA will also be sending additional and more detailed comments in its comment letter on the Technical Committee’s recent consultation paper, “An Overview of the Work of IOSCO’s Technical Committee”, published in March 2007.

global but regulatory regimes remain largely national, which imposes substantial costs and inefficiencies on the international financial system.

We also understand, however, that much of the work regarding harmonization and mutual recognition is, of necessity, carried out on a bilateral rather than a multilateral basis. We would suggest, therefore, that IOSCO focus attention on specific regulations that are in particular need of harmonization. This would be important since financial firms active in the international capital market are often faced with different, and in some cases conflicting, regulations for the same issue in different jurisdictions. In its role as the international standard setter for the securities industry, we believe that IOSCO could help to resolve some of these regulatory differences by developing “best practices” where regulations are most in need of harmonization. The industry could participate by identifying some of the regulations that should be harmonized and could also work with IOSCO members in developing best practices.

In closing, we would like to emphasize once again that ICSA members welcome the opportunity to engage with IOSCO in a concrete dialogue about issues of mutual concern. We would also like to thank you personally for the work that you and other members of IOSCO’s Technical Committee have played in promoting IOSCO’s dialogue with the industry. We greatly appreciate your efforts and look forward to participating further in the evolving dialogue between IOSCO and the industry.

Best regards,



Joe Oliver,
Chairman, ICSA Advisory Committee &
President and CEO, IDA



Marilyn Skiles
Secretary General
ICSA

The following associations are members of ICSA:

Association of Capital Market Intermediary Institutions of Turkey (TSPAKB)

Australian Financial Markets Association (AFMA)

Bond Exchange of South Africa (BESA)

French Association of Investment Firms (AFEI)

International Capital Market Association (ICMA)

Investment Dealers Association of Canada (IDA)

Italian Association of Financial Intermediaries (Assosim)

Japan Securities Dealers Association (JSDA)

Korea Securities Dealers Association (KSDA)

London Investment Banking Association (LIBA)

NASD

Securities Industry and Financial Markets Association (SIFMA)

Swedish Securities Dealers Association (SSDA)

Taiwan Securities Association (TSA)