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The IOSCO Technical Committee Meeting

The IOSCO technical committee completed its assessment of methods for checking compliance with the Code of Conduct Fundamentals for Credit Rating Agencies. IOSCO has identified four measures, which it believes will contribute to improve international monitoring of credit rating agencies (CRA) and serve to address the issues that have contributed to the failures in the structured finance products market. The measures are summarized in favoring a consistent global regulatory approach to monitoring the activities of CRAs, developing mechanisms by which national regulators can coordinate their monitoring CRAs with the substance of the IOSCO Code of Conduct. The IOSCO's Task Force on Credit Rating Agencies (TFCRA) will also conduct a review of CRAs adoption of codes of conduct and will examine the possibility of developing an international monitoring body to discuss issues with CRAs and to advance the expectations of the international regulatory community.

The IOSCO's Technical Committee discussed current market conditions and prioritize IOSCO's work in response to the subprime crisis. The TC continues to prioritize its focus on two key areas: greater international coordination for the oversight of credit rating agencies; and market participants responsible for retail clients. The TC members expect investment managers to carry out appropriate due diligence procedures in order to properly understand the risks associated with any products in which they are intending to invest their clients' funds, and the TC has an active workstream on this topic. Other priorities are firm risk management, prudential supervision and valuation and accounting.

The results of these workstreams will contribute to the development of new regulatory standards for global markets. The Technical Committee has enabled members to engage in face-to-face discussions on current market conditions and to coordinate their efforts in promoting the smooth and transparent operation of global markets.

The Internationa l Organization of Securities Commissions (IOSCO) is recog nized as the leading international policy forum for securities regulators. The organization's wide membership regulates more than 90% of the world's securities markets and IOSCO is the world's most important international cooperative forum for securities regulatory agencies. IOSCO aims through its permanent structures to cooperate together to promote high standards of regulations in order to maintain just, efficient and sound markets; it also aims to exchange information on their respective experiences in order to promote the development of domestic markets, to unite their efforts to establish standards and an effective surveillance of international securities transactions and finally, to provide mutual assistance to promote the integrity of the markets.

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