

# 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

IOSCO/MS/03/2012

Madrid, 20 February 2012

## **IOSCO consults on Principles for Ongoing Disclosure for Asset Backed Securities**

The Technical Committee of the International Organization of Securities Commission (IOSCO) has published a consultation report – [\*Principles for Ongoing Disclosure for Asset Backed Securities \(ABS Ongoing Disclosure Principles\)\*](#) – containing principles designed to provide guidance to securities regulators who are developing or reviewing their regulatory regimes for ongoing disclosure for asset-backed securities (ABS).

The objective of the ABS Ongoing Disclosure Principles is to enhance investor protection by facilitating a better understanding of the issues that should be considered by regulators in developing or reviewing their ongoing disclosure regimes for ABS.

The ABS Ongoing Disclosure Principles were developed as a complement to the *Disclosure Principles for Public Offerings and Listings of Asset-Backed Securities*, issued in April 2010, which provides guidance on disclosure regimes for offerings and listings of ABS but do not expressly address continuous reporting disclosure mandates or requirements to disclose material developments.

### **Summary**

The *ABS Ongoing Disclosure Principles* recommend disclosures for those securities that are primarily serviced by the cash flows of a discrete pool of receivables or other financial assets - either fixed or revolving - that by their terms convert into cash within a finite period of time. These principles would not apply to securities backed by asset pools that are actively managed, such as securities issued by investment companies or collateralized debt obligations, or that contain assets that do not by their terms convert to cash.

### **Proposed Principles for Ongoing Disclosure for Asset-Backed Securities**

IOSCO has identified the following principles as essential for any ongoing disclosure regime for ABS:

**Principle 1** *Updated information regarding the ABS should be disclosed in reports prepared on an annual and other periodic basis, as appropriate to the type of information to be disclosed and its usefulness to investors*

**Principle 2** *The occurrence of material events and other current or ad hoc information should be*

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*disclosed in event-based disclosure reports*

- Principle 3** *Periodic and event-based disclosure should contain sufficient information in order to increase the transparency of information for investors and to allow investors to independently perform due diligence in their investment decisions regarding the specific ABS.*
- Principle 4** *The information disclosed in ongoing reports should be fairly presented, not be misleading or deceptive and should not contain any material omission of information. Moreover, information disclosed in an ongoing report should be presented in a clear and concise manner without reliance on boilerplate language.*
- Principle 5** *Disclosure should be presented in a format that facilitates the analysis of information by investors.*
- Principle 6** *The person or entity responsible for publishing the disclosure and the person or entity responsible for gathering the information from other persons or entities involved in the ABS should be clearly identified.*
- Principle 7** *The information provided in the ongoing report should be disclosed in a timely manner, such that the information is sufficiently current and disclosed with sufficient frequency so as to be of use to investors.*
- Principle 8** *Material information that is disclosed to any investor, market participant or other third party should be provided to all investors, market participants and other third parties at the same time.*
- Principle 9** *If securities are listed or admitted to trading in more than one jurisdiction, the material periodic information made available to one market should be made available promptly to all markets in which they are listed.*
- Principle 10** *Ongoing reports should be filed with the relevant regulator or otherwise made available in compliance with applicable regulations to permit regulators to review the reports, when appropriate, to ensure compliance with the relevant laws and regulations*
- Principle 11** *The relevant law or regulation should ensure that there is storage of the ongoing information in order to facilitate public access to the information.*

The disclosure topics highlighted in these *ABS Ongoing Disclosure Principles* are intended as a starting

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point for consideration and analysis by securities regulators that are developing or reviewing ongoing disclosure requirements applicable to ABS. Some regulators may find it useful to incorporate all of the disclosure topics into their ABS disclosure requirements. Others may conclude that the relevance of specific disclosure topics in their jurisdictions may vary according to the characteristics of their specific regulatory framework, the characteristics of the issuing entity, or the characteristics of the securities involved, and may therefore wish to incorporate the principles on a more selective basis.

The principles-based format of these principles allows for a wide range of application and adaptation by securities regulators.

These principles complement the existing sets of IOSCO issuer disclosure principles, which provide guidance for cross-border offerings of equity securities (1998); ongoing disclosure and material development reporting (2002); management's discussion and analysis (2003); cross-border offerings of debt securities (2007); periodic disclosure (2010); and for public offerings and listings of ABS (2010).

The closing date for responses is Friday 20 April 2012.

## NOTES FOR EDITORS

1. CR02/12 [Principles for Ongoing Disclosure for Asset-Backed Securities](#).
2. [Disclosure Principles for Public Offerings and Listings of Asset-Backed Securities](#).
3. IOSCO is the leading international policy forum for securities regulators is recognised as the global standard setter for securities regulation. The organization's membership regulates more than 95% of the world's securities markets in 115 jurisdictions and its membership continues to expand.
4. The [Technical Committee](#), a specialised working group established by IOSCO's Executive Committee, is made up of 18 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. Masamichi Kono, Vice Commissioner for International Affairs at the Financial Services Agency of Japan (JFSA), is the Chairman of the Technical Committee. The members of the Technical Committee are the securities regulatory authorities of Australia, Brazil, China, France, Germany, Hong Kong, India, Italy, Japan, Mexico, the Netherlands, Ontario, Quebec, Spain, Switzerland, United Kingdom and the United States.
5. IOSCO aims through its permanent structures:

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- to cooperate in developing, implementing and promoting adherence to internationally recognised 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.

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