

THE BOARD OF THE
INTERNATIONAL ORGANIZATION OF SECURITIES COMMISSIONS

Statement on
IOSCO's Priorities Regarding Data Gaps in the Asset Management Industry
June 2016

Securities regulators collect data on the asset management industry to help them fulfil their regulatory responsibilities, such as supervision, enforcement and monitoring of risk. In recent years, a number of initiatives have led to the augmentation of the data collected with a particular focus on the hedge funds industry. However, IOSCO considers more needs to be done to enhance the data collected and its use. In these circumstances, securities regulators are examining the issue of what data needs should be prioritised and how to lead this global effort. IOSCO has identified a series of recommendations that will constitute its roadmap in this area. A key priority is to encourage IOSCO members to collect data with a view to better identify systemic risk. Concurrent with this effort, IOSCO is working with the FSB to address structural vulnerabilities from asset management activities which could potentially present financial stability risk¹.

IOSCO's Work on Data Gaps in Asset Management

In response to the growing need for accurate and comprehensive data on the asset management industry, IOSCO's Committee 5 on Investment Management (C5) recently took stock of the data currently available to securities regulators. It also sought to identify which data could be enhanced to improve the ability of securities regulators to monitor risks across the industry and gain a better understanding of specific industry issues. Concurrently, IOSCO's Committee on Emerging Risks conducted a survey on the data available in asset management.

Priorities and Recommendations for Reducing Data Gaps in Asset Management

Following these studies and building on existing data collection initiatives where possible, IOSCO has agreed that data in the following areas should be obtained on a priority basis:

¹ www.fsb.org/2016/06/proposed-policy-recommendations-to-address-structural-vulnerabilities-from-asset-management-activities/



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Open-ended regulated Collective Investment Schemes (CIS): A top priority for IOSCO is to address data gaps around open-ended regulated CIS. To date, only a few jurisdictions collect detailed data on this segment of the industry. Enhanced data on CIS use of derivatives, of leverage, and liquidity profiles would provide securities regulators with a more in depth understanding of these vehicles operations and improve risk monitoring on an aggregate basis. More data are also needed on the composition of CIS portfolios. Regulators could use quality data in this area to monitor asset diversification and assess the liquidity position of regulated funds.

Separately managed accounts: Another priority for IOSCO is to address the dearth of data on separately managed accounts generally and in relation to the leverage and derivative exposure of these vehicles on a global level.

Alternative funds: Though more data are available on alternative funds than on other CIS, IOSCO considers that having consistent definitions for fund metrics across jurisdictions, particularly regarding leverage, should be a priority.

To ensure greater consistency in data collection and definitions in the asset management sector, IOSCO will seek to coordinate the enhanced data collection for better cross-border comparability. IOSCO has already made enhanced data collection of leverage metrics a top priority, given the importance it has for all segments of the asset management industry.

Similarly, IOSCO recommends that regulators encourage the use of internationally agreed standards of entity and transaction identifiers. The use of standardised identifiers will enable regulators and organisations to measure, manage and monitor more effectively counterparty exposure on a global level. IOSCO also recommends that securities regulators enhance capacity to process and use data. For example, this could be achieved through the development of centralised data hubs or dedicated statistics units that analyse enhanced data reporting requirements.

For each of these data initiatives, where relevant, IOSCO plans to consult with industry. On its current data gathering initiatives, IOSCO will continue to conduct its bi-annual survey of hedge fund managers and advisors about the markets in which they operate and their trading activities leverage, funding and counterparty information. The next iteration will be conducted as at September 30, 2016 and forms part of IOSCO's drive to support the G20 initiative to mitigate the risk associated with hedge funds.