

Media Release

International Investment Funds Association (IIFA)

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International investment funds industry calls for closer interaction with regulators

Cape Town, South Africa - Investment experts from around the globe converged on Cape Town, South Africa, this week to discuss the future of the international investment funds industry in an environment of burgeoning regulation with implications across jurisdictions.

Hosted by the Association for Savings and Investment South Africa (ASISA), the 26th Annual Conference of the International Investment Funds Association (IIFA) attracted representatives from some 36 countries. The more than 40 IIFA member associations represent assets under management of around US\$25 trillion.

Under the theme “Winning back the investor’s confidence and expanding the role of investment funds in saving” the three day conference explored ways in which to sustain and build the confidence of investors in the investment funds industry following the financial crisis.

Delegates agreed that this would require a joint effort from the international investment funds industry to build an evermore transparent global industry that uses innovation to help clients achieve their investment goals, including a secure retirement.

Eduardo Penido, chairman of the IIFA and representative of the Brazilian Association of Financial and Capital Market Entities (ANBIMA), told delegates that in order to achieve this there needs to be closer interaction between the international investment funds industry as represented by the IIFA and global regulators such as the G20, the Financial Stability Board (FSB) and the International Organization of Securities Commissions (IOSCO).

“We are witnessing an intense process of internationalization of regulation. International standard setters such as IOSCO are gaining a unique relevance in the shaping of international markets, fostering the expectations that all local regulators will apply international principles that are getting more detailed over time.”

The Conference also considered the issue of compliance with the US Foreign Account Tax Compliance Act (FATCA). Penido urged delegates to engage with their respective governmental authorities to develop inter governmental agreements with the US authorities. Such agreements can reduce the burden that FATCA imposes on investment funds across the globe.

Sung-Uk Yang, IIFA deputy chairman and representative of the Korea Financial Investment Association (KOFIA), pointed out that the single biggest challenge facing the industry was preserving its innovation capacity in an environment of fierce regulations and overlapping layers of rules from a number of international regulators.

He said that to sustain and build investor confidence more had to be done. “We need to further improve transparency, focus on investor education and financial literacy, and improve communication with our clients.”

Leon Campher, CEO of ASISA, said the fact that South African Finance Minister Pravin Gordhan and the Secretary General of IOSCO, David Wright, took the time to address delegates highlights the importance that policy makers and regulators attach to working with the investment funds industry to find the middle ground that will ultimately benefit investors.

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Note to Editors: Established in 1987, the IIFA is an association with a membership of more than 40 national and regional investment funds associations from around the globe, collectively representing more than US \$25 trillion in assets at the end of the second quarter of 2012. For further information please visit www.iifa.ca.