

# MEDIA RELEASE



International Organization of Securities Commissions  
Organisation internationale des commissions de valeurs  
Organização Internacional das Comissões de Valores  
Organización Internacional de Comisiones de Valores

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## **IOSCO Task Force publishes final report on Private Equity**

The International Organization of Securities Commissions (IOSCO) has today published the report of its Technical Committee's Task Force on Private Equity. The task force was mandated to conduct a preliminary review of private equity markets in order to identify any suitable issues which could be addressed through future IOSCO work.

In addition to identifying specific potential risks posed by private equity for the financial markets, the Task Force has pinpointed two particular pieces of work to be undertaken in future Technical Committee work programs, namely a survey of the complexity and leverage of capital structures used in leveraged buyout transactions and an analysis of conflicts of interest arising in the course of private equity business and the controls used across relevant IOSCO jurisdictions.

Michel Prada, Chairman of the IOSCO Technical Committee, said

"The growth of private equity in recent years poses a number of challenges for regulators charged with the oversight of international capital markets. This report has identified a number of areas where private equity may pose potential risks to financial markets, however many of these issues have already been the subject of regulatory examination and to avoid duplication the Technical Committee will focus on two specific areas in its future work.

"We will recommend that the Joint Forum analyzes the complexity and leverage of buyout vehicles and IOSCO will analyze the conflicts of interest that arise during private equity transactions and how these are addressed. IOSCO will seek to engage the industry and investors in this work."

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## Future IOSCO Work

IOSCO's future work will include:

- Recommending a survey of the complexity and leverage of capital structures employed in leveraged buyout transactions to the Joint Forum, to allow for an assessment of the potential impact that the default of large private equity portfolio companies could have on the efficient operation of related public debt securities markets and any systemic issues which may arise as a result; and
- Analysis of conflicts of interest which arise during the course of private equity business and the controls utilised across relevant IOSCO member states which aim to provide appropriate levels of investor protection. Key areas of focus will be public-to-private transactions and the listing (or subsequent re-listing) of private equity portfolio companies.

## NOTES FOR EDITORS

1. The paper is available on the [IOSCO website](#).
2. The IOSCO Technical Committee, in its 2007 work program, mandated a Task Force on private equity to conduct a preliminary review of private equity markets with a view to identifying any suitable issues which could be addressed through future IOSCO work.
3. IOSCO is recognized as the international standard setter for securities markets. The organization's wide membership regulates more than 90% of the world's securities markets and IOSCO is the world's most important international cooperative forum for securities regulatory agencies. IOSCO members regulate more than one hundred jurisdictions and the Organization's membership is steadily growing.
4. The [Technical Committee](#), a specialised working group established by IOSCO's Executive Committee, is made up of fifteen agencies that regulate some of the world's larger, more developed and internationalized markets. Its objective is to review major regulatory issues related to international securities and futures transactions and to coordinate practical responses to these concerns. Mr. Michel Prada, Chairman of the Autorité des Marchés Financiers (AMF) of France, currently acts as Chairman of the Technical Committee.

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5. The Joint Forum is a cooperative cross-sector work forum whose parent bodies are the [International Organization of Securities Commissions \(IOSCO\)](#), the [Basle Committee on Banking Supervision](#) and the [International Association of Insurance Supervisors \(IAIS\)](#). The Joint Forum's mandates and reports are approved by its three parent bodies.
6. IOSCO aims through its permanent structures:
- to cooperate together to promote high standards of regulation in order to maintain just, efficient and sound markets;
  - to exchange information on their respective experiences in order to promote the development of domestic markets;
  - to unite their efforts to establish standards and an effective surveillance of international securities transactions;
  - to provide mutual assistance to promote the integrity of the markets by a rigorous application of the standards and by effective enforcement against offenses.

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