



International Organization of Securities Commissions
Organisation internationale des commissions de valeurs
Organizaç o Internacional das Comiss es de Valores
Organizaci n Internacional de Comisiones de Valores

IOSCO Processes for Policy Development and Implementation Monitoring

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 securities regulation. 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.

Details about IOSCO's composition and structure can be consulted in the [IOSCO By-Laws](#).

I. The IOSCO's mission, goal and priorities

IOSCO's Mission is:

- To co-operate 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 markets¹ through strengthened information exchange and co-operation 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.

IOSCO's Goal to 2020 will be to reinforce IOSCO's position as the key global reference point for markets regulation and to accomplish its Mission by focusing on the following **Priorities**:

- *Research and Risk Identification* - Identifying risks arising from securities markets, including market activities, technology and product developments, and unintended consequences of changes or proposed changes in laws and regulations;
- *Standard Setting and Developing Guidance* - Improving the international regulatory framework for securities markets by developing standards and guidance which are timely, responsive to market developments and internationally recognized;
- *Implementation Monitoring* - Promoting implementation of IOSCO standards through monitoring and assessment

¹ Securities markets are understood to include derivatives markets.

- *Capacity Building* - Addressing capacity building needs of its members, particularly in growth and emerging markets;
- *Co-operation and Information Exchange* - Strengthening the exchange of information and co-operation in the enforcement of markets regulation, and in the supervision of markets and market intermediaries ; and
- *Collaboration and Engagement with other International Organizations* - Ensuring effective representation of IOSCO's views in other international organizations and effective collaboration with other standard setters within the international financial regulatory community.

The IOSCO's mission, goal and priorities are presented in the [Final Report for IOSCO's Strategic Direction 2015 to 2020](#).

II. Presidents Committee

According to the IOSCO By-laws, the [Presidents Committee](#) has all the powers necessary or convenient to achieve the IOSCO objectives. In particular, the Presidents Committee:

- examines and approves the Resolutions submitted by the IOSCO Board or by a member;
- elects ordinary members to the IOSCO Board;
- recognizes Regional Committees;
- determines the annual contribution of members; and
- imposes sanctions upon members.

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

III. The IOSCO Board

[The IOSCO Board](#) is the governing and standard-setting body of IOSCO, and is made up of 34 securities regulators.

The IOSCO Board is composed of 18 Nominated Members which are from jurisdictions with the largest markets (based on measures of equity market capitalization, debt market issuance, assets under management and derivatives trading), the Chair and the Vice Chair of the Growth and Emerging Markets (GEM) Committee, the Chairs of the four IOSCO Regional Committees, two Members elected by the GEM Committee from its Membership and two Members elected by each of the four Regional Committees from their Memberships.

IV. The IOSCO policy work

The IOSCO Board conducts the policy work through the following eight committees:

- Committee on Issuer Accounting, Audit and Disclosure (Committee 1);
- Committee on Regulation of Secondary Markets (Committee 2);
- Committee on Regulation of Market Intermediaries (Committee 3);
- Committee on Enforcement and the Exchange of Information and the Multilateral Memorandum of Understanding (Committee 4);
- Committee on Investment Management (Committee 5);
- Committee on Credit Rating Agencies (Committee 6);
- Committee on Derivatives (Committee 7); and
- Committee on Retail Investors (Committee 8).

IOSCO also sets up time-limited Task Forces and Working Groups as needed. In light of the significant issues raised by investigations into attempted manipulation of benchmarks and related enforcement actions, IOSCO in September 2012 constituted a Board Level Task Force on Financial Market Benchmarks to identify relevant benchmark-related policy issues and develop global policy guidance and principles for market regulators. Other task forces include the Infrastructure Working Group and the Board Level Task Force on Cyber Resilience.

IOSCO is also engaged in inter-agency work. This includes the CPMI-IOSCO Policy Standing Group, CPMI- IOSCO Harmonization Working Group, CPMI - IOSCO Working Group on Cyber Resilience, BCBS-IOSCO Working Group on Margining Requirements (WGMR) and Task Force on Securitization Markets (TFSM) – Cross Sectorial Task Force with BCBS.

The Committee or Task Force carries out the work within the work plan set by the Board; where necessary the Committee reaches out to other committees to which the work also relates. The Committee reports to the Board about the progress of the work; consultation and final reports require the approval of the Board before being made public.

When approving a project / work stream the IOSCO Board mandates either an existing Policy Committee or Task Force to carry out the work or, in case there is no such group that thematically covers the topic, the Board can decide to set up a new Task Force or Committee. If a project/mandate falls within the competence of more than one existing Committee / Task Force the Board can either set up a cross-committee task force or mandate both committees and appoint a coordinator (usually a Board member) for the work.

Pursuant to the IOSCO Taxonomy, the outcome of the work of the Policy Committees and Task Forces is structured as follows:

- Principles (term reserved for the current 38 Principles adopted as [IOSCO's Objectives and Principles of Securities Regulation](#))
- Standards
- Recommendations
- Good or Sound Practices
- Survey Responses

Further details on the IOSCO Taxonomy are included under Section VI – Implementation Monitoring.

Annual activities undertaken in each of these areas are described in the [IOSCO Annual Report](#).

V. Stakeholder engagement

Before issuing a standard or recommendation IOSCO consults on it publicly. Consultations are principally conducted as written consultations with a standard consultation period of 90 days. The consultation period can be shortened depending on the overall time frame of the project mandate. It is often necessary to conduct shorter consultation periods in order to meet deadlines especially in the context of the G20 and FSB. In addition to the written consultation process, workshops or roundtables with stakeholders are also organized.

VI. Implementation Monitoring

IOSCO carries out implementation monitoring on its own or jointly with other SSBs (e.g. CPMI, BCBS).

Like other international standard setting bodies in the financial sector, IOSCO does not have legal authority to enforce its standards or recommendations and jurisdictions are not legally bound by such international standards. However, the standards are developed following exhaustive due process keeping in mind the global public good. Given the global nature of markets, it is important to avoid regulatory arbitrage and to converge implementation of standards that are developed consensually to the maximum extent possible. The expectation, therefore, is for IOSCO standards, wherever possible, to be applied in all member jurisdictions. Nevertheless, given national sovereignty, there might be occasions when some jurisdictions will have difficulty in implementing some provisions due to legal or other constraints. In such situations and to enhance transparency, it would be expected that IOSCO members indicate the issue(s) that impede their compliance.

The IOSCO Implementation Monitoring work is conducted by the [Assessment Committee](#). Established in February 2012, the Assessment Committee is responsible for developing and delivering programs to identify and assess implementation of the IOSCO's Objectives and Principles for Securities Regulation ('IOSCO Principles') and other standards and policies set out in IOSCO reports or resolutions approved by IOSCO ('IOSCO Standards') across the IOSCO membership.

The Assessment Committee Mandate, the Thematic Review and Country Review procedures as well as the Terms of References for each project are subject to IOSCO Board approval.

The three main activities of the Assessment Committee are as follows:

- Conducting **Country Reviews** (for jurisdictions whose regulation of securities is not part of the IMF or World Bank Financial Sector Assessment Programs (FSAP)). These Reviews will involve reviewing Self Assessments prepared by IOSCO Members about the implementation of IOSCO Principles. The aim of these Reviews will be to evaluate the status of implementation of IOSCO Principles and to recommend a road map to address any gaps in implementation;

- Conducting **Thematic Reviews** of specific IOSCO Principles and IOSCO Standards across IOSCO's membership. The aim of these Reviews will be to provide a snap shot of implementation of IOSCO's Principles and Standards. This snapshot will assist in identifying gaps in implementation, differences in approach to implementation, examples of good practice and difficulties and issues experienced in implementation. If appropriate, Reviews will address identified gaps in implementation; and
- **Maintenance of the IOSCO Principles and [Methodology](#)**. This work is currently conducted by the ITF Sub-Committee and involves supporting users of the Methodology, updating the Methodology and assessing the need to update the IOSCO Principles.

The IOSCO Board approved in April 2014 a framework for updating the IOSCO Principles and Methodology ('Framework'). One of the key outcomes of the Framework is the implementation of a "**Taxonomy**" to establish a common and consistent terminology for organizing the results and conclusions of IOSCO reports such that it is clear how the IOSCO Principles and Methodology may be affected. Pursuant to the Taxonomy, the term Principle would be reserved for the current 38 Principles, as amended or added from time to time. IOSCO reports or their contents are further categorized as Standards, Recommendations, Good or Sound Practices or Survey Responses.

Annual activities undertaken in each of these areas are described in the [IOSCO Annual Report](#).