

# **Fact Sheet**



**IOSCO**

**INTERNATIONAL ORGANIZATION OF  
SECURITIES COMMISSIONS**

**OCTOBER 2018**

## **International Organization of Securities Commissions**

The International Organization of Securities Commissions (IOSCO) is the international body that brings together the world's securities regulators and is recognized as the global standard setter for the securities sector. IOSCO develops, implements, and promotes adherence to internationally recognized standards for securities regulation. It works intensively with the G20 and the Financial Stability Board (FSB) on the global regulatory reform agenda.

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**Secretary General:** Paul Andrews

**Date Founded:** April 1983

**Current No. of Members:** 219

### **Scope of Activities:**

IOSCO was established in 1983. Its membership regulates more than 95% of the world's securities markets in more than 115 jurisdictions and includes all the major emerging markets.

The **IOSCO Objectives and Principles of Securities Regulation** have been endorsed by both the G20 and the Financial Stability Board (FSB) as the relevant standards in this area. They are IOSCO's main instrument to develop and implement internationally recognized and consistent standards of regulation, oversight and enforcement. They form the basis for the evaluation of the securities sector for the Financial Sector Assessment Programs (FSAPs) of the International Monetary Fund (IMF) and the World Bank.

### **Objectives**

IOSCO members have resolved:

- to cooperate in developing, implementing and promoting adherence to internationally recognized and consistent standards of regulation, oversight and enforcement in order to protect investors, maintain fair, efficient and transparent markets, and seek to address systemic risks;
- to enhance investor protection and promote investor confidence in the integrity of securities markets, through strengthened information exchange and cooperation in enforcement against misconduct and in supervision of markets and market intermediaries; and

- to exchange information at both global and regional levels on their respective experiences in order to assist the development of markets, strengthen market infrastructure and implement appropriate regulation.

## **Core Standards**

The Objectives and Principles of Securities Regulation (May 2017)

<http://www.iosco.org/library/pubdocs/pdf/IOSCOPD561.pdf>

## **Categories of Members:**

There are three categories of members: ordinary, associate and affiliate. In general, the ordinary members (128) are the national securities commissions in their respective jurisdictions. Associate members (27) are usually agencies or branches of government, other than the principal national securities regulator in their respective jurisdictions, that have some regulatory competence over securities markets or intergovernmental international organizations and other international standard-setting bodies, such as the IMF and the World Bank, with a mission related either to the development or the regulation of securities markets. Affiliate members (64) are self-regulatory organizations, stock exchanges, financial market infrastructures, investor protection funds and compensation funds, and other bodies with an appropriate interest in securities regulation.

## **IOSCO Committees:**

### **Presidents Committee**

The Presidents Committee is composed of all the Presidents (Chairs) of ordinary and associate members and meets once a year during the Annual Conference.

### **The IOSCO Board**

The IOSCO Board is the governing and standard-setting body of the International Organization of Securities Commissions (IOSCO), and is made up of 34 securities regulators. Mr. Ashley Alder, the Chief Executive Officer of the Securities and Futures Commission (SFC) of Hong Kong, is the Chair of the IOSCO Board. The members of the IOSCO Board are the securities regulatory authorities of Argentina, Australia, Belgium, Brazil, China, Egypt, France, Germany, Hong Kong, India, Indonesia, Ireland, Italy, Japan, Kenya, Korea, Malaysia, Mexico, the Netherlands (observer), Ontario, Pakistan, Panama, Portugal, Quebec, Saudi Arabia, Singapore, South Africa, Spain, Sweden, Switzerland, Turkey, the United Arab Emirates, the United Kingdom, and the United States of America. The Chair of the European Securities and Markets Authority (ESMA) and the Chair of IOSCO's Affiliate Members Consultative Committee are also observers.

The IOSCO Board reviews the regulatory issues facing international securities markets and coordinates practical responses to those concerns. The policy work of IOSCO is conducted by eight policy committees, each one working in one of the following policy areas under the guidance of the Board and supported by the General Secretariat:

- C1 Issuer Accounting, Audit and Disclosure;

- C2 Regulation of Secondary Markets;
- C3 Regulation of Market Intermediaries;
- C4 Enforcement and the Exchange of Information and the Multilateral Memorandum of Understanding Screening Group;
- C5 Investment Management;
- C6 Credit Rating Agencies;
- C7 Derivatives; and
- C8 Retail Investors

### **Growth and Emerging Markets Committee**

The Growth and Emerging Markets Committee (GEMC) is the largest Committee within IOSCO, representing more than 75% of the IOSCO's ordinary membership. Mr Ranjit Ajit Singh, Chairman, Securities Commission, Malaysia, and Vice Chair of the IOSCO Board, is the Chair of the GEMC. The Committee seeks to promote the development and greater efficiency of emerging securities and futures markets by establishing principles and minimum standards, providing training programs and technical assistance for members and facilitating the exchange of information and transfer of technology and expertise.

The GEMC comprises 89 members and 21 non-voting associate members who include some of the world's fastest growing economies and 11 of the G-20 members. Emerging economies are expected to represent a growing portion of IOSCO membership as new members continue to join.

IOSCO is one of the few international standard setters that have a committee solely responsible for emerging market issues. This inclusiveness increases IOSCO's effectiveness and positions it to play a stronger role in shaping the global regulatory framework: The chairman of the GEMC participates as an observer at the Financial Stability Board Plenary. The GEMC also has a seat on the IFRS Foundation Monitoring Board.

### **Regional Committees**

Four regional committees meet to discuss specific regional issues: the Africa/Middle-East Regional Committee, the Asia-Pacific Regional Committee, the European Regional Committee and the Inter-American Regional Committee.

### **Affiliate Members Consultative Committee**

The Affiliate Members Consultative Committee (AMCC) is comprised of exchanges, regulatory bodies, and entities with regulatory tasks, market infrastructures, international non-governmental entities and investor protection funds. Despite the differences that exist among AMCC members with regard to the scope of their work and terms of reference, members proactively cooperate with one another and support IOSCO work streams, providing input, and sharing expertise and experiences based on their proximity with market participants.

The AMCC is currently chaired by Ms. Karen K. Wuertz, Senior Vice-President, US National Futures Association,

### **Assessment Committee**

IOSCO in 2012 also created the Assessment Committee, which seeks to encourage full, effective and consistent implementation of Principles and Standards across IOSCO membership.

## **Committee on Emerging Risks**

In 2011, the Committee on Emerging Risks (CER) was established in recognition of the role that securities regulators can play in identifying and addressing systemic risk in global financial markets. It works closely with two new units of the IOSCO General Secretariat called Emerging Regulatory Issues and Market Intelligence and Data Analysis

## **Task Forces**

Task forces include the Board-level Task Force on Financial Market Benchmarks and the Board-Level Cyber Task Force.

## **IOSCO Policy Work**

In 2016, the IOSCO Board agreed to focus its immediate policy efforts on the five priority areas listed below. Most of the organization's policy work in the past year has fallen under at least one of these areas.

1. Strengthening the structural resilience of capital markets;  
In this focus area, IOSCO work is aimed at protecting global securities markets from the next crisis.
2. Addressing data gaps and information sharing issues;  
In this focus area IOSCO seeks ways to provide members with additional and more consistent data for projects on issues such as bond market liquidity in stressed conditions and collateral transformation of assets.
3. Applying new insights into investor protection and investor education;  
The third focus area aims to strengthen IOSCO's overarching mission of protecting investors. It requires IOSCO to search for new and innovative ways to help defend investors from fraud and mis-selling.
4. Analyzing the role of securities markets in capital-raising and sustainability issues, and the related role of securities regulation;  
This focus area is particularly important to IOSCO members that have a market development mandate. The work in this area requires IOSCO to search for instruments such as infrastructure or sustainable financing that can shape how markets evolve to become deeper and more liquid.
5. Examining the role of regulation in financial technology and automation.  
This area requires IOSCO to be at the forefront of efforts to meet the challenges that securities regulators face from the rapid pace of technological development.

IOSCO's eight policy committees have been working on issues surrounding enforcement, data, asset management, bond market liquidity, market conduct, corporate governance, audit quality, infrastructure, and investor protection and education as a means to strengthen investor confidence and create the conditions for sustainable economic growth.

## Other Work

In the past few years, IOSCO policy work has focused increasingly on efforts **to monitor the implementation of its standards and principles**. IOSCO created the Assessment Committee in February 2012, based on the belief that the organizations effectiveness as a standard setter would depend on its members' ability to implement the IOSCO Principles and other standards and policies set out in IOSCO reports

IOSCO also is working on measures aimed at **building capacity** in emerging markets and supporting the creation of strong regulatory frameworks for sustaining growth in both emerging and developed markets. Its training assistance and education and training programs for members are a cornerstone of this effort.

Its capacity building initiatives include:

- *A Capacity Building Online Toolkit for members*, launched on 8 March 2016 to assist IOSCO members in their efforts to develop and implement effective regulatory frameworks for capital markets regulation.
- *IOSCO's Asia Pacific Hub*, inaugurated in March 2017, held its first workshop on behavioral economics in October of that year. The Hub organized the IOSCO Assessment Committee's inaugural Self-Assessment Workshop in January 2018 to promote the implementation of the IOSCO Principles of Securities Regulation. More recently, the hub hosted the World Bank Group and SC Malaysia's *Joint Conference on Harnessing Islamic Finance for a Green Future*, in May 2018, and the Asia Pacific Group Workshop on Countering Money Laundering and Terrorism Financing in Securities Markets, in August 2018.
- *A Joint Global Certificate Program for Regulators of Securities Markets with the Program on International Financial Systems at Harvard Law School*. Launched in October 2016, the initiative is divided into two phases: a two-week session at IOSCO's Madrid headquarters and a second one-week session at Harvard Law School in Cambridge, Massachusetts. Speakers are experienced securities regulators, academics specialized in financial markets and others with extensive legal or technical knowledge of international financial systems.
- In 2017, the IOSCO Secretariat designed *modular technical assistance programs* to help regulators implement IOSCO principles and meet the requirements of the IOSCO MMoU, as part of the new IOSCO Technical Assistance Program (TAP).

The technical assistance modules serve as the basis for delivering technical assistance that is tailored to members' needs. The TAP is organized in three modules covering i) **onsite inspection manuals**; ii) **enforcement manuals**; and iii) the **Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information**.

The TAP also envisions workshops on the practical application of the onsite inspection and enforcement manuals. The objective is to encourage members to use the manuals in their daily

activities to enhance the efficiency and effectiveness of supervision and enforcement in their jurisdictions.

**IOSCO Multilateral Memorandum of Understanding**, the international benchmark for enforcement-related cooperation and exchange of information.

The *Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information* (MMoU) is the instrument used by securities regulators to help ensure effective global regulation and preserve and strengthen securities markets around the globe.

Since its launch in 2002, the MMoU has provided a mechanism through which securities regulators share with each other essential investigative material, such as beneficial ownership information, and securities and derivatives transaction records, including bank and brokerage records. It sets out specific requirements for the exchange of information, ensuring that no domestic banking secrecy, blocking laws or regulations prevent the provision of enforcement information among securities regulators. For 15 years, regulators have used the MMoU to help ensure effective global cooperation and strengthen international securities markets.

As of end September 2018, there were 118 signatories to the IOSCO MMoU. Eleven others were listed on Appendix B, the list of members who have formally expressed their commitment to seek the legislative and administrative changes necessary for achieving MMoU compliance.

A large increase in the number of signatories over the last decade has led to a sharp upsurge in cross-border cooperation, enabling regulators to investigate a growing number of insider traders, fraudsters and other criminal offenders. In 2006, a total of 527 requests for assistance were made by IOSCO members pursuant to the MMoU; the annual figure increased to 3,330 in 2016 and 4,803 in 2017.

During this period, securities markets have undergone sweeping changes, driven by new technologies and regulation, and the growing role of market-based finance, among other developments

These forces of change led IOSCO to launch in April 2017 an enhanced standard on cross-border enforcement information exchange that builds on the success of the MMoU. The *Enhanced Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information* (EMMoU) offers securities regulators new enforcement powers for responding to the challenges arising from recent developments in global financial markets.

By October 2018, seven IOSCO members had become signatories to the EMMoU.

Securities regulators have been required to sign the MMoU to become ordinary members of IOSCO. Now, the MMoU will remain in effect as long as any signatories may wish to use it. However, the objective is for all MMoU signatories to migrate eventually to the EMMoU.

## IOSCO Reports

The following are some of the reports that IOSCO has issued recently. Links to these and other IOSCO reports may be found in the IOSCO library at <http://www.iosco.org/library/>.

**FR17/2018 Report on Retail OTC Leveraged Products**, Report of the Board of IOSCO , 19 Sep 2018

**FR16/2018 Conflicts of interest and associated conduct risks during the equity capital raising process**, Report of the Board of IOSCO, 18 September 2018

**CR07/2018 Governance arrangements for critical OTC derivatives data elements (other than UTI and UPI)**, Report of the Committee on Payments and Market Infrastructures and the Board of IOSCO, 16 Aug 2018

**FR15/2018 Analysis of Central Clearing Interdependencies**, Report of The Financial Stability Board, the Committee on Payments and Market Infrastructures, IOSCO and the Basel Committee on Banking Supervision (BCBS), 9 August 2018

**CR06/2018 Incentives to centrally clear over-the-counter (OTC) derivatives: A post-implementation evaluation of the effects of the G20 financial regulatory reforms**, Report of The Financial Stability Board, the Committee on Payments and Market Infrastructures, IOSCO and the Basel Committee on Banking Supervision (BCBS), 07 Aug 2018

**FR14/2018 Implementation monitoring of PFMI: Level 2 assessment report for Canada**, Report of the Committee on Payments and Market Infrastructures and the Board of IOSCO, 2 August 2018

**FR13/2018 Mechanisms Used by Trading Venues to Manage Extreme Volatility and Preserve Orderly Trading**, Report of the Board of IOSCO, 1 August 2018

**FR12/2018 World Investor Week 2017**, Report of IOSCO Committee 8 on Retail Investors , 24 July

**FR11/2018 Implementation monitoring of PFMI: Fifth update to Level 1 assessment report**, Report of the Committee on Payments and Market Infrastructures and the Board of IOSCO, 23 Jul 2018

**CR05/2018 Commodity Storage and Delivery Infrastructures: Good or Sound Practices**, Report of the Board of IOSCO, 4 July 2018

**FR10/2018 The Application of Behavioural Insights to Financial Literacy and Investor Education Programmes and Initiatives**, Report of the IOSCO Committee 8 on Retail Investors (jointly with the OECD International Network on Financial Education) 30 May 2018

**FR09/2018 Criteria for identifying short-term “simple, transparent and comparable” securitisations**, Report of the Basel Committee on Banking Supervision and the Board of IOSCO, 14 May 2018



**FR08/2018 Implementation monitoring of PFMI: follow-up Level 3 assessment of CCPs' recovery planning, coverage of financial resources and liquidity stress testing**, Report of the Committee on Payments and Market Infrastructures and the Board of IOSCO  
03 May 2018

**CR04/2018 IOSCO Consultation Report on Good Practices for Audit Committees in Supporting Audit Quality**, Report of the Board of IOSCO, 24 April 2018

**FR07/2018 Framework for supervisory stress testing of central counterparties (CCPs)**, Report of the Committee on Payments and Market Infrastructures and the Board of IOSCO  
10 Apr 2018

**FR06/2018 Harmonisation of critical OTC derivatives data elements (other than UTI and UPI)**, Report of the Committee on Payments and Market Infrastructures and the Board of IOSCO, 9 April 2018

**FR05/2018 Regulatory Reporting and Public Transparency in the Secondary Corporate Bond Markets**, Report of the Board of IOSCO, 5 April

**FR04/2018 Country Review: Islamic Republic of Pakistan, IOSCO Objectives and Principles of Securities Regulation, Follow-up Report on Assessment of Implementation**, Report of the Board of IOSCO, 28 March 2018

**FR03/2018 Senior Investor Vulnerability**, Report of the Board of IOSCO  
08 Mar 2018 - Available languages: English, Portuguese, Japanese

**CR03/2018 Mechanisms Used by Trading Venues to Manage Extreme Volatility and Preserve Orderly Trading**, Report of the Board of IOSCO, 7 March 2018

**CR02/2018 Conflicts of interest and associated conduct risks during the equity capital raising process**, Report of the Board of IOSCO, 21 Feb 2018

**CR01/2018 Report on Retail OTC Leveraged Products**, Report of the Board of IOSCO,  
13 Feb 2018

**FR/02/2018 Open-ended Fund Liquidity and Risk Management – Good Practices and Issues for Consideration**, Report of the Board of IOSCO, 01 Feb 2018

**FR01/2018 Recommendations for Liquidity Risk Management for Collective Investment Schemes**, Report of the Board of IOSCO, 01 Feb 2018

**Statement on Matters to Consider in the Use of Financial Benchmarks**, Statement of the Board of IOSCO, 05 Jan 2018

**FR23/2017 IOSCO Report on Good Practices for the Termination of Investment Funds**, Report of the Board of IOSCO, 23 Nov 2017

**FR22/2017 Report on the Fourth IOSCO Hedge Funds Survey**, Report of the Board of IOSCO, 23 Nov 2017

**Strengthening the Governance and Oversight of the International Audit-related Standard-setting Boards in the Public Interest**, Consultation Paper, the Monitoring Group, 9 Nov 2017

**FR/02/2018 Open-ended Fund Liquidity and Risk Management – Good Practices and Issues for Consideration**, Report of the Board of IOSCO, 01 Feb 2018

**FR01/2018 Recommendations for Liquidity Risk Management for Collective Investment Schemes**, Report of the Board of IOSCO, 01 Feb 2018

**Statement on Matters to Consider in the Use of Financial Benchmarks**, Statement of the Board of IOSCO, 05 Jan 2018