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I. DYNAMIC INTERNATIONAL MARKETS

Effective international supervision of global securities markets must be accomplished in the face of dynamic developments that can be expected in international securities markets during the decade of the 1990s.

The most difficult problems in supervision of securities markets will be in the developed markets existing in North America, the Pacific Basin, and Europe. In North America, the primary markets are the New York Stock Exchange (NYSE); the National Association of Securities Dealers Automated Quotations (NASDAQ), the over-the-counter market operated by the National Association of Securities Dealers; the American Stock Exchange; regional stock exchanges; and the options exchanges. The primary Canadian market is the Toronto Stock Exchange. In the Pacific Basin, the major markets are the Tokyo and Osaka stock exchanges in Japan, and the stock exchanges in Australia, Hong Kong, New Zealand, Singapore, and Taiwan. In Europe, the largest exchange is the British International Stock Exchange, but mature markets also exist in Belgium, Germany, the Netherlands, Spain, Sweden, and Switzerland.

The most important ingredient in the progress of developed markets and the creation of global securities markets is the rise of automation. As will be described more fully in the remainder of this paper, automation creates opportunities for the development of efficient systems for routing and executing orders. Accompanying automated stock trading capability is the virtual explosion of information transmission. Today's trading systems can include information regarding stock prices, market developments, and political and economic news. The developments in automated systems are significant. NASDAQ, developed in the 1970s by the National Association of Securities Dealers, is an automated screen-based dealer market trading system. In the mid-1980s, the London Stock

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Exchange, now called the International Stock Exchange, abandoned its auction process for trading in securities and adopted a screen-based system similar to NASDAQ.

A number of other existing markets can be best described as developing markets. For example, securities markets in Latin America, including markets in Argentina, Brazil, and Mexico, are emerging, but are not well-developed. There are also emerging markets in Malaysia and Thailand. In many countries, the ongoing process of privatization will help the markets flourish. Privatization means that previously owned government industries are being sold to the private sector. In many cases, the corporations operating these industries will then be sold to the public and traded in exchange markets. The privatization process is taking place in Latin America and elsewhere, and equity securities are being traded in the various markets. However, the level of exchange activity is not likely to reach desirable levels until public ownership of securities increases substantially.

In Eastern Europe, the development of securities markets will be even slower. Although a securities market has recently opened in Hungary, none of the Eastern European countries has the sound private enterprise system essential to the creation of an equity securities market.

Another dynamic factor in the development of a global securities market is the rapidly growing interrelationship between securities markets, options markets, and futures markets. Led by the Chicago Mercantile Exchange in the United States and by the Tokyo Stock Exchange in Japan, a growing number of derivative index products have been developed. These products allow indices of stocks to be traded as a single unit on both futures markets and options markets. In the United States, these derivative products allow demand for the purchase and sale of large portfolios of securities to be transmitted rapidly to the futures or options markets and then, through index arbitrage, to the securities markets. The existence of these derivative markets seems to have contributed to the volatility of stock markets in both the United States and Japan. As derivative markets continue to grow internationally, similar volatility problems can be expected to develop in other markets.

II. INTERNATIONAL COOPERATION IN REGULATION

The current and forthcoming changes in global securities markets will require regulators from all nations to increase cooperation in order to provide sound international regulation.

In November 1988 the U.S. Securities and Exchange Commission

(SEC) published a policy statement on the regulation of international securities markets. This statement, presented at the 1988 meeting of the International Organization of Securities Commissions (IOSCO) in Melbourne, Australia, contains a blueprint for international cooperation. In that statement the SEC said:

> An effective regulatory structure for an international securities market system would include the following features:
> (1) *Efficient structures* for quotation, price, and volume information dissemination, order routing, order execution, clearance, settlement, and payment, as well as strong capital adequacy standards;
> (2) *Sound disclosure systems*, including accounting principles, auditing standards, auditor independence standards, registration and prospectus provisions, and listing standards that provide investor protection yet balance costs and benefits for market participants; and
> (3) *Fair and honest markets*, achieved through regulation of abusive sales practices, prohibitions against fraudulent conduct, and high levels of enforcement cooperation.[1]

Significantly, in that statement the SEC also recognized that it may not be possible to achieve exactly the same kind of regulatory system in every country. The SEC stated that "in seeking solutions to common problems, securities regulators should be sensitive to cultural differences and national sovereignty concerns."[2]

This Paper will review the principles set forth in the SEC policy statement, evaluate progress being made in implementation of the principles, and suggest avenues for further advances.

III. AUTOMATED TRADING SYSTEMS

A primary objective of market regulation in the 1990s should be to establish automated systems in all securities markets. Technology is currently available to automate and link market information and trading systems. Efforts should be made to establish efficient systems in every country and to link these systems together so that intermarket international securities trading can take place easily.

Quotation, price, and volume information should be available to investors who want to trade in automated markets. Electronic quotation information allows investors to know the bid and asked prices of securities on a real-time basis. Once a transaction takes place, it is then possi-

1. U.S. Securities and Exchange Comm'n, File No. S7-25-88, Policy Statement on the Regulation of International Securities Markets 1-2 (Nov. 1988) (available from the SEC Library, 456 5th St., N.W., Washington, D.C. 20549).

2. *Id.* at 2.

ble to produce price and volume information so that investors will know the opening prices of securities, the most recent prices at which securities have been traded during the day, and the quantities of securities traded. If securities are traded on more than one exchange, it is possible to make available information from all exchanges in a form permitting quote and price comparisons. This system would allow investors to base their trading upon equally available information.

In addition to information systems, efficient automated routing and execution systems should be established within and between markets. Theoretically, investors should be able to route their orders for securities to the markets that are most efficient in providing the best execution. Nevertheless, in the United States, the systems available for routing orders to various markets are plagued by time delays. Thus, investors are not yet able to select the best market and be assured of execution. One of the reasons that a single automated order routing and execution system does not exist is that there is considerable disagreement among market participants and regulators in the United States as to whether it is better to have separate competing markets or a single market for all securities.

Even if automated order routing systems can be established that will allow each order to be sent to the market showing the best quotation, either automatically or at the discretion of the investor's broker, there may be significant problems with large orders. The problem is that market makers' quotations are based upon orders of limited size. Thus, the choice of a desirable market for execution may well depend both upon the length of time that a quote will remain firm (*i.e.*, will not be withdrawn) and the number of shares that the market maker guarantees to buy and sell at a quoted price.

A central problem for both national and international markets, therefore, is how to establish markets in which quotations will remain firm for orders of a relatively large size. These size problems create difficulties in establishing automated execution systems. The problem is that participants in automated trading systems may not be willing to give firm quotations for orders of extremely large size. In the United States, this problem of size has been met by investment firms acting in their proprietary capacities to engage in block trading. These firms use telephones and electronic screens to match buy and sell orders of large institutional investors. They then assemble off-setting orders or purchase or sell blocks of stock for their own accounts in order to provide good markets. The willingness of these investment firms to purchase and sell large blocks of stocks may be affected by external factors. For instance, when market conditions are poor, these firms will be less likely to engage in

block trading practices. During the October 1987 market crash, many of these firms discontinued their block trading market making efforts.

Advances in competitive markets also occur through the use of bulletin board techniques. With these techniques, a proprietor or owner of a system provides opportunities for parties interested in buying or selling securities to advertise that interest. In these bulletin board systems, the proprietor will then try to bring the buyers and sellers together, allow them to negotiate a price, and then provide clearing assistance. A current issue in the United States is whether these systems should be regulated as stock exchanges.

Once domestic systems are established with automated quotation information, price and volume reporting, routing systems, and perhaps even automatic execution systems, attempts can be made to establish internationally linked markets. Such markets have not yet developed internationally in the securities area, but progress is underway. The National Association of Securities Dealers (NASD) is planning an international trading system in which stocks traded in either the NASDAQ system or the NYSE system can be traded in an NASD supervised market before and after the close of trading in the United States. Similarly, the NYSE has announced that it is studying an after-hours trading system. The Chicago Mercantile Exchange has announced that it is establishing its "Globex" system for after-hours trading in futures.

IV. MARKET VOLATILITY

An important aspect of automated international securities markets is prevention of excess market volatility. Market volatility, defined as wide differences in market prices during a single day or several consecutive days, is probably inevitable in a highly automated market system dominated by institutional trading. In the United States, institutions account for approximately forty-five percent of the ownership of equity holdings, and account for approximately seventy percent of the trading in those holdings. Although market volatility in itself is not necessarily bad, when excessive market swings take place, a danger exists that insolvencies will occur, payments for securities will not be made, and panic and chaos will injure the markets. These events took place in October 1987 without permanent damage, but it was not clear whether a worldwide securities market disaster was close or distant.

Caution requires that, at a minimum, the following steps be taken to prevent excess volatility. First, capacities of automated systems should be made large enough to handle unusually large volumes of transactions.

Second, the capacities and functioning of clearing and settlement systems should also be improved. Third, exchange of information between securities markets must be enhanced. In times of market stress, it is especially important that futures and options derivative markets know the prices of securities in the securities markets, and that securities markets know prices in the futures and options derivative markets.

Although somewhat controversial, imposition of temporary market halts on a predetermined basis will provide a measure of safety for the markets. In response to the President's Working Group on the Financial Markets, the U.S. markets will close for one hour when the Dow Jones Industrial Average declines by 250 points, and will close again for two hours when that average declines by 400 points.

Some analysts argue that margin levels in the futures markets should be raised to decrease speculative trading in derivative products. In the United States this suggestion is vigorously opposed by the futures markets on the ground that increased margins will decrease market efficiency.

V. THE INTERNATIONAL MARKET AND REGULATORY QUESTIONS ARISING FROM AUTOMATED MARKETS

Once sound automation systems are in place, some international market and regulatory questions emerge. The first is whether automated international systems providing quotations, price information, economic and political news, and automatic execution will become the chosen form of trading in securities. If such screen-based systems become the chosen method of trading in international securities, the question becomes whether the auction system of securities exchanges and the open outcry system of futures exchanges will continue in their present form. Some predict that the advent of screen-based dealer systems will eventually result in the demise of exchange floors.

A related issue concerns who should be responsible for regulating twenty-four hour international trading systems. Should one regulator regulate each system, depending upon the nationality of the owner? For example, in the NASD proposed after-hours trading system, all members of the system would be dealers registered with and supervised by the NASD. Clearing and settlement will take place within the NASDAQ system, allowing a paper trail to be established. The advantage of the NASD's proposal is that an established, self-regulatory body like the NASD will help to assure the honesty and integrity of the system. How-

ever, the system does raise some questions. The NASD is regulated by the SEC. If other jurisdictions choose to impose regulations on an NASD international trading system, the issue may arise as to whether the SEC should regulate the system in cooperation with other regulators or whether regulation should be passed from regulator to regulator, depending upon the time or location of the trading.

The likelihood that international trading systems will exist also raises the question whether an independent international securities regulatory body should be established. If such a body is to emerge, should it be a loosely knit organization such as IOSCO or should it be a super regulator with independent regulatory powers? Despite the efficiencies that might be associated with a super regulator, it seems highly unlikely that such a body will emerge. It is far more likely that IOSCO will emerge as the primary body promoting international and bilateral regulatory cooperation.

VI. CLEARANCE, SETTLEMENT, AND PAYMENT SYSTEMS

To ensure the efficient operation of an international securities system, internationally linked clearance, settlement, and payment systems should be established. According to the SEC's policy statement, "ultimately, all countries should establish fully automated clearance and settlement systems that permit paperless book entry movement of all broker-dealer and institutional equity" and debt positions.[3]

That statement was probably not ambitious enough since it failed to specify that noninstitutional investors should also be subject to the system. It is important that a system eventually be established in each country that permits paperless book entry movement of all securities, including debt and equity. This system should apply not only to broker dealers and institutions, but also to individuals. Application to individuals has proven to be a very difficult matter, since in the United States, at least, individuals tend to want certificates representing their securities. It seems inevitable however, that a system allowing at least immobilization of securities for retail investors will exist in the United States and elsewhere.

The Group of Thirty Report on "Clearance and Settlement Systems in the World's Securities Markets," published in March 1989, provides a sound proposal for improvement of worldwide clearance and settlement systems. The document concludes that standards for clearance and set-

3. *Id.* at 5.

tlement should be set and maintained by national securities markets through systems that can be linked with other markets, rather than through a single clearance and settlement system. The theory of linkages is that there will be guarantees by the operators of each system, so that those dealing with a particular country's system may do so with confidence. Attempting to establish a single system would mean that the agreement of each country participating in such a system would have to be established before that single system could exist. The delay caused by securing these agreements would be intolerable. Additionally, recognition of differences in approach in each country suggests that a linked country by country system be established rather than a single system.

The Group of Thirty's list of recommendations covers the basic ingredients for efficiency: centralization, automation, early comparison and settlement, broad participation that includes institutional investors, trade netting, book entry deliveries, and standard identification systems. Some of the recommendations also address risk and safety issues, such as the use of delivery versus payment to settle securities transactions, and same day funds settlement.

The greatest benefit of the list of recommendations is the identification of areas of concern. Particularly important for each country is the establishment of early trade comparisons, early settlement, and delivery versus payment procedures.

The Group of Thirty's list contains some problem areas which need to be addressed. First, as noted above, the creation of central depositories of securities for retail investors is a controversial but important step. Second, there is some doubt whether earlier trade settlements can be established in all countries. Third, it is not certain that uniform same day funds settlements will come into existence in the near future. Progress in all of these areas is essential for a sound global clearance, settlement, and payment system.

An area of concern that is not addressed in the Group of Thirty's recommendations is intermarket clearing and settlement between stock and futures derivative markets. Special problems exist, at least in the United States, regarding the difficulty of permitting positions in the options derivative markets to be offset against positions in the futures derivative markets.

VII. CAPITAL ADEQUACY STANDARDS

One of the important areas of concern arising from the October 1987 market crash was the lack of uniform capital adequacy standards

worldwide. These standards are intended to protect market participants against failures of securities firms that are inadequately capitalized.

In an interlinked worldwide securities system, the financial viability of participants in one market will be crucial to the health of those in all markets. It became apparent in October 1987 that insolvency of a large brokerage firm in one country could cause insolvencies or distressing effects in other markets.

In September 1989 IOSCO adopted a common conceptual framework regarding capital adequacy requirements for securities firms, including the following elements: 1) each firm should have sufficient liquid assets to meet its obligations; 2) marking to market of marketable securities and commodities positions is necessary; and 3) risk-based requirements should cover all the risks to a firm. These basic elements are the subject of a current study by the Technical Committee of IOSCO. A report on this subject was presented to the annual meeting of IOSCO in Santiago, Chile, in November 1990.

Capital adequacy standards cannot be regulated effectively without adequate information. In an interlinked market it is particularly important that the regulators be aware of risks being taken by regulated entities. For example, a holding company that has a U.S. brokerage firm subsidiary may engage in risk activities that threaten the holding company's solvency and, indirectly, the brokerage firm's viability. If these risks are unknown to the regulator, difficult problems may arise. Recently, in the United States, the holding company owner of the brokerage firm Drexel, Burnham & Lambert found that the decline in the value of its portfolio of junk bonds required it to find additional liquid funds. The holding company attempted to cause the Drexel brokerage entity to move its excess capital to the holding company, but was in large part prevented from doing so by prompt regulatory action.

Recognizing that it does not have sufficient information about holding company risk activities, the SEC is currently seeking adoption of legislation giving it authority to gain information regarding risk activities of broker-dealer holding company systems. Such information should be available to regulators in all countries, and in appropriate cases should be shared among countries.

VIII. DISCLOSURE

A sound system for disclosure of information about corporations traded in organized markets is an important ingredient for effective securities regulation, both nationally and internationally.

The United States has developed a thorough and complicated corporate disclosure system, requiring disclosures of corporate business and finances, methods of distribution of securities, acquisition of more than five percent of a company's shares, plans to launch a tender offer, and securities transactions by insiders. The U.S. system requires disclosures to a central agency, the SEC. This system seems to be working well. In some countries, disclosures are made under stock exchange regulations. No inherent advantage appears in either system. However, in the United States, the disclosure system is now developing to the point that all filings can be made electronically, and information can be disseminated immediately to investors. Systems for electronic filing and dissemination of information should be explored in other countries.

Although the U.S. disclosure system is effective, it is regarded by many non-U.S. companies as too intrusive. The system requires reporting of financial results of significant corporate segments, quarterly rather than semiannual reporting, disclosure of executive salaries, and disclosure of hidden reserves. The SEC has undertaken several initiatives to relieve disclosure obligations of foreign issuers. For example, a foreign issue may be traded in the nonautomated portion of the U.S. market by filing disclosure documents prepared for use in the country of origin. Additionally, the SEC's recently adopted rule 144A permits institutional investors in the United States to resell unregistered securities purchased from foreign issuers, thereby increasing opportunities for foreign companies to sell securities in the United States.

Another important development has been the SEC's proposal for the establishment of a multijurisdictional disclosure system by agreement between U.S. and Canadian authorities. This system, if adopted, will permit Canadian issuers meeting certain tests to sell securities in the United States using disclosure documents prepared according to Canadian standards, and will permit U.S. issuers to sell securities in Canada using disclosure documents prepared according to the U.S. system.

Substantial policy questions remain with regard to whether domestic U.S. disclosure requirements should be reduced in order to encourage foreign issuers to sell their shares in U.S. markets. Some lowering of U.S. standards for foreign issuers may be desirable, particularly with regard to securities of well-known, widely followed, highly capitalized corporations, sometimes known as "world class securities." These securities are subject to analysis and scrutiny worldwide, and it may not be necessary that full disclosure regulations be applicable to them.

IX. TENDER OFFER REGULATION

Hostile offers to purchase the securities of a company are regulated in divergent ways in various countries. In some countries, tender offer regulation is treated as an aspect of disclosure regulation. In other countries, tender offers are closely regulated in an effort to achieve fairness for shareholders. In still other countries, substantial obstacles severely inhibit hostile tender offers.

In the United States, the primary goals of tender offer regulation are to require advance disclosure of attempts to acquire control and to prevent coercion of shareholders. In other countries, such as Great Britain, fairness obligations are imposed through tender offer panels. The choice of standards to be applied is one of significant international interest and should receive attention in part because of the divergence of views in this area.

The regulation of cross-border tender offers is a critical concern in the establishment of an international securities market. Restrictions on tender offers may mean that citizens of one country may not be able to participate in tender offers for their shares made by issuers located in other countries. The SEC is currently addressing this question.

X. ACCOUNTING

Differences in accounting principles, auditing standards, and auditor independence standards require close attention in order to improve the comparability of corporate disclosures worldwide. Although international accounting firms now operate in many countries, accounting rules vary greatly between countries, creating difficulties in achieving global disclosure standards.

The International Accounting Standards Committee (IASC) and the International Auditing Practices Committee (IAPC), organizations composed of representatives of private accounting firms from various countries, have been working to facilitate the establishment of improved international accounting and auditing standards. The IASC has published an exposure draft on comparability of financial statements which proposes to create preferred worldwide accounting standards to which each country's accounting standards could be reconciled. Commentators have accepted the project in theory, but have criticized some of the particulars. The most difficult areas appear to be concern over lack of detail in the standards and problems in certain standards, such as standards for business combinations. The business combination standard in the United

States is different from that used in most other countries and may have to be revised if international comparability is to be achieved.

The IAPC has begun two projects. First, it is in the process of revising its International Auditing Guidelines. Second, it is also reviewing auditors' independence standards, with attention directed to the nature and extent of nonaudit services that an auditor may provide to an audit client. This is a particularly difficult problem because of independence standards in the United States as compared to other countries.

Financial disclosures are greatly impacted by accounting and auditing standards. It is possible that if the United States does not change some of its standards, it will be out of step with the world's financial markets. Particularly with regard to world class foreign securities, U.S. failure to change accounting standards may mean that the United States will not offer major trading markets in those countries.

XI. INVESTMENT COMPANY SALES

Cross-border sales of investment company shares pose special problems. Investors buy shares in investment companies and permit the corporation's professional managers to invest their money. These entities are subject to potential problems because large pools of money create opportunities for the managers to steal those funds either directly or through conflict of interest transactions.

The U.S. statutes regulating investment companies are significantly more restrictive than those existing in other countries. Because of these restrictive statutes, few foreign investment companies register in the United States to sell their investment company shares. Statutory exemptions permitting unregistered foreign investment companies to be sold in the United States are limited to those companies governed by standards comparable to U.S. standards.

Countries other than the United States have imposed restrictions on cross-border sales of investment company shares through tax or exchange control laws. These laws have restricted sales of U.S. investment companies in those countries.

International regulation of investment companies continues to be an area that needs attention. As the use of these investment vehicles increases in countries other than the United States, closer examination of opportunities for fraud and conflict of interest is likely. The SEC has recently announced that it is re-examining the Investment Company Act, and some relaxation of standards in the United States seems possible. In contrast, other countries may find that as the use of this investment vehi-

cle increases, the desirability of additional restrictive legislation will grow.

XII. FRAUDULENT AND MANIPULATIVE CONDUCT

As securities markets mature, opportunities for dishonest behavior become more plentiful and the need for restrictions increases. If investors do not believe that securities markets are fair and honest, they will not invest their funds, the capital markets will become less liquid, and companies will have less capital available to them. For this reason, it is important that prohibitions against fraudulent and manipulative conduct be adopted in all countries.

Recently, many countries have adopted regulations prohibiting insider trading. The United States has long had laws prohibiting insider trading. Japan and the United Kingdom have recently adopted insider trading laws. The European Community has recently issued an insider trading directive that is being implemented by member states.

Other fraudulent activities, such as making false statements about a corporation and its prospects or manipulating prices of corporate shares, should also be prohibited. Laws prohibiting this conduct are essential to the creation of honest securities markets.

Investors can also be protected through the establishment of high standards of honor for securities firms and their personnel. Not only should general antifraud provisions apply to the securities industry, but principles such as "just and equitable principles of trade" should be imposed by stock exchanges and other self-regulators. Fairness to customers on the part of intermediaries should be a criterion of proper conduct. Standards of conduct for securities brokers should be provided in substantial detail, and penalties for violation should include the loss of license. IOSCO is again addressing standards of conduct for intermediaries, and this subject will probably be an important part of the November 1990 meeting of that organization.

XIII. ENFORCEMENT

Enforcement is an important aspect of antifraud law. Each country should devote substantial resources to the enforcement of antifraud laws and securities industry standards. In the United States, the securities laws are enforced by the SEC, the self-regulatory organizations such as stock exchanges and NASD, state securities officials, and federal criminal law enforcement officials. Substantial resources are devoted to these enforcement efforts in the United States.

Although the securities laws in many countries are enforced by criminal enforcement officials, some of these countries do not devote sufficient resources to that enforcement. A trend toward devoting substantial additional resources to criminal enforcement and to civil enforcement by administrative agencies and self-regulatory organizations should be supported and continued in all countries.

XIV. MEMORANDA OF UNDERSTANDING

Establishment of agreements to provide information about cross-border securities fraud furthers antifraud enforcement. The SEC has entered into bilateral enforcement information sharing agreements, called Memoranda of Understanding (MOU), with several foreign countries, including Japan, Great Britain, Switzerland, Brazil, Canada, and Italy. These MOU agreements commit regulators to use their best efforts to obtain and transmit to regulators in other jurisdictions information about activities in their countries that violate laws of those jurisdictions. These agreements are also important as a means of obtaining market surveillance information. Such bilateral agreements should be entered into between other countries as well, partly in implementation of an IOSCO resolution agreed to by most IOSCO members in 1987.

Some countries have objected to the use of such agreements when the activity in question would not have violated the law of the home country. However, this objection seems to be diminishing in force. Further, it probably will not interfere with the establishment of bilateral agreements where similar laws exist in both jurisdictions.

The United States has passed legislation permitting the SEC to use its compulsory powers to gather information on behalf of regulators in other jurisdictions, with appropriate privacy protections. Similar legislation should be adopted in other countries.

XV. QUESTIONS OF JURISDICTION BETWEEN REGULATORS

Questions of regulatory jurisdiction should be addressed by each country. The United States is relatively unique in its regulation of the futures, securities, and banking systems by separate agencies. This regulation tends to create inefficiencies and should be thoroughly examined. Regulation of derivative index products should be transferred from the Commodity Futures Trading Commission (CFTC) to the SEC. Further, Congress should repeal the Glass-Steagall Act and amend the Bank Holding Company Act so that banking and securities activities can be

carried out by a single entity. Finally, the current U.S. form of regulation of the financial services industry should be thoroughly examined.

In countries in which financial services are regulated by a single ministry, some separation of regulatory functions should nevertheless occur, so that regulatory agencies or divisions will develop sufficient expertise. The recent creation in some European countries of agencies or commissions charged with securities regulatory responsibility indicates growing acceptance of this principle.

XVI. CONCLUSION

The predominant theme of this Paper is the need to foster international cooperation and coordination between securities regulators. Organizations such as IOSCO should continue efforts to bring regulators together for the purpose of solving common problems. Bilateral meetings between regulators are also important as a means of facilitating policy and enforcing cooperation. Hopefully, the result of regulatory cooperation will be healthy and efficient worldwide capital markets that will contribute significantly to global prosperity.