

(Revised August 2011)

International Regulatory Strategy Group principles

The International Regulatory Strategy Group (IRSG) is keen to play its part in working with governments, regulators, customers and other stakeholders to ensure an effective regulatory regime for the industry and its customers.

We believe that the overriding strategic goal for government and industry alike should be sustainable economic growth and the financial well-being of our customers and clients.

The regulatory regime should therefore enable our customers to have confidence in the products and services they use. It must protect their interests and enable them to pursue their economic goals: to have reasonable access to capital; to invest for growth; to save for their futures; and to insure effectively against risks.

The IRSG acknowledges that if it is to achieve these goals, the regulatory regime must be a partnership between governments, regulators, the industry and its customers. For its part, the IRSG recognises the industry's responsibility to improve governance and rebuild customer and investor confidence.

The best economic outcomes will be achieved by open and competitive markets, domestic and international, which encourage a diversity of business models giving customers greater choice of products and services. Effective regulation cannot itself drive growth, but it can create the conditions in which markets will flourish.

The priority for regulation should therefore be to target market failures that cannot be addressed by competition alone, e.g., 'information asymmetries' between customers and providers. The IRSG is committed to the following principles for effective regulation.

- ☐ Rules should follow a "same business, same risk, same approach" framework. They should focus on the substance of businesses and risks, not their form.
- ☐ The development of regulation should involve extensive consultation with market participants, including customers. Once implemented, new rules should be reviewed to ensure they are achieving their purpose.
- ☐ New rules should be subject to rigorous impact assessments, not just of individual regulations but of the cumulative impact of the regime as a whole.

Finally, the IRSG believes that open and liberalised international markets are essential to support global economic growth. We will thus work to ensure that regulatory regimes converge as much as possible so that our customers can benefit from the efficiencies and opportunities of greater cross-border business.

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