



ELEMENTS OF EFFECTIVE REGULATION

AN EFFECTIVE REGULATORY SYSTEM DOES THE FOLLOWING:

1. Recognizes the benefits of a stable regulatory environment.
2. Recognizes that statutory regulation is not always needed or even the best approach and that deferral to, and support of, relevant and recognized self-regulatory entities may be the best way to address certain issues.
3. Works to foster efficient, objective, and transparent markets.
4. Uses underlying principles of regulation and enforcement that are consistent for similar transactions and activities.
5. Hires regulators with requisite experience and in-depth knowledge of capital markets and the roles and activities of market participants.
6. Incorporates sufficient flexibility to respond rapidly and efficiently to changes.
7. Maintains sensitivity to the needs of investors when adopting and implementing policies that reduce regulations for certain types of issuers of investment products.
8. Keeps cost—in terms of fees, compliance costs, and other burdens imposed on registrants, issuers, and investors—to a minimum.
9. Maintains objectivity and accountability with respect to market participants and policymakers.

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