

HIGH LEVEL SURVEY

Regarding implementation of the IOSCO Objectives and Principles of Securities Regulation

I. INTRODUCTION: The IOSCO Objectives and Principles of Securities Regulation

As the global forum for securities regulators, IOSCO is committed to establishing and maintaining consistently high standards for the securities industry.¹

IOSCO members commit to use their best efforts within each of their jurisdictions to ensure adherence to the *IOSCO Objectives and Principles of Securities Regulation*², adopted in 1998 and revised in May 2017 (the “IOSCO Principles”). This commitment extends to seeking changes to legislation, policy or regulatory arrangements that may impede adherence to the principles.

The *IOSCO Principles* set out 38 core standards, based on three fundamental objectives of securities regulation:

- the protection of investors³;
- ensuring that markets are fair, efficient and transparent; and
- the reduction of systemic risk.

The 38 core principles give practical effect to these three objectives. Together, the *IOSCO Principles* are intended to give guidance to regulators and serve as a yardstick against which to measure progress toward effective regulation.⁴

II. PURPOSES OF THIS HIGH LEVEL SURVEY

1 For convenience, the word “securities” is used in this document, where the context permits, to refer to the various market sectors. In particular, where the context permits, the word “securities” should be understood to include reference to derivatives. The same applies to the use of the words “securities regulation”, “securities industry” and “securities markets”.

2 Please note that the full text of the IOSCO Principles is available on the IOSCO website, at http://www.iosco.org/about/?subsection=key_regulatory_standards.

3 The term “investor” is intended to include customers or other consumers of financial services.

4 The particular manner in which a jurisdiction implements the objectives and principles described in this document must have regard to the entire domestic context, including the relevant legal and commercial framework. Moreover, the markets themselves are in a constant state of development, requiring the content of regulation to change if it is to facilitate and properly regulate the changing markets.



The main purposes of this High Level Survey (HLS) are to give regulators a high-level insight into the primary expectations for an IOSCO member and to identify areas in which more progress could be made and where assistance is therefore needed.

The HLS is also designed to provide general background information about a regulator and its jurisdiction to the IOSCO Board when considering an application for membership of IOSCO. The information provided by each applicant to this survey will not, however, affect the Board's decision regarding membership. Nevertheless, IOSCO asks all applicants for ordinary membership to apply to become signatories to the IOSCO MMoU and to sign it as a condition for being accepted as members.

This survey will also help the IOSCO Secretariat to identify jurisdictions that may benefit from capacity building support, such as additional training or technical assistance. It will provide the IOSCO Assessment Committee, with information to identify potential candidates for Country Reviews, in order to help jurisdictions building their regulatory capacity.

For the purpose of this survey, implementation ratings will not be assigned to each Principle as the information provided represents only an introduction to the *IOSCO Principles* and to the concepts underpinning them.

Applicant jurisdictions are however, encouraged to undergo a full self-assessment once they have joined IOSCO⁵. More in-depth assessment tools such as Country and Thematic Reviews are also available to IOSCO members.

III. COMPLETING THE HIGH LEVEL SURVEY

All applicants for IOSCO ordinary membership, as well as applicants for associate membership with primary responsibility for securities regulation in their jurisdictions are requested to respond to this survey, by completing the attached Table (Annex 1).

Please indicate on the first page of your response the name of the applicant regulator responsible for completing the survey and the name of your jurisdiction. Please also include the name(s) of person(s) who may be contacted for follow-up questions.

The following are some **guidelines** to assist you in completing the attached Table.

- The survey will be most useful if you answer as openly and completely as possible, to give a clear indication of securities regulation in your country.
- Please provide sufficient detail about whether and how your particular regulatory system is consistent with the IOSCO Principles. Applicants for IOSCO membership should reflect on the *IOSCO Methodology for Assessing Implementation of the IOSCO Objectives and Principles of Securities Regulation*⁶ when completing this information under column “*Current Status*”.

⁵ A full *Methodology for Assessing Implementation of the IOSCO Objectives and Principles of Securities Regulation* is available on the IOSCO website at http://www.iosco.org/about/?subsection=key_regulatory_standards.

⁶ Nevertheless, a full self-assessment is not required at this stage

- If a particular IOSCO Principle does not apply to your jurisdiction, then you should indicate such, but should further explain how your jurisdiction addresses the subject matter of that Objective or Principle.
- Please identify all the entities that play a role in securities regulation in your jurisdiction. In many jurisdictions, the responsibility for securities regulation is shared by more than one organization. For example, responsibility may be shared among a securities commission, a body administering company law; a stock exchange, a takeovers panel, or an entity regulating brokers. When you respond to the survey, your answers should not only reflect your organization's structure and operations, but also those of other entities in your jurisdiction that perform a function relevant to the matters addressed in the *IOSCO Principles*.
- Please identify, where applicable, the major impediments that exist with regard to implementing certain IOSCO Principles and the areas which may benefit from further and deeper assessment and/or Technical Assistance. This information should be inserted under column "*Identification of any gaps and areas of assistance*".
- Please keep your responses as brief as possible. Ideally, we expect your completed High Level Survey to be about 30 pages or 50 pages at the maximum.

IV. CONFIDENTIALITY

Answers given to the survey will not be made available to anyone other than the IOSCO Board, IOSCO Secretariat and IOSCO Assessment Committee, unless authorized by the applicant jurisdiction.



ANNEX 1: Table to be filled in by [APPLICANT FOR IOSCO MEMBERSHIP]

Name of the applicant:

Jurisdiction:

Contact persons (name and contact details):

IOSCO PRINCIPLES		CURRENT STATUS ⁷	IDENTIFICATION OF ANY GAPS AND AREAS OF ASSISTANCE ⁸
Principles relating to the Regulator (1-8)			
Principle 1	The responsibilities of the Regulator should be clear and objectively stated.		
Principle 2	The Regulator should be operationally independent and accountable in the exercise of its functions and powers.		
Principle 3	The Regulator should have adequate powers, proper resources and the capacity to perform its functions and exercise its powers.		
Principle 4	The Regulator should adopt clear and consistent regulatory processes.		
Principle 5	The staff of the Regulator should observe the highest professional standards, including appropriate standards of confidentiality.		
Principle 6	The Regulator should have or contribute to a process to identify, monitor, mitigate and manage systemic risk, appropriate to its mandate.		
Principle 7	The Regulator should have or contribute to a process to review the perimeter of regulation regularly.		

⁷ For each Principle (1-38) please describe the situation in your jurisdiction. Applicants for IOSCO membership should reflect on *the IOSCO Methodology for Assessing Implementation of the IOSCO Objectives and Principles of Securities Regulation* when completing this information.

⁸ Please describe the major impediments that exist with regard to implementation and the areas which may benefit from further and deeper assessment and/or Technical Assistance.

Principle 8	The Regulator should seek to ensure that conflicts of interest and misalignment of incentives are avoided, eliminated, disclosed or otherwise managed.		
Principles for Self-Regulation (9)			
Principle 9	Where the regulatory system makes use of Self-Regulatory Organizations (SROs) that exercise some direct oversight responsibility for their respective areas of competence, such SROs should be subject to the oversight of the Regulator and should observe standards of fairness and confidentiality when exercising powers and delegated responsibilities.		
Principles for the Enforcement of Securities Regulation (10-12)			
Principle 10	The Regulator should have comprehensive inspection, investigation and surveillance powers.		
Principle 11	The Regulator should have comprehensive enforcement powers.		
Principle 12	The regulatory system should ensure an effective and credible use of inspection, investigation, surveillance and enforcement powers and implementation of an effective compliance program.		
Principles for Cooperation in Regulation (13-15)			
Principle 13	The Regulator should have authority to share both public and non-public information with domestic and foreign counterparts.		
Principle 14	Regulators should establish information sharing mechanisms that set out when and how they will share both public and non-public information with their domestic and foreign counterparts.		
Principle 15	The regulatory system should allow for assistance to be provided to foreign		

	Regulators who need to make inquiries in the discharge of their functions and exercise of their powers.		
Principles for Issuers (16-18)			
Principle 16	There should be full, accurate and timely disclosure of financial results, risk and other information which is material to investors' decisions.		
Principle 17	Holders of securities in a company should be treated in a fair and equitable manner.		
Principle 18	Accounting standards used by issuers to prepare financial statements should be of a high and internationally acceptable quality.		
Principles for Auditors, Credit Rating Agencies, and Other Information Service Providers (19-23)			
Principle 19	Auditors should be subject to adequate levels of oversight.		
Principle 20	Auditors should be independent of the issuing entity that they audit.		
Principle 21	Audit standards should be of a high and internationally acceptable quality.		
Principle 22	Credit rating agencies should be subject to adequate levels of oversight. The regulatory system should ensure that credit rating agencies whose ratings are used for regulatory purposes are subject to registration and ongoing supervision.		
Principle 23	Other entities that offer investors analytical or evaluative services should be subject to oversight and regulation appropriate to the impact their activities have on the market or the degree to which the regulatory system relies on them.		
Principles for Collective Investment Schemes (24-28)			
Principle 24	The regulatory system should set standards for the eligibility, governance, organization and operational conduct of		

	those who wish to market or operate a collective investment scheme.		
Principle 25	The regulatory system should provide for rules governing the legal form and structure of collective investment schemes and the segregation and protection of client assets.		
Principle 26	Regulation should require disclosure, as set forth under the principles for issuers, which is necessary to evaluate the suitability of a collective investment scheme for a particular investor and the value of the investor's interest in the scheme.		
Principle 27	Regulation should ensure that there is a proper and disclosed basis for asset valuation and the pricing and the redemption of units in a collective investment scheme.		
Principle 28	Regulation should ensure that hedge funds and/or hedge funds managers/advisers are subject to appropriate oversight.		
Principles for Market Intermediaries (29-32)			
Principle 29	Regulation should provide for minimum entry standards for market intermediaries.		
Principle 30	There should be initial and ongoing capital and other prudential requirements for market intermediaries that reflect the risks that the intermediaries undertake.		
Principle 31	Market intermediaries should be required to establish an internal function that delivers compliance with standards for internal organization and operational conduct, with the aim of protecting the interests of clients and their assets and ensuring proper management of risk,		



	through which management of the intermediary accepts primary responsibility for these matters.		
Principle 32	There should be procedures for dealing with the failure of a market intermediary in order to minimize damage and loss to investors and to contain systemic risk.		
Principles for Secondary and Other Markets (33-38)			
Principle 33	The establishment of trading systems including securities exchanges should be subject to regulatory authorization and oversight.		
Principle 34	There should be ongoing regulatory supervision of exchanges and trading systems which should aim to ensure that the integrity of trading is maintained through fair and equitable rules that strike an appropriate balance between the demands of different market participants.		
Principle 35	Regulation should promote transparency of trading.		
Principle 36	Regulation should be designed to detect and deter manipulation and other unfair trading practices.		
Principle 37	Regulation should aim to ensure the proper management of large exposures, default risk and market disruption.		
Principle 38	Securities settlement systems, central securities depositories, trade repositories and central counterparties should be subject to regulatory and supervisory requirements that are designed to ensure that they are fair, effective and efficient and that they reduce systemic risk.		