

# 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/05/2012

Madrid, 22 March 2012

## **IOSCO publishes updated systemic risk data requirements for hedge funds**

The Technical Committee of the International Organization of Securities Commissions (IOSCO) has published an updated list of categories of data for the global collection of hedge fund information which it believes will assist in assessing possible systemic risks arising from the sector. The data categories were first published in February 2010 with the first IOSCO hedge fund survey in September 2010.

The Task Force on Unregulated Financial Entities (Task Force) has agreed to conduct a second hedge fund survey in September 2012. In support of this the Task Force has reviewed the categories of data used for the first survey and based on lessons learned and recent legislative developments in the US and Europe, has amended the list of data it will collect for the second survey.

IOSCO believes that regular monitoring of hedge funds by securities regulators for systemic risk indicators/measures, such as size, interconnectedness and substitutability, will provide a vitally important time series of data that will help to monitor trends in hedge funds and therefore provide an invaluable insight into any potential systemic risks that hedge funds may pose to the global financial system.

IOSCO aims to carry out the survey on an ongoing basis every September.

### **Data Reporting Categories**

The survey enables the collection of internationally consistent data which can be shared to facilitate international supervisory cooperation. The revised list below reflects the minimum that the Task Force will collect for the next IOSCO hedge fund survey. This is not a comprehensive list and regulators are not restricted from requesting additional information at a domestic level, based on their legislative and/or regulatory requirements.

There are 10 proposed categories of information which incorporate both supervisory and systemic data and build on the data collection recommendations set out in its final report on *Hedge Fund Oversight*.

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## 1. General firm/advisor and fund information

- General firm/advisor information (e.g. firm name, firm reference number, authorities for which the firm is registered/authorised, number of qualifying hedge funds, firm assets under management (i.e. firm AUM, firm HF AUM)).
- Fund information (e.g. fund name, inception date, domicile, net asset value of total fund assets, net asset value of total strategy assets, predominant investment strategy).

Some of the aforementioned categories will not necessarily be provided to IOSCO in the reporting of aggregate exposures but are important for running a survey (e.g. firm and fund names).

## 2. Performance and investor information for each qualifying fund

- Recent performance details:  
Periodic performance of fund assets (e.g. for each month) over the survey reporting period.
- Percentage of net asset value of fund assets below high water mark.
- Net asset value of fund assets by investor types (e.g. Financial institutions, high net worth individuals, fund of funds, etc).

## 3. Market and Product Exposure for strategy assets

- For each qualifying fund, details of the material positions in various asset classes split by:
  - Securities: Value of Long and short positions in categories such as cash and cash equivalents, listed equities, unlisted equities, corporate bonds, sovereign bonds, convertible bonds, loans, structured/securitised products;
  - Derivatives: Long and short CDS positions and the gross value of foreign exchange, interest rate derivatives, commodity derivatives and other derivatives;
  - Physical (Real/ Tangible) Assets: Value of long positions in categories such as physical real estate, art and collectables, etc;
  - Collective Investment Undertakings: Value of long positions in categories such as money market funds;
  - Value of investments in other hedge funds and parallel managed accounts; and
  - Investments in other asset classes: Value of long and short positions.

For some of the aforementioned products, e.g. listed equities, there may be a request for a geographic split of assets.

## 4. Geographical focus

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- For each qualifying fund, details of the regional investment focus.

## 5. Turnover/ number of transactions

- For each qualifying fund, value of turnover in each asset class over the reporting period.

## 6. Trading and clearing

- Estimated percentage of :
  - Securities traded (in terms of market value) - OTC vs. exchange traded;
  - Derivatives traded (in terms of trade volumes) - OTC vs. exchange traded;
  - Derivative transactions cleared (in terms of trade volumes) - by a CCP vs. bilaterally; and
  - Repo trades cleared (in terms of market value) - by a CCP vs. bilaterally vs. tri-party.
- Information on primary CCPs.

## 7. Leverage and risk

- Value of borrowings by source i.e. unsecured borrowing, collateralised borrowing (via prime brokerage and/or repo), synthetic borrowing (e.g. CFD, TRS).
- Amount of unencumbered cash
- Various risk measures used by hedge fund managers (e.g. net DV01, net CS01 and net Equity Delta, which measure a portfolio's sensitivity to movements in interest rates, credit spreads and equity prices).

## 8. Liquidity risk

- Details of portfolio, investor and financing liquidity
- Ability to gate or suspend funds and any restrictions currently in place.
- Fund assets subject to special arrangements arising from their illiquid nature.

## 9. Counterparty risk

- Primary counterparties in terms of net counterparty credit exposure.
- Extent of rehypothecation of collateral and other credit support by counterparties.

## 10. Other information

- Concentration (e.g. principal markets in which trading can represent a significant proportion of overall daily volume, top ten positions as a % of gross market value).

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- Portfolio complexity (e.g. number of open positions).

The original list was developed by the Task Force on Unregulated Entities (Task Force) following requests from the Financial Stability Board (FSB) as well as from IOSCO members.

## NOTES FOR EDITORS

1. *OR05-12 Categories of data considered for collection in September 2012 through the IOSCO hedge fund survey.*
2. [\*International Regulators Publish Systemic Risk Data Requirements for Hedge Funds\*](#) 25 February 2010.
3. [\*Hedge Funds Oversight\*](#), June 2009.
4. 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.
5. 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.
6. IOSCO aims through its permanent structures:
  - 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;

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- 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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