

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/MR/03/2013

Madrid, 08 February 2013

IOSCO Publishes Recommendations Regarding the Protection of Client Assets

The International Organization of Securities Commissions (IOSCO) today published a consultation report on [*Recommendations Regarding the Protection of Client Assets*](#), which seeks to help regulators improve the supervision of intermediaries holding client assets.

Recent events such as the Lehman Brothers and MF Global insolvencies have highlighted the importance of client asset protection regimes. In this context, investors are trying to better understand the potential implications of placing their assets with particular intermediaries and in certain jurisdictions. Regulators are seeking to address risks to client assets and determine how to transfer or return client assets in default, resolution or insolvency scenarios.

The eight principles published today provide guidance to regulators on how to enhance their supervision of intermediaries holding client assets by clarifying the roles of the intermediary and the regulator in protecting those assets.

Many jurisdictions have rules and regulations governing client assets, although their protection regimes may vary across these jurisdictions. The report outlines the intermediary's responsibility to ensure compliance with these rules, including through the development of internal systems and controls to monitor compliance. Where the intermediary places client assets with third parties, the intermediary should reconcile the client's accounts and records with those of the third party. While the intermediary must comply with the client asset protection regimes, the regulator has a role in supervising the

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intermediary's compliance with the applicable domestic rules and maintaining a regime that promotes effective safeguarding of client assets, according to the report.

Comments on the consultation paper are sought by Monday 25 March 2013.

NOTES FOR EDITORS

1. IOSCO, the leading international policy forum for securities regulators, is recognized 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.
3. The Emerging Markets Committee is a specialized working group established by IOSCO's Executive Committee, representing the world's emerging financial markets. It endeavors to promote the development and improvement in efficiency of emerging securities and futures markets by establishing principles and minimum standards, preparing training programs for the staff of members and facilitating exchange of information and transfer of technology and expertise.
4. IOSCO aims through its permanent structures:

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- to cooperate in developing, implementing and promoting adherence to internationally recognized 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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