

Fact Sheet



IOSCO

**INTERNATIONAL ORGANIZATION OF
SECURITIES COMMISSIONS**

NOVEMBER 2022

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 and to address emerging financial vulnerabilities that could affect global financial stability.

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Acting Secretary General: Tajinder Singh

Date Founded: April 1983

Current No. of Members: 234

Scope of Activities:

IOSCO was established in 1983. Its membership regulates more than 95% of the world's securities markets in some 130 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 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 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 (131) are the national securities commissions in their respective jurisdictions. Associate members (33) 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. National securities regulators that are not ordinary members or IOSCO MMoU¹ signatories are also in this category. Other associate members include intergovernmental international organizations, such as the IMF and the World Bank, and other international standard-setting bodies, such as the European Securities and Markets Authority, with a mission related either to the development or the regulation of securities markets. Affiliate members (70) 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 comprises 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 the International Organization of Securities Commissions (IOSCO) and is normally made up of 35 securities regulators. Mr. Jean-Paul Servais, the Chair of Belgium's Financial Services and Markets Authority (FSMA) is the Chair of the IOSCO Board. The members of the IOSCO Board are the securities regulatory authorities of Australia, Bahamas, Bangladesh, Belgium, Brazil, China, Egypt, France, Germany, Greece, Hong Kong, India, Ireland, Italy, Japan, Korea, Kuwait, Malaysia, Mauritius, Mexico, Morocco, the Netherlands, Oman, Ontario, Peru, Quebec, Saudi Arabia, Singapore, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States of America (both the U.S. Commodity Futures Trading Commission and U.S. Securities and Exchange Commission). The Chair of the European Securities and Markets Authority and the Chair of IOSCO's Affiliate Members Consultative Committee are also observers.

The IOSCO Board reviews the regulatory issues affecting international securities markets and coordinates practical responses to any concerns that may arise. IOSCO conducts its policy work through 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:

¹ The IOSCO Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information

- 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 MMoU 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 IOSCO's ordinary membership. 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 90 members and 24 non-voting associate members who include some of the world's fastest growing economies and 10 of the G-20 members.

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 permanent 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. Each committee contributes a regional perspective to Board debates and policy work.

Affiliate Members Consultative Committee

The Affiliate Members Consultative Committee (AMCC) comprises 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 regarding 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 Ms. Karen K. Wuertz, Senior Vice-President, US National Futures Association.

Assessment Committee

In 2012, IOSCO created the Assessment Committee, which seeks to encourage and monitor the full, effective and consistent implementation of Principles and Standards across the organization's membership. IOSCO believes that its effectiveness as a standard setter depends largely on its members' ability to implement the IOSCO Principles and other standards and policies set out in IOSCO reports.

Committee on Emerging Risks

In 2011, IOSCO established the Committee on Emerging Risks (CER) in recognition of the role that securities regulators can play in identifying and addressing systemic risk in global financial markets. It works closely with two other units of the IOSCO General Secretariat called Emerging Regulatory Issues and Market Intelligence and Data Analysis.

Task Forces

Task forces include the Board-level Task Force on Financial Market Benchmarks, the Follow-up Group to the 2015 Cross-Border Task Force, the Board-Level Financial Stability Engagement Group, the Board-Level Retail Market Conduct Task Force, the Sustainable Finance Task Force and the Fintech Task Force.

Information Sharing Networks

IOSCO members share information and experiences regarding key subjects, such as Special Purpose Acquisition Companies or SPACS, through formal IOSCO networks and other similar arrangements.

IOSCO Policy Work

In 2017, the IOSCO Board introduced a new priority-setting process aimed at ensuring that policy committee work is closely aligned with Board priorities. Most of the organization's policy initiatives fall under at least one of these areas.

1. Strengthening the structural resilience of capital markets;
2. Addressing data gaps and information sharing issues;
3. Applying new insights into investor protection and investor education;
4. Analyzing the role of securities markets in capital-raising and sustainability issues, and the related role of securities regulation;
5. Examining the role of regulation in financial technology and automation.

In February 2021, the Board published its [2021-2022 Work Program](#), which calls on IOSCO to work on the following eight priorities in the two-year period:

- Financial stability and systemic risks of non-bank financial intermediation activities
- Risks exacerbated by the COVID-19 pandemic – misconduct risks, fraud, and operational resilience
- Corporate debt and leveraged finance,
- Crypto-assets
- Artificial Intelligence and Machine Learning
- Market Fragmentation in securities and derivatives markets
- Passive Investing and Index Providers
- Retail Distribution and Digitalization

The work program also calls on IOSCO to re-double efforts to help improve the completeness, consistency and comparability of sustainability reporting under the stewardship of its Sustainable Task Force. In 2021, the Task Force issued reports on three key areas: (i) Sustainability-related disclosures for issuers in June ii) asset managers and greenwashing in November and (iii) ESG ratings and ESG data providers, also in November. In November 2022, IOSCO participated in COP27 in Sharm el-Sheikh, Egypt, where it issued two reports on carbon markets and outlined its regulatory priorities for sustainability disclosures, mitigating greenwashing and promoting integrity in carbon markets.

Capacity Building

IOSCO offers its members a range of capacity building events aimed at helping create strong regulatory frameworks that underpin growth in both emerging and developed markets. Its training assistance and education and training programs for members are a cornerstone of this effort. In 2020, 2021 and early 2022, IOSCO continued offering capacity building activities using a virtual format due to the impact of COVID-19 on travel.

Its capacity building initiatives include:

- *A Capacity Building Online Toolkit* launched on 8 March 2016 to assist IOSCO members in their efforts to develop and implement effective regulatory frameworks for capital markets regulation.

Originally, the Toolkit comprised two components on enforcement and risk-based supervision, each of which offers detailed guidance on the subject matter, standards and reports, case studies and member best practices, webinars and presentations; a bibliography and academic research. Recently, the General Secretariat added four new components to the Toolkit on secondary markets; collective investment schemes; financial market infrastructures; and financial intermediaries. The Toolkit has proven to be particularly useful to members from growth and emerging markets jurisdictions.

- *IOSCO's Asia Pacific Hub*, inaugurated in March 2017, held its first workshop on behavioral economics in October of that year. In view of the global COVID-19 health crisis, the Asia-Pacific Hub swiftly adapted its work programs and organized a series of webcasts, including a series on the implications of COVID-19 for capital markets.
- *A Joint Global Certificate Program for Regulators of Securities Markets with the Program on International Financial Systems at Harvard Law School*. Launched in October 2016, the initiative has two phases: a two-week session at IOSCO's Madrid headquarters and a second one-week session at Harvard Law School in Cambridge, Massachusetts. Speakers are experienced securities regulators, academics specialized in financial markets and others with extensive legal or technical knowledge of international financial systems. Because of the COVID-19 global health crisis, IOSCO and HLS canceled both Phase I and Phase II of the 2020 programs, offering instead the alternative *Virtual Training Program on the Role of Securities Regulators Amidst COVID-19* on 7-10 December 2020.

In 2022, Phase I of the 6th IOSCO/PIFS – Harvard Law School Global Certificate Program was held on 6-10 June in a virtual format and some 300 IOSCO members from close to 80 jurisdictions participated. Phase II will be delivered in-person at Harvard

Law School on December 12-16, 2022. It will be possible to attend the program either in-person or virtually.

- In 2017, the IOSCO Secretariat designed *modular technical assistance programs* to help regulators implement IOSCO principles and meet the requirements of the IOSCO MMoU, as part of a new IOSCO Technical Assistance Program (TAP).

The technical assistance modules serve as the basis for delivering technical assistance that is tailored to members' needs. The TAP is organized in three modules covering i) onsite inspection manuals; ii) enforcement manuals; and iii) the Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information.

The TAP also offers workshops on the practical application of the onsite inspection and enforcement manuals. The objective is to encourage members to use the manuals in their daily activities to enhance the efficiency and effectiveness of supervision and enforcement in their jurisdictions.

World Investor Week:

In 2017, IOSCO organized the first World Investor Week, which has since become an annual global campaign to raise awareness about the importance of investor education and protection and highlight the various initiatives of securities regulators in these two critical areas. Every October, securities regulators, stock exchanges, international organizations, investor associations, educational entities and other stakeholders from around the world simultaneously promote investor education and protection. They organize investor-focused activities to drive home the importance of smart investing, particularly in today's online and digital environments.

IOSCO celebrated the sixth annual World Investor Week (WIW) from 3 to 9 October 2022, to promote financial and investor education. For the first time since the initial WIW edition in 2017, regional launch events were celebrated in Africa-Middle East, Europe and the Americas to mark the celebration of the WIW, in addition to the global kick-off event. Securities regulators, stock exchanges, financial intermediaries, financial industry and professional associations, universities and organizations representing civil society, among many others, joined the campaign and conducted a wide range of activities (in-person, hybrid and virtual formats) to deliver key messages and promote financial literacy for themes related to sustainable finance, crypto assets, investor resilience, and fraud and scams prevention. More information on the event is available on the dedicated campaign website: www.worldinvestorweek.org.

IOSCO Multilateral Memorandum of Understanding, the international benchmark for enforcement-related cooperation and exchange of information, is commemorating its 20th anniversary in 2022.

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 20 years, regulators have used the MMoU to help ensure effective global cooperation and strengthen international securities markets.

In its first year, the MMoU had only eight signatories; in October 2022 it had 129, underscoring its importance as the gold standard for cross-border regulation. With more than 5,500 cross-border requests for information made through this mechanism last year, the MMoU is recognized by members as the leading instrument for regulatory enforcement cooperation and information sharing in the world. In 2006, a total of only 527 requests for assistance were made by IOSCO members pursuant to the MMoU.

Since 2002, securities markets have undergone sweeping changes, driven by new technologies and regulation and the growing role of market-based finance, among other developments.

These forces of change 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. By end December 2021, twenty-one jurisdictions had become signatories to the EMMoU.

Securities regulators are now required to sign the MMoU to become ordinary members of IOSCO. The MMoU will remain in effect as long as any signatories may wish to use it. However, the objective is for all MMoU signatories to migrate eventually to the EMMoU.

To comply with the European General Data Protection Regulation (GDPR), introduced in May 2018, IOSCO and the European Securities and Markets Authority obtained in 2019 an opinion from the European Data Protection Board (EDPB) on an administrative arrangement (AA) for the transfer of personal data between European Economic Area (EEA) Financial Supervisory Authorities and non-EEA Financial Supervisory Authorities. The EDPB Opinion, the first of its kind under the GDPR, enables the continued exchange of enforcement and supervisory information between securities regulators under the IOSCO MMoU and EMMoU. Fifty-eight IOSCO members had signed the AA (29 EEA Authorities and 29 non-EEA Authorities) by January 2022

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/>.

Corporate Bond Markets – Drivers of Liquidity During COVID-19 Induced Market Stresses - Feedback Statement to the Discussion Paper of April 2022, Report of the Board of IOSCO, 16 Nov 2022

Thematic Review on Liquidity Risk Management Recommendations, Report of the Board of IOSCO, 16 Nov 2022

IOSCO Statement on Financial Reporting and Disclosure during Economic Uncertainty - The International Organization of Securities Commissions (IOSCO) emphasizes issuers' need for fair, transparent and timely disclosure about impacts of economic uncertainty, 14 Nov 2022

Compliance Carbon Markets, Report of the Board of IOSCO, 09 Nov 2022

Voluntary Carbon Markets, Report of the Board of IOSCO, 09 Nov 2022

Call for Action: IOSCO Good Sustainable Finance Practices for Financial Markets Voluntary Standard Setting Bodies and Industry Associations, Report of the Sustainable Finance Task Force, 07 Nov 2022

IOSCO IVSC Statement of Cooperation, Report of the Board of IOSCO and the International Valuation Standards Council, 20 Oct 2022

Report on Retail Distribution and Digitalisation, Report of the Board of IOSCO, 12 Oct 2022

Review of margining practices, Report of The Basel Committee on Banking Supervision (BCBS), the Committee on Payments and Market Infrastructures and the Board of IOSCO, 29 Sep 2022

IOSCO encourages standard-setters' work on assurance of sustainability-related corporate reporting, Report of the Board of IOSCO, 15 Sep 2022

Client clearing: access and portability, Committee on Payments and Market Infrastructures and the Board of IOSCO, 08 Sep 2022

Retail Investor Education in the Context of Sustainable Finance Markets and Products, Report of the Board of IOSCO, 31 Aug 2022

World Investor Week 2021, Report of IOSCO Committee 8 on Retail Investors, 17 Aug 2022

A discussion paper on central counterparty practices to address non-default losses, Committee on Payments and Market Infrastructures and the Board of IOSCO, 04 Aug 2022

The use of Innovation Facilitators in Growth and Emerging Markets, Report of the Board of IOSCO, 14 Jul 2022

Application of the Principles for Financial Market Infrastructures to stablecoin arrangements, Committee on Payments and Market Infrastructures and the Board of IOSCO, 13 Jul 2022

Operational resilience of trading venues and market intermediaries during the COVID-19 pandemic & lessons for future disruptions, Report of the Board of IOSCO, 11 Jul 2022

Crypto-Asset Roadmap for 2022-2023, Report of the Board of IOSCO, 07 Jul 2022

Implementation monitoring of PFMI: Level 2 assessment report for Turkey, Committee on Payments and Market Infrastructures and the Board of IOSCO, 06 Jul 2022

Market Data in the Secondary Equity Market: Current Issues and Considerations, Report of the Board of IOSCO, 28 Apr 2022

Exchange Traded Funds – Good Practices for Consideration, Report of the Board of IOSCO, 06 Apr 2022

Corporate Bond Markets – Drivers of Liquidity During COVID-19 Induced Market Stresses, Report of the Board of IOSCO, 06 Apr 2022

IOSCO Decentralized Finance Report, Report of the Board of IOSCO, 24 Mar 2022

Retail Market Conduct Task Force, Report of the Board of IOSCO, 21 Mar 2022

Central Counterparty Financial Resources for Recovery and Resolution, Report of the Financial Stability Board, the Committee on Payments and Market Infrastructures and IOSCO, 10 Mar 2022

Lessons Learned from the Use of Global Supervisory Colleges, Report of the Board of IOSCO, 18 Jan 2022

Report on Retail Distribution and Digitalisation, Report of the Board of IOSCO, 17 Jan 2022

Operational resilience of trading venues and market intermediaries during the COVID-19 pandemic, Report of the Board of IOSCO, 13 Jan 2022

IOSCO Investment Funds Statistics Report, Report of the Board of IOSCO, 04 Jan 2022