



ICSA

INTERNATIONAL COUNCIL of SECURITIES ASSOCIATIONS

28th September 2006

M. Michel Prada, Président
Autorité des marchés financiers
17, place de la Bourse
75082 PARIS CEDEX 02
France

Re: **PROMOTING BETTER REGULATION: ICSA SUBMISSION TO THE
AUTORITÉ DES MARCHÉS FINANCIERS (AMF)**

Dear Michel,

We are writing to you in our capacities as Chairman of the ICSA Working Group on Better Regulation and Secretary-General of ICSA in response to the request for comment on the AMF's proposed better regulation initiative.¹

On behalf of ICSA members we would first of all like to express our support for the general philosophy expressed in your consultation paper, "Promoting Better Regulation", which was issued in May of this year. In addition, we would like to thank the AMF for initiating this very important project, to whose outcome we much look forward.

We are not able to respond directly to the questions posed in the consultation paper, for obvious reasons. However, we would like to take this opportunity to submit a document recently completed by the ICSA Working Group on Better Regulation, "Rule Making and Regulation in Financial Markets: Principles for Better Regulation", which addresses many of the issues raised in your consultation paper. While this is a draft document and has not yet been approved by the full ICSA membership, in general terms we are confident that the ICSA membership as a whole endorses the principles contained in the document. It is our expectation that ICSA and its members will promote this report with national and international regulatory authorities once it is adopted.

¹ The membership of the International Council of Securities Associations (ICSA) includes self-regulatory organizations and trade associations that are active in the overwhelming majority of the world's equity, bond and derivatives markets. 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.

The principles that the ICSA Working Group is advocating in the enclosed document point in much the same direction as the AMF is moving. Against that background, we would single out for special mention a few of the ideas developed in the report:

- Regulatory initiatives should start with a demonstration of market failure or misconduct [Principle 1];
- Regulation is only one of a variety of possible responses to any given problem [Principle 3];
- Regulation should rely where possible on a combination of stable principles coupled with operational detail which can be flexibly revised – in partnership with market participants – to track changing circumstances and market needs [Principle 6];
- Regulations should be reviewed regularly [Principle 7].

In conclusion, it goes without saying that if you or your colleagues would find it helpful, we should be delighted to explain at proper length, answer questions on or debate any of the ideas and recommendations set out in this document. If that is the case, please contact Ms. Samantha Barrass at LIBA, as she will be the Chairperson of the ICSA Working Group on Better Regulation beginning in October

Yours sincerely,



Adam Ridley
Chairman, ICSA Working
Group on Better Regulation



Marilyn Skiles
Secretary General