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

IOSCO/MR/01/2013

Madrid, 11 January 2013

IOSCO Consults on Financial Benchmarks

The International Organization of Securities Commissions (IOSCO) published today a [*Consultation Report on Financial Benchmarks*](#), which seeks comments from the public on policy issues arising from the work of its Board Level Task Force on Financial Market Benchmarks.

The Consultation Report discusses concerns regarding the potential inaccuracy or manipulation of Benchmarks and identifies Benchmark-related policy issues across securities and derivatives and other financial sectors including:

- The appropriate level of regulatory oversight of the process of Benchmarking;
- Standards that should apply to methodologies for Benchmark calculation;
- Credible governance structures to address conflict of interests in the Benchmark setting process within the reporting financial institutions as well as in the oversight bodies; and
- The appropriate level of transparency and openness in the Benchmarking process.

The Consultation also considers issues that market participants might confront when seeking to make the transition to a new or different Benchmark. There should be sufficient data used to construct a credible benchmark. In cases where there is insufficient data, regulatory authorities should consider the possibility of transitioning away from a Benchmark.

Following this Consultation Report, the Task Force will articulate a framework of robust, globally consistent policy guidance and principles for financial Benchmarks and related activities.

Calle Oquendo 12
28006 Madrid
ESPAÑA
Tel.: + 34 91 417.55.49 Fax: + 34 91 555.93.68
mail@oicv.iosco.org - www.iosco.org

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The Task Force regularly co-ordinated and co-operated with related regional and international initiatives carried out by other regulatory authorities and organizations such as ESMA, BIS, and European Commission.

Masamichi Kono, Chairman of the IOSCO Board, stated, “Restoring confidence in the benchmarks widely used in the world’s financial markets is a matter of urgency in maintaining the integrity, efficiency and stability of the global financial system, and in protecting the interests of borrowers and investors. IOSCO is determined to contribute to this endeavor through the development of policy guidance and principles for a wide range of stakeholders including benchmark administrators, submitters, users of benchmarks and regulatory authorities. This report is the first step in our work to achieve this goal, and we look forward to receiving feedback from the broadest range of stakeholders around the world.”

Martin Wheatley, Co-chair of the IOSCO Board Level Task Force and Managing Director of the UK Financial Services Authority, said, “This IOSCO Consultation Report represents the first global effort to strengthen the credibility and integrity of benchmarks used across the financial markets. The UK is at the forefront of this work, which is consistent with the findings and recommendations of the Wheatley Review. This consultation is an important step for IOSCO in developing robust, internationally applicable principles to drive up the standards of governance, transparency and the production of benchmarks.”

Gary Gensler, Co-chair of the IOSCO Board Level Task Force and Chairman of the US Commodity Futures Trading Commission, said, “Falsely reported LIBOR and other benchmark rates undermine the integrity of markets and shake the public’s trust in the financial system. The IOSCO Consultation Report will be critical to developing international principles for benchmarks and possible mechanisms and protocols for a smooth transition to new benchmarks when and if needed. I look forward to receiving public feedback, which will be extremely valuable to the final IOSCO report. We must ensure

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that benchmark rates best serve the public as honest and reliable reflections of the actual underlying markets to which they refer.”

Comments on the Consultation Paper are sought by 11 February 2013.

NOTES FOR EDITORS

1. IOSCO is the leading international policy forum for securities regulators and 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 it continues to expand.
 2. The IOSCO Board is the governing and standard-setting body of the International Organization of Securities Commissions (IOSCO), and is made up of 32 securities regulators. Mr. Masamichi Kono, Vice Commissioner for International Affairs at the Financial Services Agency of Japan (JFSA), is the Chairman of the IOSCO Board. The members of the IOSCO Board are the securities regulatory authorities of Argentina, Australia, Belgium, Brazil, Chile, China, France, Germany, Hong Kong, India, Italy, Japan, Korea, Malaysia, Mexico, Morocco, the Netherlands, Nigeria, Ontario, Pakistan, Portugal, Quebec, Romania, Singapore, South Africa, Spain, Switzerland, Trinidad and Tobago, Turkey, United Kingdom and the United States.
2. 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;
 - 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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MEDIA ENQUIRIES

Carlta Vitzthum

Outside office hours

Email:

Website:

Follow IOSCO on Twitter [here](#).

+ 34 91 787 0419

+ 34 697 449 639

carlta@iosco.org

www.iosco.org

Calle Oquendo 12
28006 Madrid
ESPAÑA
Tel.: + 34 91 417.55.49 Fax: + 34 91 555.93.68
mail@oicv.iosco.org - www.iosco.org