

# RENEWING CAPITAL MARKET SUPERVISION



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HOW TO SYSTEMATICALLY ANALYZE AND IMPROVE  
SUPERVISION STRATEGIES AND METHODS

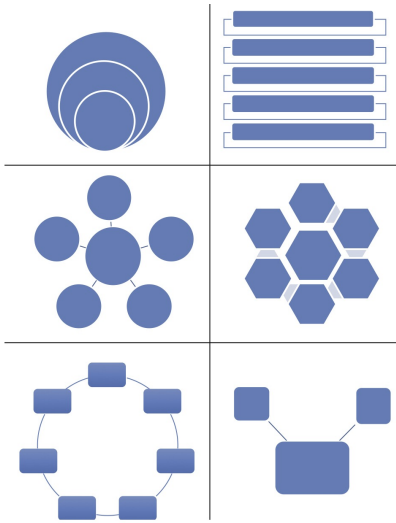
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## ABOUT THE AUTHOR

Aute Kasdorp has 20 years of high-level experience in supervision and enforcement practice, both at expert and executive levels. During these years, he always distinguished himself most in advancing the current supervision approach. Aute has helped realize countless improvements, ranging from optimization to total reorganization. His most impactful achievement to date is leading the Netherlands Authority for the Financial Market's innovative program to revise culture and client-related practices in the Dutch financial sector.



Aute is good at spotting and exploiting opportunities to improve supervision and enforcement methods, and at helping others do the same. His professional goals are to expand the use of effective ways to supervise worldwide, and help professionalize this fascinating craft.

In 2017, Aute founded Supervision Strategy, a boutique strategy consultancy firm dedicated to assisting supervisors and regulatory enforcement agencies. Previously, he worked for the International Organization of Securities Commissions (IOSCO), the Netherlands Authority for the Financial Markets (AFM), the Netherlands Competition Authority (NMa), and law firm Houthoff.

Aute holds master degrees in law, philosophy, and business administration (MBA) and is currently engaged in honorary PhD research on supervision strategies in the face of harmful but legal corporate conduct.

Aute is Dutch and lives in Amsterdam. Besides Amsterdam, he loves family and friends, travel, sports, thinking, writing, and supervision. More information at [supervisionstrategy.com](http://supervisionstrategy.com).

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## **WORD OF THANKS**

Writing a book is a group effort. My parents taught me how to think (and supported me through school and college); my friends at Houthoff taught me how to write. From those at the NMa, I learned about supervision; from those at Tias-Nimbas Business School, about strategy. With friends at the AFM, I explored supervision strategy in practice; with those at Erasmus University, its underlying theory. And due to friends and program participants at IOSCO, I learned how to convey my thoughts on supervision strategy, which triggered this book.

All you wonderful people: thank you for helping me produce this. Werner, Paul, Rob, Ramon, thank you also for your crucial input on draft versions of this book.

Of course, the book's shortcomings are mine alone.

Aute Kasdorp

## **WHO SHOULD APPLY THIS BOOK**

You may be an executive in capital market supervision (supervision here includes licensing, oversight, monitoring, inspections, and regulatory enforcement).<sup>1</sup> Or perhaps you are an advisor in this domain.

- You may be looking for a quick strategy check-up. Are we neglecting some key element of our approach? Are we still ahead of the curve?
- Or you may want to initiate an all-round reform of your supervision methods. Implement risk based supervision, for example. But where to start?
- Or perhaps you are unsatisfied with one or two of your specific supervision methods. But what are the alternatives? And if we change it, how does this affect our other supervision activities?

This book is intended for you. However, I do recommend including colleagues in working with this book, if only to discuss your answers to the provided analysis and discussion questions.

## **WHY THIS BOOK**

Most supervisory agencies are eager to make further improvements on their strategies and methods, but there is no good reference point to turn to.

- Certainly, there are plenty of books on corporate strategy – some quite practical – but these are not of much use to supervision practitioners, as supervision strategy is different.
- There is also theoretical work on regulatory strategy. However, this work tends to focus on regulation rather than supervision, or advocates one particular strategy (which may not suit your context).
- And there are plenty of technical publications on capital market supervision. But, however useful, these do not provide the strategy perspective you need to effectively apply this technical knowledge.

This book aims to fill the gap that is left open by these preceding publications. This also implies that it says little on topics on which there is ample guidance available elsewhere.

## HOW TO APPLY THIS BOOK

How you should use this book depends on your strategy needs.

- Perhaps you want to conduct a comprehensive strategy review. In that case, read and apply it cover to cover. Please observe that the endnotes provide credits, elaborate points, and offer the opportunity to delve deeper into the material, but you do not need them to follow the main text.
- You might want to focus on a particular topic. If you already know which one, the table of contents is the obvious entry point. If you are not sure which topic would be the most fruitful to focus on, you could use the compounded analysis and discussion questions at the back of this book to get going. If you struggle to answer the questions on a particular topic – or if your answers give you pause – that may be your indication that it is worth zooming in on this topic.
- Regardless of where your topic interest lies, the *way* you use this book may also vary. You might take it as your initial guide, or as a double-check on your own approach to strategy reform. You might apply it once, or revisit it every year. Or you might seize it as a trigger to get going; the book also provides organizational recommendations and a hands-on format, which may help you to initiate any substantial improvement effectively.

But whichever way works for you, I hope you don't just read this book, but rather apply it to work on your supervision strategies and methods.

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