

# **Fact Sheet**



**INTERNATIONAL ORGANIZATION OF  
SECURITIES COMMISSIONS**

**NOVEMBER 2017**

## **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:** 218

### **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 (127) are the national securities commissions in their respective jurisdictions. Associate members (25) 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 (66) 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 IOSCO, and is made up of 34 securities regulators. Mr. Ashley Alder, Chief Executive Officer of the Securities and Futures Commission 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, Jamaica, Japan, Kenya, Malaysia, Mexico, Morocco, Nigeria, Ontario, Pakistan, Quebec, Saudi Arabia, Singapore,

South Korea, Spain, Sweden, Switzerland, the Netherlands, the United Kingdom, and the United States (2 members).

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 88 members and 19 non-voting associate members who include some of the world's fastest growing economies and 10 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 Mr. Jose Carlos Doherty, the CEO of the Brazilian Financial and Capital Markets Association or ANBIMA.

### **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 the IOSCO Research Department.

### **Task Forces**

Task forces include the Board-level Task Force on Financial Market Benchmarks, the Task Force on Market Conduct and the Infrastructure Working Group.

## **IOSCO Work**

### **Financial Crisis Related Work**

IOSCO currently has a significant number of projects being carried out by its committees, task forces and working groups. Much of IOSCO's present work responds to the global financial crisis. Examples include the work on OTC derivatives, financial market infrastructures, benchmarking, market integrity and efficiency, credit rating agencies and hedge funds. Some items of IOSCO's work have been specifically requested by the G20 or the Financial Stability Board (FSB).

### **Interagency Work**

Also important is IOSCO's work with the Basel Committee on Banking Supervision on securitization and global standards for margin requirements for non-centrally cleared derivatives. This work is an important plank of the global financial reform agenda. IOSCO also works in collaboration with the Committee on Payments and Market Infrastructures (CPMI) to enhance coordination of standard and policy development and implementation, regarding clearing, settlement and reporting arrangements, including financial market infrastructures worldwide, both within and across jurisdictions.

### **Cyber Resilience and financial technology**

IOSCO is conducting work on how to further support its members and market participants in enhancing cyber security in securities markets. On 6 April 2016 it published the report *Cyber Security in Securities Markets – An International Perspective*. The report brings together insights and perspectives from IOSCO's various policy and regional committees and stakeholders on the topic of cyber resilience, and provides a review of the different regulatory approaches related to cyber security. It also describes the potential tools available to regulators to respond to the cyber risk, as well as some of the practices adopted by market participants.

On 29 June 2016, CPMI-IOSCO published the final *Guidance on cyber resilience for financial market infrastructures*. Further work on the trends and regulatory consequences of innovative financial technology is being conducted by the CER, the AMCC, the GEM Committee and

relevant policy committees, after publication in February 2017 of the *IOSCO Research Report on Financial Technologies*.

### **Other Work**

In the past few years, IOSCO policy work has focused increasingly on efforts to monitor the implementation of its standards and principles, and to prepare capital markets for a larger role in financing economic growth. Policy committees are working on issues surrounding enforcement, data, asset management, bond market liquidity, market conduct, corporate governance, audit quality, long-term financing of small and mid-sized enterprises and infrastructure, and investor protection and education as a means to strengthen investor confidence and create the conditions for sustainable economic growth.

IOSCO is also working on policy 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 latest capacity building initiatives included:

- *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.
- *A program for regional hubs*, which began with Malaysia inaugurating the first hub in March 2017. In early October, the Asia Pacific Hub held its first workshop on behavioral economics. This and future hubs will support IOSCO's overall educational and training capacity and offer custom-made programs for the different geographic regions.
- *A Joint Global Certificate Program for Regulators of Securities Markets launched with the Program on International Financial Systems at Harvard Law School*. The first edition of Phase I of the two-phase IOSCO/PIFS Harvard Law School Global Certificate Program for Regulators of Securities Markets took place at IOSCO's premises in Madrid, on 17-28 October 2016, and covered the fundamentals of securities regulation and compliance.

The first edition of Phase II took place at Harvard Law School in Cambridge, Massachusetts, on 4-9 December 2016, and covered current and future regulatory challenges and emerging issues. This phase was delivered by Harvard academics, securities regulators and senior public policy makers. Of the 45 participants from almost 30 different jurisdictions, 40 had already completed both weeks of Phase I in Madrid and were awarded the first Certificates for completing the full three -week program.

In 2017, almost 90 participants from 40 jurisdictions participated in Phase I in Madrid, from 19 to 30 June. Phase II in Cambridge will be conducted from 3 to 8 December 2017.

**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.

Despite this success, securities markets have undergone sweeping changes in recent years, driven by things such as new technologies and regulation, and the growing role of market-based finance.

These forces 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.

The ACFIT powers, as they are known, enable members to:

**A:** Obtain and share **Audit** work papers, communications and other information relating to the audit or review of financial statements;

**C: Compel** physical attendance for testimony (by being able to apply a sanction in the event of non-compliance);

**F: Freeze** assets if possible or, if not, advise and provide information on how to freeze assets, at the request of another signatory;

**I:** Obtain and share existing **Internet** service provider records (but not the content of communications), including with the assistance of a prosecutor, court or other authority, and to obtain the content of such communications from authorized entities; and

**T:** Obtain and share existing **Telephone** records (but not the content of communications), including with the assistance of a court, prosecutor, or other authority, and to obtain the content of such communications from authorized entities.

In addition, the EMMoU envisages the obtaining and sharing of existing communications records held by regulated firms.

Securities regulators have been required to sign the MMoU to become a member of IOSCO. Now, the MMoU will remain in effect as long as any signatories wish to use it. However, the objective is for all MMoU signatories to migrate eventually to the EMMoU. The General Secretariat began accepting EMMoU applications from members on 3 April 2017.

As of September 2017, there were 125 signatories to the IOSCO MMoU. Sixteen 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, and one member had not yet agreed to be listed on that Appendix. Another application was in an initial review process. In total, 18 ordinary members remained non-signatories to the MMoU at that time. Most of the 18 members on the IOSCO List of Non-signatories ('2013 MMoU List'),<sup>1</sup> have taken concrete steps to address through legislative amendments the issues preventing them from complying with all MMoU requirements.

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 526 requests for assistance were made by IOSCO members pursuant to the MMoU; the annual figure increased to 3,203 in 2015 and to 3,330 in 2016.

## **The 2020 Strategic Direction**

At its Annual Conference in June 2015, IOSCO approved its 2020 Strategic Direction, which envisages that its goal for the rest of this decade will be to reinforce its position as the key global reference point for securities regulation. The strategy and the goal will be implemented through 43 initiatives in Action Plans covering six priority areas:

- *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 that are timely, responsive to market developments and internationally recognized;
- *Implementation Monitoring*: Promoting implementation of IOSCO standards through monitoring and assessment;
- *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.

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<sup>1</sup> The Executive Committee decided that IOSCO should create a list after 1 January 2013 to include Members who had failed to file an application to advance to Appendix A of the IOSCO MMoU. The list is called '2013 List', but it is kept updated.



## **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/>.

**FR18/2017 Other CRA Products**, Report of the Board of IOSCO 10 Oct 2017

**Statement on the ISDA Credit Derivatives Determinations Committees and CDS auction processes**, Statement of the Board of IOSCO 10 Oct 2017

**FR17/2017 Technical Guidance - Harmonisation of the Unique Product Identifier**, Report of the Committee on Payments and Market Infrastructures and the Board of IOSCO 28 Sep 2017

**CR06/2017 Regulatory Reporting and Public Transparency in the Secondary Corporate Bond Markets**, 14 Aug 2017

**FR16/2017 Thematic Review of the Adoption of the Principles set forth in IOSCO's Report: Recommendations Regarding the Protection of Client Assets**, Report of the Board of IOSCO 27 Jul 2017

**FR15/2017 Implementation monitoring of PFMI: Level 2 assessment report for Singapore**, Report of the Committee on Payments and Market Infrastructures and the Board of IOSCO 18 Jul 2017

**FR14/2017 Implementation monitoring of the PFMI: Fourth update to Level 1 assessment report**, Report of the Committee on Payments and Market Infrastructures and the Board of IOSCO 14 Jul 2017

**CR05/2017 Open-ended Fund Liquidity and Risk Management – Good Practices and Issues for Consideration**, Report of the Board of IOSCO 06 July 2017

**CR04/2017 Consultation on CIS Liquidity Risk Management Recommendations**, Report of the Board of IOSCO 06 Jul 2017

**CR03/2017 Criteria for identifying simple, transparent and comparable short-term securitisations**, Report of the Basel Committee on Banking Supervision and the Board of IOSCO 06 July 2017

**FR13/2017 Chairs' Report on the Implementation of the Joint Workplan for Strengthening the Resilience, Recovery and Resolvability of Central Counterparties**, Report of the Committee on Payments and Market Infrastructures and the Board of IOSCO 05 July 2017

**FR12/2017 Analysis of Central Clearing Interdependencies**, Report of the Committee on Payments and Market Infrastructures and the Board of IOSCO 05 July 2017

**FR11/2017 Recovery of financial market infrastructures and Cover Note**, Report of the Committee on Payments and Market Infrastructures and the Board of IOSCO 05 July

**FR10/2017 Resilience of central counterparties (CCPs): Further guidance on the PFMI and Cover Note**, Report of the Committee on Payments and Market Infrastructures and the Board of IOSCO 05 July 2017

**FR09/2017 Country Review: Democratic Socialist Republic of Sri Lanka, IOSCO Objectives and Principles of Securities Regulation, Detailed Assessment of Implementation**, Report of the Board of IOSCO 30 Jun 2017

**CR02/2017 Framework for supervisory stress testing of central counterparties (CCPs) and Cover Note**, Report of the Committee on Payments and Market Infrastructures and the Board of IOSCO 28 Jun 2017

**CR01/2017 Harmonisation of critical OTC derivatives data elements (other than UTI and UPI) – third batch**, Report of the Committee on Payments and Market Infrastructures and the Board of IOSCO 27 June 2017

**FR08/2017 Order Routing Incentives**, Report of the Board of IOSCO 19 Jun 2017

**FR07/2017 IOSCO Task Force Report on Wholesale Market Conduct**, Report of the Board of IOSCO 13 Jun 2017

**Methodology for Assessing Implementation of the IOSCO Objectives and Principles of Securities Regulation**, Report of IOSCO 31 May 2017

**IOSCO Objectives and Principles of Securities Regulation**, Report of IOSCO 31 May 2017

**FR06/2017 Implementation monitoring of PFMI: Level 2 assessment report for Hong Kong SAR**, Committee on Payments and Market Infrastructures and the Board of IOSCO 24 May 2017

**FSB-IOSCO Roundtable on Compensation Practices in the Securities Sector: Summary and main takeaways**, Report of the Financial Stability Board (FSB) and IOSCO, 06 Apr 2017

**FR05/2017 Examination of Liquidity of the Secondary Corporate Bond Markets**, Report of the Board of IOSCO, 07 Mar 2017

**FR04/2017 Technical Guidance on Harmonisation of the Unique Transaction identifier**, Report of the Committee on Payments and Market Infrastructures and the Board of IOSCO, 28 Feb 2017

**OR01 Statement on Variation Margin Implementation**, Statement of the Board of IOSCO, 23 Feb 2017

**FR03/2017 Findings of the Survey on Loan Funds**, Report of the Board of IOSCO, 20 Feb 2017

**FR02/2017 IOSCO Research Report on Financial Technologies (Fintech)**, Report of the Board of IOSCO, 08 Feb 2017