



Assessment Committee Mandate

A. Purpose

1. This document sets out the mandate and responsibilities of the Assessment Committee ('AC'). It also sets out key aspects of how the AC will operate.
2. The AC has been established to drive IOSCO's key strategic goal of being the recognised standard setter for securities regulation. IOSCO's effectiveness in achieving this goal will be reflected in implementation by members of IOSCO's *Objectives and Principles of Securities Regulation* ('**IOSCO Principles**') (which it will ensure remain contemporary); and other standards and policies set out in IOSCO reports or resolutions approved by IOSCO ('**IOSCO Standards**').
3. By undertaking reviews of implementation (harnessing IOSCO's expertise and that of its members), the AC will play a role in encouraging implementation of these Principles and Standards. In doing so, it will contribute to meeting G20 calls for enhanced monitoring of implementation of financial sector reforms.

B. Background to the AC

4. The AC was established in January 2012 by the Executive Committee ('EC') as an initiative of IOSCO's Strategic Direction Review ('**the Strategic Direction Review**').
 - The Strategic Direction Review set out organisational objectives for the period 2010 to 2015 which included the maintenance and improvement of the international regulatory framework for securities markets through standard setting and systematic implementation of IOSCO Principles and Standards.
 - The Strategic Direction Review recommended the AC be established to organise and structure a program to assess implementation of IOSCO Principles and Standards across the IOSCO membership. It also provided guidance on how the assessment program may be structured.
 - Subsequent consultation during the Strategic Direction Review provided guidance on these issues and how the AC may organise itself.
5. The Financial Stability Board's ('FSB') Coordination Framework for Implementation Monitoring, approved in late 2011, also underscored the importance of implementation and systematic approaches to monitoring implementation by standard setters.
6. The FSB's experience since 2009 in the conduct of implementation monitoring projects and the experience of IOSCO jurisdictions in the conduct of FSAPs also provided guidance on how monitoring might be conducted.



C. The AC's responsibilities and objectives

Objectives

7. The AC will develop and deliver comprehensive, rigorous, timely and targeted programs to identify and assess implementation of IOSCO Principles and Standards. The AC will communicate and aim to publish its findings and develop work plans to support addressing gaps identified in its assessments.
8. The AC's programs will promote the full, effective and consistent implementation of IOSCO Principles and Standards across IOSCO membership. This will, in turn, contribute to:
 - Achieving the objectives of investor protection, fair and efficient markets and reducing systemic risk;
 - Enhancing implementation of international regulatory standards;
 - Reducing opportunities for regulatory arbitrage;
 - Reducing the costs of conducting business across borders; and
 - Developing regulatory capability.

Responsibilities of the AC

9. The AC will be responsible for:
 - The design and conduct of a program of reviews of Self Assessments prepared by IOSCO members about implementation of IOSCO Principles ('**Country Reviews**'). The aim of these reviews will be to evaluate the status of implementation of IOSCO's Principles and to recommend a road map to address any gaps in implementation. The Country Reviews program will be designed to achieve the strategic intent of the AC programs set out above;
 - The design and conduct of an ongoing program reviewing implementation by members of IOSCO Principles and Standards ('**Thematic Reviews**'). The aim of these reviews will be to provide a snap shot of implementation of IOSCO's Principles and Standards with a view to identifying gaps in implementation, differences in approach to implementation, examples of good practice and difficulties and issues which have been identified in implementation and, where appropriate, addressing gaps in implementation. The Thematic Reviews program will be designed to achieve the strategic intent of the AC programs set out above; and
 - Maintaining and periodically updating the IOSCO Principles and related Methodology.

10. The AC's core responsibility is the conduct of Country Reviews and Thematic Reviews (collectively known as '**Reviews**'). This responsibility is distinct from the administration and provision of technical assistance, which will remain the responsibility of the IOSCO Secretariat (see paragraph 30). The AC will work closely with the IOSCO Secretariat to ensure technical assistance is provided where appropriate to members to support participation and implementation of Review recommendations.

11. In delivering on its Mandate, the AC will apply the following Operating Principles:

- *A focus on IOSCO Principles and Standards:* Reviews will assess implementation of IOSCO Principles, and as appropriate, IOSCO Standards, and other issues of concern that may be identified by the Board.
- *Avoiding duplication:* The work of the AC will complement and avoid duplication of other international assessment mechanisms. Country Reviews will not be undertaken for countries which have recently undertaken or expect to participate in FSB, IMF or World Bank reviews;
- *Transparency:* The AC will follow objective and transparent procedures. In consultation with reviewed jurisdictions, it will aim to publish the outcomes of its work to promote greater transparency in international assessments. Information which reviewed jurisdictions identify as confidential will not be published in public reports (although this information will be included in reports accessible only to IOSCO members with consent of the reviewed jurisdiction).
- *Engagement:* For Country Reviews, the AC will engage actively and in a timely way with jurisdictions under review, particularly where a need for improved implementation is identified. Reviewed jurisdictions will be given the opportunity to express their views on the assessment in reports of the outcomes of the assessment.
- *Partnership and coordination:* The AC will work in partnership with IOSCO Committees and Task Forces in the conduct of Thematic Reviews to ensure reviews are informed by subject matter experts.
- *Timely follow up:* The AC will, where appropriate, commit to ensuring timely and comprehensive follow up on the results of Reviews.
- *Outcomes:* The AC will deliver high quality and constructive reviews of implementation of IOSCO Principles and Standards. Reviews will provide road maps setting out how issues of significance and materiality identified in the Review might be addressed ('**recommended road map**'). The AC will, where appropriate, recommend the development of new IOSCO Standards should gaps be identified.
- *Efficient resource utilization:* In selecting projects, the AC will consider the resources it will require. The AC will prioritize its selected projects with a focus on quality as



opposed to quantity of output and with regard to relative impact, importance and urgency. More particularly, the AC will prioritize the Country Reviews in accordance with need, transformative possibilities and demand.

12. IOSCO Board members acknowledge the resource commitment required from members to support the effectiveness of the programs set out in this Mandate.

D. How the AC will operate

Meeting frequency

13. The AC will meet in person at least three times a year, with more frequent meetings to reflect its work agenda. Where possible, the AC will conduct meetings by phone or by video conference (with longer meetings facilitated through participation by members at regional hubs). As discussed below, the IMF and the World Bank will be invited to attend meetings as observers.

Decision making

14. The AC will make decisions by consensus.
15. The AC, through its Chair, will seek to achieve a single view on issues discussed and decisions made by the Committee.
16. Where there are significant differences of view within the AC on strategic decisions (i.e. issues of direction) and a single view cannot be agreed, a report will be presented to the IOSCO Board setting out the majority and minority views and reasons for each. Members expressing views will only be identified with their consent.

Relationship with the IOSCO Board

17. The IOSCO Board will consider and approve the following:
- The AC's mandate;
 - The AC's forward work plan including selected jurisdictions for Country Reviews and topics chosen for Thematic Reviews;
 - The terms of reference for all AC projects;
 - AC reports on the Reviews undertaken (including recommended road maps) and their publication¹;

¹ A Board member which is the subject of a Country Review will not participate in Board decisions about the outcomes of that Review.



- Appointment of the AC's Chair and Vice-Chair; and
- Revisions proposed by the AC to the IOSCO Principles and related Methodology for recommendation to the Presidents' Committee.

18. The AC will report on the following at IOSCO Board meetings:

- The status of work on its forward work plan;
- Decisions about leadership of Review Teams; and
- Other matters as specifically requested by or brought to the attention of the IOSCO Board, such as resourcing the pool of experts, training of assessors, etc.

Review Teams

19. Review Teams ('RTs') will be responsible for conducting the AC's core work.

20. RTs will be formed for particular Reviews. Over time, RTs may evolve into Standing RTs.

21. The AC Chair and Vice-Chair (working with the Secretariat) will be responsible for calling for nominations from IOSCO members and finalising the membership of each RT (including its leader). The membership of each RT will be approved by the AC as a whole.

22. The size of RTs should be needs-based and generally no smaller than 2 members and no larger than 6. The amount of time and resources that members should devote to Reviews will be determined on a case-by-case basis.

23. Membership should be drawn from those with the skill set and relevant experience to support high quality Reviews. Members should be selected to maximise the effectiveness of the Review from a pool of available experts. In particular, members should also be able to deliver high quality and timely work and be able to exercise independent judgement. Membership of RTs should reflect appropriate geographical balance. The following should be noted:

- *Country Reviews*: the RT should comprise members with some previous experience of conducting assessments. The RT should include (but not be limited to) members drawn where possible from jurisdictions in the same region or with similar legal structures (for instance those based on an Anglo-American common law system should participate in RTs formed to review assessments made in jurisdictions from a similar legal tradition). Language skills will also be relevant.
- *Thematic Reviews*: the RT should comprise members with relevant technical experience (drawn where appropriate from Committees and Task Forces) and with

peer review experience. There should be balance in terms of legal systems, regional representation, emerging and developed markets and between civil and common law jurisdictions. Language skills should also be relevant.

24. Membership should not be limited to members of the AC. Membership may be drawn from other IOSCO Committees and Task Forces and may also include experienced assessors outside IOSCO (including assessors from the IMF or World Bank and retired regulators).
25. Leaders of RTs should preferably be drawn from the AC membership at an appropriate level of seniority given the composition of the RT. The AC may seek to achieve balance in terms of experience and skill sets of members and also regional representation when constituting RTs.
26. The AC will direct the RT on the work it should do and provide guidance on how the work should be done. This guidance should, in the first instance, take into account Screening Group Verification Team and FSB Review Team processes.
27. Detailed reporting mechanisms between the RTs, the AC and the Secretariat should be developed.

Incorporating the work of the Implementation Task Force ('ITF') into the AC

28. The AC will assume, through a Sub-Committee, the previous responsibilities of the ITF and ensure that the skills and competencies of the ITF will be preserved as follows:
 - A Sub-Committee will be created with responsibility for the following:
 - Advising on requests from members and assessors about the meaning of the IOSCO Principles and the related Methodology;
 - Developing and updating guidance notes, Frequently Asked Questions and the E-Methodology;
 - Providing a forum in which assessors and assessed jurisdictions can share their experiences in applying the IOSCO Principles and related Methodology; and
 - Assessing the need to update the IOSCO Principles, balancing the need for stability in guidance with the need to reflect changes and contemporary approaches to regulation. In this context, developing and implementing a dynamic process to update the Methodology. This should include considering requests for revisions to the Methodology which may be raised from time to time. It could also include developing a process whereby revisions to the Methodology are considered as new IOSCO Standards are approved by the IOSCO Board;



- The Sub-Committee will be led either by the AC Chair, Vice-Chair or by another AC member;
- Sub-Committee membership will be open to any AC member or other IOSCO members at the invitation of the AC, in the first instance it will comprise members who were formally members of the ITF and include observers from the IMF and the World Bank;
- The Sub-Committee will generally meet before meetings of the AC; and
- The Sub-Committee will report to the AC as part of a standing agenda item at each AC meeting. The Sub-Committee will make recommendations to the AC with the AC taking responsibility for final decisions.

Working with the IOSCO Secretariat

29. The work of the AC will be supported by a Coordination Team ('CT') within the IOSCO Secretariat. The CT will support the work of the AC, particularly in relation to Country Reviews. The CT will (among other things):

- Provide support to the AC, its Sub-Committee(s) and the RTs;
- Liaise with countries which are the potential candidates for Country Reviews. This will include receiving applications to participate in the Country Reviews program and receiving Self Assessments;
- Identify and access funding to support Self Assessments and implement recommended road maps from Country Reviews, including liaison with the IOSCO Foundation;
- Work with members to ensure Self Assessments are complete and all relevant documentation in support of the Self Assessment has been provided;
- Serve as a bridge between the AC, its Sub-Committee(s), the RTs and assessed jurisdictions; and
- Monitor project development and timelines for Reviews.

30. The CT will also play a key role in the administration and provision of technical assistance for Country Reviews. In particular, the CT will work with candidates for Country Reviews in identifying whether technical assistance is needed (and how it should be sourced), coordinate the provision of support in the conduct of Country Reviews and in addressing any recommended road map arising from the Country Review.



Working with key stakeholders

31. The AC will have a number of stakeholders with which it will engage both when setting its work program and in delivering the program.

IMF and World Bank

32. Given the significance of these organisations in setting Country Review priorities and in maintaining the IOSCO Principles and related Methodology, both will be invited as observers to participate in the AC and the Principles and Methodology Sub-Committee.
33. Both will be consulted on the forward work program of Country Reviews (ensuring there is no overlap with the FSAP and ROSC programs) and the topics of the Thematic Reviews program.

FSB

34. The FSB will be consulted in setting the forward program of Thematic Reviews and reporting findings of work undertaken in response to FSB requests.
35. In addition, the AC Chair (and Vice-Chair as alternate) will meet on a regular basis with the FSB Secretariat to inform them of the AC setting priorities, monitoring progress on those priorities and seeking feedback on the reports provided by the AC on Thematic Reviews.

IOSCO Regional and Emerging Markets Committees

36. Regional Committees and the Emerging Markets Committees Chairs will have a role in identifying possible candidates for Country Reviews and Thematic Reviews. Regional Committees may also be asked to play a role in monitoring implementation of recommendations made by the AC in its Reviews.
37. The AC Chair (or Vice-Chair as alternate) will attend an early IOSCO Regional Committee meeting after the establishment of the AC to outline the work of the AC and to seek expressions of interest in Country Reviews. Subsequent meetings will be attended by AC members as representatives of the AC.

IOSCO Committees and Task Forces

38. Committees and Task Forces will be consulted on the design of the Thematic Reviews program, potentially work with the AC on the Reviews the AC conducts and report to the AC on the reviews Committees and Task Forces participate in.
39. Committee and Task Force Chairs will be notified in advance of AC meetings about agenda items which may be relevant to them and will have a standing invitation to attend AC meetings.



40. The AC Chair (or Vice-Chair as alternate) will liaise with Committee and Task Force Chairs (and where appropriate attend meetings) in setting priorities for and the conduct of IOSCO's Thematic Reviews.

International funding agencies

41. International funding agencies – such as regional development banks – are an important source of funding for Self Assessment programs for members wishing to participate in Country Reviews. These agencies will be consulted as the AC develops its forward work program of Country Reviews (in particular in identifying members which have indicated an interest in conducting Self Assessments for review by the AC and which may seek funding).
42. The CT (in conjunction with the AC Chair or Vice-Chair as alternate) will liaise with these agencies (and members wishing to undertake Self Assessments) to understand and progress opportunities for funding support.