

MEDIA STATEMENT



International Organization of Securities Commissions
Organisation internationale des commissions de valeurs
Organização Internacional das Comissões de Valores
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IOSCO consults on transparency of structured finance products

The International Organisation of Securities Commissions (IOSCO) Technical Committee has published a consultation report on [Transparency of Structured Finance Products](#). The Report sets out a number of factors to be considered by market authorities when considering enhancing post-trade transparency of structured finance products in their respective jurisdictions.

The Technical Committee is seeking input from financial services practitioners, industry participants and other relevant stakeholders.

The closing date for responses is 13 November 2009.

Summary

The report was prepared following the Subprime Task Force's mandate in 2008 to the Technical Committee Standing Committee on the Regulation of Secondary Markets to examine the viability of a secondary market reporting system for structured finance products (SFPs), with a particular focus on the nature of the market and its participants as well as on the potential benefits and drawbacks of such a reporting regime. In preparing the report information was solicited from a variety of sources in the financial services industry across several jurisdictions.

Currently, a mandated post-trade transparency regime for SFPs does not exist in any member jurisdiction, although some pricing information on SFPs is available from a number of sources. Whilst there are divergent views on the possible benefits and drawbacks of a post-trade transparency regime, the Technical Committee believes that greater information on traded prices of SFPs could be a valuable source of information for market participants. It therefore encourages each member jurisdiction to actively consider enhancing post-trade transparency in its own jurisdiction.

In seeking to develop an appropriate post-trade transparency regime for SFPs, member jurisdictions may wish to consider the following factors:

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MEDIA STATEMENT



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- The degree of liquidity or secondary market trading for a particular SFP;
- The initial and outstanding amount of the issue;
- Whether the SFP was publicly offered or offered via private placement;
- Whether there is a broad investor base for the particular instrument;
- The degree of standardisation. Factors such as the structure of the product and the homogeneity of underlying assets could be considered in determining the degree of standardisation; and
- The extent to which existing post-trade transparency systems could be extended to SFPs at reasonable cost.

With respect to the kind of information that could usefully be disseminated, Technical Committee jurisdictions may wish to consider:

- Publication of trade-by-trade transparency information or publication of aggregate trade information (such as high, low, and average prices) on a periodic basis;
- Measures to ensure anonymity of the market participants;
- Reasonable delays before trading information is disseminated; and
- Publication of trade information without disclosing data relating to the volume of the transaction, possibly depending on a certain threshold.

The Technical Committee acknowledges that some member jurisdictions may find it helpful to consider other factors in determining whether and how to enhance post-

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trade transparency. This could include consideration of the availability and quality of information about the underlying assets of SFPs through indices.

The Technical Committee believes that enhanced post-trade transparency should be provided in the most cost-effective way possible, while at the same time seeking to avoid a negative impact on efficiency and liquidity of markets. Moreover, it believes it may be appropriate in some jurisdictions to introduce post-trade transparency on a *step-by-step* or *phased-in* basis. Finally, each member jurisdiction is best placed to determine itself what constitutes an effective way of implementing a post-trade transparency regime for SFPs.

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