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International Organization of Securities Commissions
Organisation internationale des commissions de valeurs
Organização Internacional das Comissões de Valores
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IOSCO/MR/02/2016

Madrid, 22 February 2016

IOSCO plays a key role in responding to global securities markets' challenges

The Board of the International Organization of Securities Commissions (IOSCO) met for two days in Madrid to discuss and respond to the many ongoing and emerging challenges facing global securities markets.

*'The meeting again underscored IOSCO's role as the key reference point for global securities regulation, through our work **firstly** in identifying and responding to emerging risks, **secondly** in assisting our members in building capacity and co-operating to develop, supervise and enforce laws and **thirdly** acting as an advocate for the collective interest of our members,'* said Board Chairman Greg Medcraft.

'These are exciting and challenging times for securities regulators – and IOSCO is playing a key role in responding,' he added.

On identifying and responding to **emerging risks**, the meeting last week was preceded, firstly, by Round Tables discussing recent market developments and volatility in world capital markets and, secondly, the challenges and opportunities posed by fintech and – more particularly - distributed ledger technology – or block chain.

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On **recent market developments**, Board members discussed the implications for global securities markets of slowing economic growth, declining commodity prices, continuing low or negative interest rates and market volatility. Members recognized the need to carefully monitor developments and continue to build resilience to ensure the markets they regulate will continue to be a sustainable source of finance to support economic recovery.

The roundtable discussion with leading market analysts on **block chain**, highlighted the potential new financial technologies can have to improve global market efficiencies, and provide emerging market jurisdictions with the infrastructure needed to further develop their capital markets.

The Board discussed and endorsed intensifying work on technological change – with a focus on harnessing the opportunities while mitigating the risks. The Board:

- agreed on further research on financial technology subsectors with particular relevance for securities regulators, including blockchain.
- supported further work on the use and regulation of automated advice tools in securities markets and understanding the risks arising from the use of cloud technology;
- discussed a report on IOSCO's work addressing the challenges of cyber risk;
- heard updates on the work of the Growth and Emerging Markets Committee on digitization and fintech.

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On **capacity building** and **co-operation**, the Board took a number of important steps to assist IOSCO members in both developed and growth and emerging markets. The Board:

- approved the framework for a Global Certificate Program to be run in conjunction with the Program of International Financial Systems at Harvard University and designed specifically for market regulators;
- welcomed the completion of an Online Toolkit for Regulatory Capacity Building to be launched in March;
- progressed work on the enhanced IOSCO Multilateral Memorandum of Understanding on cooperation and the exchange of information, with a view to seeking Presidents' Committee approval in Lima in May;
- supported further work on regulator powers to compel witness statements on behalf of a foreign securities regulator and another proposal about regulators taking enforcement action based on sanctions in foreign jurisdictions;

The Board also agreed that the first regional IOSCO capacity building hub would be hosted by the Securities Commission Malaysia and agreed the Capital Market Board of Turkey and the UAE Securities and Commodities Authority would host hubs at a later date.

The IOSCO Board Chairman said *'The Regional Hub in Kuala Lumpur will take IOSCO to a new level and will play a significant role in developing and deepening regional capital markets. I would like to congratulate the Securities Commission Malaysia for being the first IOSCO Regional Hub and successfully fulfilling the relevant criteria'*

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FSB Chair Governor Mark Carney attended the first afternoon of the Board meeting and outlined the FSB priorities for 2016 in the context of the Chinese G20 Presidency for 2016.

His discussions with the Board confirmed the critical importance of IOSCO contributions to the ongoing FSB work on financial stability and highlighted the growing importance of capital market development to economic growth.

Discussions with Governor Carney on asset management, CCPs and market conduct were an opportunity for the Board to underscore and advocate IOSCO's shared objectives with the FSB, as well as ensuring consistent implementation of market reforms, building strong capital markets and responding to potential risks. Board members agreed to explore further opportunities to strengthen the cooperation between the two organizations.

In the context of the Chinese G20 Presidency, the Board also discussed IOSCO's contributions to work on G20 green finance initiatives and infrastructure financing

In other key policy areas, the Board heard updates on IOSCO's work on audit quality, securitization, revisions to IOSCO's Objectives and Principles of Securities Regulation and supporting Methodology and the forward work plan for 2016 for the IOSCO Research Function and the IOSCO Assessment Committee. The Board also discussed IOSCO's approach to engagement on Integrated Reporting.

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The Board also agreed to introduce Arabic as an official language. In addition, it confirmed Budapest as the host of the 2018 IOSCO Annual Conference and Sydney as the host of the 2019 IOSCO Annual Conference.

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 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 (GEM) Committee is the largest Committee within IOSCO with 97 members, representing almost 80% 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 Committee. The Committee endeavors to promote the development and greater efficiency of emerging securities and futures markets by establishing

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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 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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