Resolution of the Presidents Committee
Regarding the
Framework to determine the Nominated Board Members

(Resolution 1/2019)

CONSIDERING that in September 2013, the Presidents' Committee approved the composition of the IOSCO Board including the 18 Nominated Members which were from jurisdictions with the largest markets (based on measures of equity market capitalization, debt market issuance, assets under management and derivatives trading) (2013 Presidents Committee Resolution); and

CONSIDERING that the 2013 Presidents Committee Resolution required that the list of Nominated Members be reviewed every four years to adequately reflect the evolution of the global securities markets, with the first review to be undertaken in time for decision at the 2018 Annual Meeting; and

CONSIDERING that while the 2013 Presidents Committee Resolution sets forth the criteria to assess the largest markets, it did not establish any detailed guidance or framework to identify, collate and analyze relevant data for the first and subsequent reviews; and

CONSIDERING that the President's Committee approved a list of Nominated Members and one Additional Observer in April 2018 to be in effect for the period expiring on or before the Annual Meeting in 2019 and that a further Resolution for the Nominated Members for the period 2019-2022 be approved by the Presidents Committee by no later than the Annual Meeting in 2019; and

CONSIDERING the need to be fair, open and transparent, the IOSCO Board established a sub-group to make recommendations to the full Board on guidance or a framework for determining the "largest markets" within the terms of the 2013 Presidents Committee Resolution, to be approved by the IOSCO Board and the Presidents Committee no later than the 2019 IOSCO Annual Meeting;

IT IS AGREED that the largest markets pursuant to paragraph 2.a) of PC resolution 5/2013 (as amended by resolution 2/2015) are identified as described in the framework set forth below, and the framework set out in this Resolution applies to the determination of the Nominated Board Members for the period 2019-2022 and to each subsequent review of the list.

The Framework is as follows:

1. **Initial analysis to identify the fifty (50) jurisdictions with the largest GDP**

   GDP will be determined as measured by the World Bank. The source will be the most recent World Bank Data Catalog. Only those fifty jurisdictions will be measured and ranked pursuant to the methodology.

2. **Measurement specifics for the different market segments**

   a) **Equity Market Capitalization**
   The size of equity markets is measured as the aggregate equity market value of companies whose common shares – excluding ETFs – trade in secondary markets averaged over a five-year period. The data source for this measure is Bloomberg.

   b) **Debt Market Issuance**

   The level of debt market issuance activity is measured in proceeds, averaged over a five-year period. The data source for this measure is Dealogic. *(Note: only corporate debt issuance will be included in the calculation, limited to "Tranche Rank Eligible" debt, with "Deal Type not equal to DCM-GOV" to exclude sovereigns. The debt issuance measure will also exclude debt issued by "supranational" entities).*

   c) **Assets under management of Collective Investment Schemes (AUM)**

   The AUM measure includes collective investment schemes such as open-end funds, closed-end funds, and exchange-traded funds based on jurisdiction of domicile. The AUM measurement will be conducted on the basis of the most recent market value, as reported by a consistent and reliable third-party vendor. The data source for this measure is Bloomberg FMAP.

   d) **Derivatives**

   The measurement of derivatives markets includes:

   (1) Exchange-Traded Derivatives (ETDs), based on open interest, using four semi-annual data points (end of June and December) over two years. The data source for this measure is the Futures Industry Association; and
   (2) Over-The-Counter (OTC) Derivatives, based on turnover by jurisdiction for the most recent available period. The data source for this measure is the Bank for International Settlements Triennial Survey.

3. **Rankings, Weighting and Calculation**

   The process to determine the list of largest markets includes the following:
   a. Ranking jurisdictions within each measure;
   b. Weighting the four measures as follows:
   - Market Capitalization: 25%
   - Issuance activity: 25%
   - AUM: 25%
   - Derivatives: 25% with the following specification:
     For jurisdictions with data available for ETDs, the weight for each of the two derivatives categories is 12.5%, so the total weight allocated to derivatives equals 25%. For jurisdictions without data available for ETDs, the weight set for OTC derivatives is 25% and the weight for ETDs is 0%.
   c. Averaging the ordinal rankings in a two-stage ranking process to calculate a final ranking. In a first step, each jurisdiction is ranked based on the available data. In a second step, the top thirty jurisdictions across all categories are then re-ranked within only those thirty jurisdictions.

4. Tie breaker

In the event of a tie between two jurisdictions that would affect Board membership, the tie will be broken as follows: (a) ranking the two jurisdictions head-to-head across all five asset markets and (b) including the jurisdiction ranked higher in more asset markets as the Nominated Member. In instances of missing data, missing data ranks below non-missing data.