

# MEDIA RELEASE



International Organization of Securities Commissions  
Organisation internationale des commissions de valeurs  
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## **IOSCO publishes final report on Sound Practices for Investment Risk Education**

The Board of the International Organization of Securities Commissions (IOSCO) today published its final report on [\*Sound Practices for Investment Risk Education\*](#).

The report identifies a number of sound practices for investment risk education initiatives, based on an analysis of the approaches and practices adopted by the members of the IOSCO Committee 8 on Retail Investors in designing and delivering their investment risk initiatives, as well as a review of literature on the topic.

IOSCO has long recognized investor education as a key strategy for enhancing investor protection, promoting investor confidence and fostering investor engagement in financial planning and decision-making. Investor education is complementary to other tools such as regulation, supervision and enforcement, and is recognized in IOSCO's guiding principles for securities regulation. In 2013, IOSCO created Committee 8 to conduct its policy work on retail investor education and financial literacy.

For the purpose of this report, “*investment risk*” is generally defined as the risk that an investment will not deliver the expected yield and/or lose value and comprises a range of underlying factors.

Risk related to investment fraud, an assessment of mandatory disclosure requirements, financial product advertising and the use of financial advisors were beyond the scope of this project.

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The report examines the role of securities regulators in investment risk education and the challenges they face. It also considers some of the different approaches and practices that securities regulators adopt. The sound practices identified in the report are:

1. focus on influencing retail investor attitudes and behaviour, as well as knowledge;
2. develop initiatives that take an evidence-based approach in response to the needs of retail investors;
3. test initiatives with the target audience;
4. develop initiatives that reach people close in time to the making of investment decisions and that are promoted in a variety of ways to expand reach and interaction;
5. send clear messages that are adapted for different target groups (e.g. beginner and more savvy investors) and for the different ways people access information;
6. use engaging content and delivery styles;
7. design activities that are current and up to date with emerging new technologies and developments in financial markets;
8. where relevant, develop investor education initiatives that complement regulatory actions to enhance impact; and
9. develop evaluation frameworks and measures at the outset and seek to evaluate outputs and outcomes.

Based on the above work, IOSCO recommends the following:

- IOSCO members consider one or more of the “sound practices” outlined in this report, as forming part of a regulatory toolkit when designing and implementing their investment risk education strategies and programs.

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- Mechanisms, such as an online IOSCO portal, are developed and maintained to provide ongoing opportunities for IOSCO members to share learnings in relation to the evolution of various investment risk education initiatives across member jurisdictions.
- Further consideration by Committee 8 of effective approaches to measuring and evaluating investment risk education activities for behavioural change.

*“This report includes a wide range of case studies, innovative approaches and practices, to highlight how securities regulators educate and inform retail investors about risk as a key part of their investor protection objective,”* said Howard I. Wetston, Q.C., Vice Chair of the IOSCO Board, Chair of the Committee on Retail Investors and Chair of the Ontario Securities Commission. *“I trust that the report will be a helpful source for regulators in developing their own strategies for investment risk education.”*

### NOTES TO THE 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). The Board is made up of 34 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 Australia, Belgium, Brazil, China, Egypt, France, Germany, Greece, Hong Kong, India, Italy, Japan, Kenya, Korea, Malaysia, Mexico, the

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Netherlands, Nigeria, Ontario, Pakistan, Peru, Quebec, Saudi Arabia, Singapore, South Africa, Spain, Sweden, Switzerland, Thailand, Trinidad and Tobago, Turkey, United Kingdom and the United States.

3. The Growth and Emerging Markets Committee is the largest Committee within IOSCO, representing 75 per cent of the IOSCO membership. Mr. Ranjit Ajit Singh, Chairman, Securities Commission, Malaysia, and Vice Chair of the IOSCO Board, is the Chair of the GEM. The Committee endeavors to promote the development and greater efficiency of emerging securities and futures markets by establishing principles and minimum standards, providing training programs and technical assistance for members and facilitating the exchange of information and transfer of technology and expertise.
4. IOSCO Board approved the establishment of the Committee 8 on Retail Investors in June 2013. The Committee's primary mandate is to conduct IOSCO's policy work on retail investor education and financial literacy. Its secondary mandate is to advise the IOSCO Board on emerging retail investor protection matters and conduct investor protection policy work as directed by the IOSCO Board.
5. 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

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- 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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