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International Organization of Securities Commissions
Organisation internationale des commissions de valeurs
Organizaç o Internacional das Comiss es de Valores
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IOSCO/MR/14/2013

Madrid, 16 April 2013

IOSCO Consults on Principles for Financial Benchmarks

The International Organization of Securities Commissions (IOSCO) published today a consultation paper on [*Principles for Financial Benchmarks*](#), which seeks public comments on a set of high-level principles for benchmarks used in global financial markets.

Because of the wide diversity of benchmarks, IOSCO also is asking for public comment on a subset of more detailed principles for benchmarks having specific risks arising from their reliance on submissions and/or their ownership structure.

The principles form part of IOSCO's efforts to enhance the integrity, the reliability and the oversight of benchmarks by establishing guidelines for benchmark administrators and other relevant bodies on governance, benchmark quality, quality of the methodology, and accountability mechanisms.

The IOSCO Board created a Task Force in September 2012 to develop these principles in light of investigations and enforcement actions regarding attempted manipulation of major interest rate benchmarks. Those investigations and enforcement actions raised concerns over the fragility of certain benchmarks, caused by vulnerabilities in their methodology, transparency and governance arrangements.

The Board-level Task Force is chaired by Martin Wheatley, the chief executive of the UK Financial Conduct Authority (UK FCA), and Gary Gensler, the chairman of the US Commodity Futures Trading Commission (CFTC).

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Mr. Wheatley said: “The Principles proposed today extend the existing work conducted on LIBOR and other reference rates to a wider set of benchmarks. This is a key step in strengthening confidence and integrity of financial markets. I am pleased that IOSCO has been at the forefront of developing robust, international standards to improve the governance, transparency and quality of benchmarks.”

Mr. Gensler said: “To promote market integrity, it is critical that benchmark interest rates be anchored in observable transactions and supported by appropriate governance structures. Given what the world has learned about LIBOR, Euribor and similar rates, I am pleased that the IOSCO proposed principles include both of these essential elements. I want to thank the IOSCO members and my co-chair Martin Wheatley for all of their dedication and efforts in developing these principles.”

On 11 January 2013 the Board-level Task Force published a [Consultation Report on Financial Benchmarks](#), which requested comment from the public on policy issues arising from its work on Financial Market Benchmarks.

The Consultation Report discussed concerns regarding the potential inaccuracy or manipulation of benchmarks and identified benchmark-related policy issues across securities and derivatives, and other financial sectors.

On 11 March 2013 IOSCO published over 50 comment letters submitted in response to the Consultation Report. These comments were considered by the Task Force in the development of the draft principles. The Task Force held two industry roundtables in February 2013, in London and in Washington. It also co-operated closely with related regional and international initiatives carried out by other regulatory authorities and organizations such as the European Securities Market Authority (ESMA), the Bank for International Settlements (BIS), and the European Commission.

The closing date for responses is Thursday 16 May 2013.

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NOTES FOR EDITORS

1. IOSCO is the leading international policy forum for securities regulators and 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 more than 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 Greg Medcraft, chairman of the Australian Securities and Investments Commission, is the chair 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, representing the world's emerging financial markets. It seeks 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:
 - 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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