



Ms. Rohini Tendulkar
IOSCO General Secretariat
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Spain
Via E-Mail: consultation-2014-09@iosco.org

Brussels, 20 February 2015

Dear Ms. Tendulkar,

IOSCO Task Force on Cross-Border Regulation

The Swiss Finance Council (SFC) welcomes the efforts by IOSCO to look into international cross-border regulation and the opportunity to comment on IOSCO's work so far and future work programme.

We share the concerns about the impact of different approaches, duplication, and a lack of international coordination regarding regulation of cross-border activities. We agree it is crucial to seek at a minimum internationally aligned standards to balance the objectives of effective national rules and market access through open borders. This will boost growth by facilitating global capital flows and offering consumers a wider-range of services, as well as serving as an important 'shock absorber' at times of economic stress. Against this backdrop, the Swiss Finance Council would like to offer the following comments on the consultation report, which are aimed at helping regulators realise the benefits from cooperation between partners.

Enhancing International Dialogue

We strongly support any role that IOSCO can play in facilitating and enhancing dialogue between regulators, as well as the sharing of best practice and the provision of technical expertise. We believe that IOSCO has a critical role to play in being the "voice of the cross-border dimension", especially as regulators are often funded by and accountable to domestic stakeholders, and therefore may not prioritise this important aspect of their work. In particular we support suggestions in the consultation paper to:

- Instigate dialogue on particular regulatory issues. This can happen, and probably needs to happen, in a number of ways, e.g. meetings, the sharing of draft measures for comment, identifying and resolving potential conflicts, all with a view to ensuring regulators tackle particular problems and issues in a complimentary and coherent way;
- Providing a forum for members to discuss and exchange ideas on various generic topics and regulatory approaches, perhaps through regular conferences, seminar series' etc.;

- Creating a central hub for information and best practice, as well as providing technical assistance;
- IOSCO could also consider facilitating exchange of personnel between regulators, such as secondments, the voluntary provision of technical assistance, and the provision of training and seminars.

Developing Guidance and Reviewing Implementation

Developing recognised guidelines on the development and implementation of regulation will provide a common starting point which regulators can rely on when designing regulation. The SFC is therefore supportive of IOSCO:

- Adopting principles which regulators should follow when designing and implementing regulation to better ensure cross-border coherence;
- Significantly, IOSCO should promote the use of outcomes-based equivalence assessments, and publish guidance for regulators and supervisors on how to assess this;
- Developing informative guidance on cross-border regulatory tools, both sector specific and on more generic approaches;
- Reviewing existing regulation and providing guidance and suggestions on how to adapt it to correct any disadvantages that may be present from a cross-border perspective, perhaps adopting an action plan and clear timeframe in which to achieve this;
- In addition, IOSCO could consider monitoring the financial services aspects of bi- and multilateral agreements, providing a source of objective expertise to help improve implementation.

Defining Global Standards and Principles

The SFC believes that IOSCO has a critical role to play in establishing international standards for regulating markets. In the same way that the OECD has been instrumental in establishing the standard for the exchange of information on tax, or the Basel Committee on prudential standards, IOSCO standards need to be equally respected in the markets space. We therefore support the following steps:

- Pressing ahead with the suggestions above to further legitimise and involve national regulators in IOSCO's work, will help this process;
- IOSCO should objectively present information on the costs and benefits of more granular standards from the perspective of enhancing international capital flows, thus enabling decision-makers to weigh these against domestic considerations;
- When detailed global standards are appropriate, IOSCO should be mandated – perhaps with high-level political support, e.g. from the G20/FSB – to develop standards that countries then commit to implement, alongside IOSCO having a strong monitoring role;

- When the international advantages of a detailed, or granular global standard do not outweigh the domestic disadvantages, IOSCO should instead develop clear principles to ensure coherence on which domestic standards can be based.

IOSCO can and should play a leading role in the process of defining and helping to implement global standards for capital markets, to ensure global coordination and regulatory coherence.

The Swiss Finance Council will be delighted to be part of this debate. To this end we include a copy of our own discussion paper 'The EU and its Partners: Defending Open Markets in Challenging Times,' and are available should you have any questions or wish to discuss the matters in this letter further.

Yours sincerely,



Judith Hardt

Managing Director

Swiss Finance Council

Annex: SFC Discussion Paper: *'The EU and its Partners: Defending Open Markets in Challenging Time'*