

10 September 2014

CBRF: Supporting cross-border investment and growth

LETTER TO G20 On behalf of the Cross-Border Regulation Forum (CBRF), we very much welcome the efforts made by policymakers and regulators around the world in terms of seeking to achieve a sound and coherent regulatory framework for financial services. However, there are growing concerns that the current regulatory framework is becoming increasingly disjointed, leading to market fragmentation and creating barriers to entry – a result that runs counter to previous commitments G20 leaders have made to open markets.

We therefore urge leaders – at the upcoming Summit in Brisbane – to reaffirm their support for open markets. We also encourage organisations such as the International Organisation of Securities Commissions (IOSCO) to take a leadership role in setting common regulatory principles and standards to facilitate cross-border coherence. Building a foundation for a more coordinated and consistent global regulatory framework is essential and, in this context, we note the emphasis the Financial Stability Board (FSB) is placing on the need for greater coordination in the regulation of cross-border financial services.

We believe that the increasingly global nature of financial markets, trade and commerce means that market participants, including corporate, institutional and other end-users, must be able to have efficient access to international products, services and markets to meet their investment, business, risk-management and capital-raising needs. This supports the case for the regulatory authorities to adopt a proactive position towards facilitating regulatory recognition, making substituted compliance determinations and establishing mechanisms and processes for evaluating regulatory development and the efficacy of supervisory functions on an ongoing basis.

In this regard, on 16 June, the CBRF sent the G20 Secretariat a copy of its submission to the IOSCO Task Force on Cross-Border Regulation identifying the kinds of mechanisms and criteria which it believed would facilitate the development of a more coherent framework for regulating cross-border business in financial services. The conclusions and recommendations of the CBRF paper (attached) should be seen as a helpful contribution towards meeting the above noted objectives.

Against this background and acknowledging the complexities of creating a globally consistent and coordinated financial framework, we encourage the G20 leaders in their meeting in November to:

- (a) renew their commitment made at the Pittsburgh Summit to *“implement global standards consistently in a way that ensures a level playing field and avoids fragmentation of markets, protectionism, and regulatory arbitrage”*; and
- (b) support the role of IOSCO as the most appropriate forum for setting common regulatory standards (but noting the role of the Basel Committee) and developing the mechanisms and processes for taking forward this work in collaboration with its member commissions and authorities (and the FSB).

We trust you will find the CBRF’s report useful and if you would like to discuss either the report or this letter in more detail, please do not hesitate to contact either Anita Millar, Secretary of the CBRF (Amillar@iiac.ca), or Anthony Belchambers, Deputy Chair of the CBRF (abelchambers@fia-europe.org).

Yours faithfully,



Chris Dickens, HSBC,
CBRF Chair



Anthony Belchambers, FIA Europe,
CBRF Deputy Chair



David Love, AFMA,
CBRF Deputy Chair

CBRF LIST OF MEMBERS: September 2014¹

Associations and other bodies	
AFB: Association of Foreign Banks	FIA Europe
AFMA: Australian Financial Markets Association	ICMA: International Capital Market Association
AFME: Association for Financial Markets in Europe	ICSA: International Council of Securities Associations
AMIB: Mexican Securities industry Association	IIAC: Investment Industry Association of Canada
ASIFMA: Asia Securities Industry and Financial Markets Association	IIF: Institute of International Finance
Bombay Stock Exchange Broker's Forum	IMA: Investment Management Association
CCP12 - The Global Association of Central Counterparties	ISDA: International Swaps and Derivatives Association
EACH: European Association of CCP Clearing Houses	SBA: Swiss Bankers Association
ECSDA: European Central Securities Depositories Association	SIFMA: Securities Industry and Financial Markets Association
FESE: Federation of European Securities Exchanges	WFC: World Forum of CSDs
	WFE: World Federation of Exchanges
	WMBA: Wholesale Markets Brokers' Association

Firms	
Barclays	Morgan Stanley
Blackrock	Nomura
Deutsche Bank	RWE Supply & Trading
Fidelity Worldwide	Shell International Trading and Shipping Co Limited (STASCO)
Goldman Sachs	Societe Generale
HSBC	Standard Chartered
J.P. Morgan Chase & Co	UBS
Marex Spectron	

Market Infrastructures	
CME Group	ICE: Intercontinental Exchange
Eurex Group	LME: London Metal Exchange
ICAP	

Observers	
BBA: British Bankers' Association	JSDA: Japan Securities Dealers Association
EFAMA: European Fund and Asset Management Association	KOFIA: Korea Financial Investment Association
AFG: French Asset Management Association	

¹ Please note, this list is still growing as more organisations wish to confirm their support for the CBRF's work.