

# Projecting the Future Regulation of Securitisation



OICJ-IOSCO

Commissioner Greg Medcraft

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# IOSCO Task Force – Background, Focus & Membership

- The Task Force on Unregulated Financial Markets and Products (**TFUMP**) established by the IOSCO Technical Committee in November 2008
- Tasked to introduce greater transparency and oversight to unregulated markets
- Objective to recommend regulatory action to restore confidence in currently unregulated financial markets



# IOSCO Task Force – Background, Focus & Membership

TFUMP member countries include:

Australia (ASIC) (co-chair)

France (AMF) (co-chair)

Germany (BaFin)

Hong Kong (SFC)

Italy (CONSOB)

Japan (FSA)

Mexico (CNBV)

The Netherlands (AFM)

Quebec (AMF)

Spain (CMNV)

United Kingdom (FSA)

United States (CFTC) and (SEC)



# Consultation Report - Overview

- Consultation Report published on 5 May 2009 - [WWW.IOSCO.ORG](http://WWW.IOSCO.ORG)
- Securitisation key focus
- Industry consultation on 29 May 2009 - Comments Close – 15 June
- Next steps - Update to IOSCO Technical Committee and report to Financial Stability Board – 30 June - G20 in September 2009



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# Consultation Report - Overview

- Three key interim recommendations for securitisation:
  - Enhanced disclosure and transparency
  - Investor suitability
  - Retention of long term economic exposure



# Disclosure and Transparency

- Encourage industry initiatives:
  - ESF RMBS Issuer Principles for Transparency and Disclosure
  - ASF Project RESTART
- Industry initiatives alone will be insufficient
- Measured regulatory response necessary
- Interim Recommendations



# Investor Suitability

- Three main elements of investor suitability:
  - Distributor assessment;
  - Sophisticated investor tests/exemptions; and
  - Investor capabilities – risk management and assessment practices
- Interim Recommendation



# Long Term Economic Interest

- Current developments:
  - European Capital Requirement Directive “buy side” focus; and
  - US The Mortgage Reform and Anti-Predatory Lending Act “sell side” focus
- Main issue for the securitisation industry
- Economic impact for credit intermediation?
- Important considerations for national regulators



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# Industry Consultation

- Key themes from industry consultation:
  - Securitisation Infrastructure
  - Global Industry co-ordination and consistency
  - Global Industry co-ordination and consistency between Regulators and Industry

