



Investor Education: A Key Factor in Capital Market Development

**Council of Securities Regulators of the
Americas Meeting
Port of Spain, Trinidad**

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IOSCO's Work - Investor Education

- IOSCO Principles of Securities Regulation
 - Importance of investor education, key issue 6 of Principle 3
- “Regulators should play an active role in the education of investors and other market participants.”

IOSCO's Work - Investor Education

The topic of investor education continues to be examined and implemented/delivered by IOSCO

1. Technical Committee Report from March 2001
<https://www.iosco.org/library/pubdocs/pdf/IOSCOPD117.pdf>
2. Emerging Market Committee Report from October 2002
<https://www.iosco.org/library/pubdocs/pdf/IOSCOPD140.pdf>
3. Samples of IOSCO Members' Innovative Investor Education Websites from October 2011
https://www.iosco.org/members_area/documents/pdf/Samples%20of%20IOSCO%20Members%20Innovative%20Investor%20Education%20Websites.pdf
4. IOSCO Secretariat Education and Training Team from June 2012 (IR02/12)
https://www.iosco.org/members_area/documents/pdf/IR02-12%20Investor%20Education.pdf
5. Committee 3 from July 2012 (IRO3/12)
https://www.iosco.org/members_area/documents/pdf/IR03InvestorEdInitiativesFinal18092012.pdf

TC: Four different approaches to Investor Education

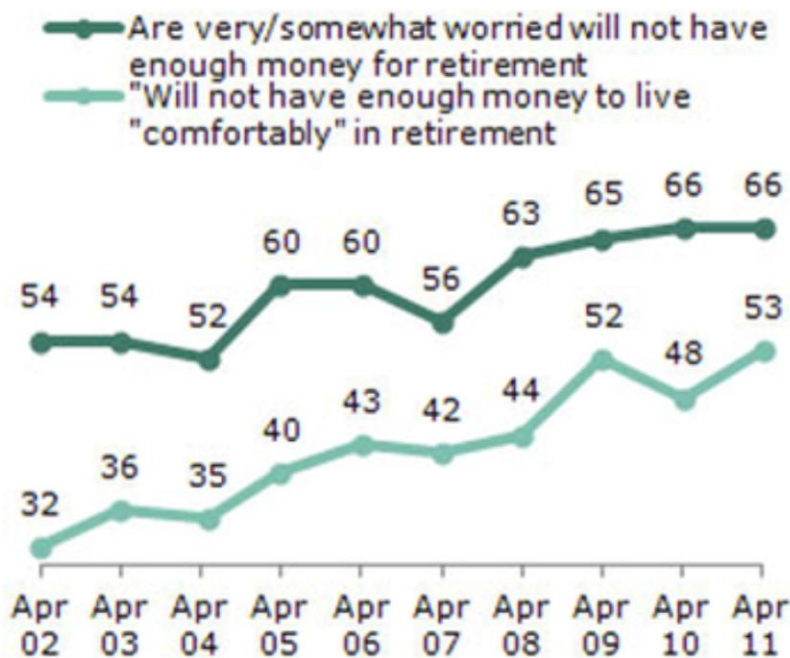
- The regulator has an express statutory obligation to undertake investor education efforts.
- A separate governmental institution (not the regulator) is responsible for providing investor education.
- The regulator does not have express statutory authority to implement investor education programs, but might engage in investor education activities as an integral part of their investor protection charters.
- No specific efforts are undertaken by the regulator with respect to investor education, although the regulator may enhance investor education through certain of its other regulatory activities.

Some Key Findings - 2011 IOSCO Zoomerang Survey

- I. The Zoomerang survey offered 53 different topics concerning securities regulation and allowed respondents to indicate their level of interest in each topic - using a scale of 1 -7 with 7 indicating “very interested.” The following topics received the strongest support according to the 2011 Zoomerang survey (see survey questions 4 and 5).
 - 1) Market Manipulation 78%
 - 2) Insider Trading Investigations 76%
 - 3) Investor Protection 73%
 - 4) Conducting Regulatory Investigations 73%
 - 5) Going Forward; Regulation and Supervision 70%
 - 6) Insider Trading (Litigation) 66%
 - 7) Inspections 64%
 - 8) Risk Management 63%
 - 9) Helping Investors Avoid Fraud 62%
 - 10) Investor Education 61%

Worries about Retirement Finances Grew in Past Decade

% who say they ...



Source: Gallup surveys conducted 2002-2011 with nationally representative samples of approximately 1,000 adults; question asking whether they will not have enough money to live comfortably in retirement was asked only of those who were not retired, a smaller group

PEW RESEARCH CENTER



The Challenges

1. Difficult undertaking given the complexity of today's products.
2. Financial literacy is not the only element for good financial decision making.
3. Inefficiency. Limited resources.
4. For some, personal finance classes increase confidence without improving ability – potentially leading to worse decisions.
5. Avoiding a regulation through education model that might blame investors for their plight, shaming them and deflecting calls for effective regulation.

Effective Investor Education Programs:

Focus on Investor Protection

- Alert investors to potential problems, provide understandable explanations of products and processes, and provide questions to ask and helpful tools to assess investments and investment professionals.

Spanning the Globe



투자자 교육
尋找投資者教育

En busca de la Educación del Inversor
A la recherche de l'éducation des investisseurs
BAHITHIN 'ALA ET TA'LIM EL MOUSTASMIR
Looking for Investor Education

Investor education web pages might consist of:

- ☐ Investor Education Website
- ☐ Stated Goal of Investor Education Program
- ☐ Investor Education Materials

Investor Education Materials

1. Investing-Basic Materials
2. Investment Risk/Rewards
3. Types of Investments
4. Calculators/Tools
5. Materials Relating to Scams, Frauds, and /or Alerts to Investors
6. Live/Classroom Instructions
7. Investing-Advanced Materials
8. Stated Institutional Support for Investor Education
9. Unique Resources for Investors



PAUS



LJUD



TEXTNING



FULLSKÄRM

VÄLJ KAPITEL

Inledning

1. ~~öen~~ former

2. Budget

3. Lån

4. Kronofogden

5. Vårt gemensamma skydd

6. Pension

7. Betala räkningar

8. Avtal

9. Arbets~~ör~~medlin~~en~~

10. Försäkring

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储蓄、消费还是投资
—教您如何善用金钱

How Savvy are you?
IM Savvy

Find your
MONEY

Find us on
Facebook

Offshore



Play the game "Offshore" and learn more about money matters. You can dive to collect treasures and sell them for cash. With the cash earned, you can choose to upgrade your submarine, deposit your cash in a bank or buy insurance to help pay for the damages incurred during your trips.

الأنظمة واللوائح

قراءة القوائم المالية

Investor Information

Information available

How to use the information wisely

Partial information

School Information

Rumors and speculation

Rumors for the research

Search company

Quarterly financial statements

Annual Reports

أساسيات الاستثمار

Rumors and speculation

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Just as there are proper procedures the investor can take to develop an investment strategy, there are other wrong practices must be avoided completely, such as: the promotion of rumors, trade, or build on, rather than speculation or investment.

Rumors

Financial market system prevents any person directly or indirectly, through the publication of any incorrect statements about the company can affect - positively or negatively - on the price of securities of that company.



If a person speeds up leaking criticism explicit Inc. (Q), for example, knowing in advance that such criticism is incorrect basis, it thus is contrary to the capital market system, as long as the value of the share price of that company will be affected by these improper practices.

Similarly, it is not formal silence, not giving correct information about a company in the hope of a change in the price of its shares.



Basic knowledge of

Securities Education Fund

General knowledge

Securities Basics Animation: Episode IV to choose their own investment products

China Securities Regulatory Commission www.csrc.gov.cn Time: April 29, 2009 Source:



[http://translate.googleusercontent.com/translate_c?hl=en&rurl=translate.google.com&sl=zh-](http://translate.googleusercontent.com/translate_c?hl=en&rurl=translate.google.com&sl=zh-CN&tl=en&u=http://www.csrc.gov.cn/pub/newsite/tzzjy/xyd/jgsrx/200904/t20090429_102887.htm&usg=ALkJrhg5dUaD2DUBVT0vejmdUCKd2Kz8fQ)

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\$100



\$75

Do you walk to the other store?



\$800



\$775

Do you walk to the other branch?

MENTAL ACCOUNTING

Does your adviser really have your best interests at heart?

- First, make sure he's CLEAN.
- Find out what he can sell you; explore your options.
- Ask what you'll pay; all compulsory fees.
- Tackle conflicts head on.

12 Signs Your Financial Planner Is The Next Bernie Madoff

1. If they can't tell you where your money is going to be held.
2. You're asked to make the check out to someone other than the custodian.
3. If you find no proof that they're registered where they say they are.
4. If a person has a record or regulatory issues
5. If you don't see a statement with your name on it
6. Is someone guaranteeing something that doesn't make sense?



12 Signs Your Financial Planner Is The Next Bernie Madoff

7. If they call with a hot tip or a once-in-a-lifetime opportunity.
8. You're sharing investment profits or capital gains.
9. Your adviser asks you to sign something that's blank.
10. If they ask you for full power of attorney.
11. If the adviser already knows what you need before consulting with you.
12. They can't give you an understanding of the risks you'll be taking.



On the IOSCO Horizon

- ❖ Investor Education Workshops
- ❖ Investor Education Website / Resources at IOSCO for IOSCO members
- ❖ Continued Member Research and Assessment
- ❖ Forums to Share “Best Practices” and “Good Ideas”
- ❖ Research Research Research
- ❖ What Works and What Does Not Work?

The End