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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 report shows progress made in implementation of Benchmark Principles

The Board of the International Organization of Securities Commissions (IOSCO) today published the *Second Review of the Implementation of IOSCO's Principles for Financial Benchmarks in respect of the WM/Reuters 4 p.m. Closing Spot Rate*. The report found that the administrator had made very significant progress, with most of the recommendations from an earlier review having been implemented. However, some room exists to improve and refine recently implemented policies and practices.

The report describes the findings of IOSCO's Second Review of the implementation of the *Principles for Financial Benchmarks* by Thomson Reuters Benchmark Services Limited (TRBSL), the administrator of the WM/Reuters 4 p.m. London Closing Spot Rate. The Second Review was conducted by a Review Team composed of members from the IOSCO Assessment Committee and the IOSCO Task Force on Financial Benchmarks.

IOSCO released the *Principles for Financial Benchmarks* in July 2013 as an integral part of its efforts to enhance the integrity, the reliability and the oversight of financial benchmarks. The Principles are a set of recommended practices that should be implemented by benchmark administrators and submitters. They have been endorsed by the G20 Leaders at their Saint Petersburg Summit in September 2013 as global standards for financial benchmarks and served as guidance to numerous jurisdictions from all around the globe, including the EU and its recent benchmarks regulation.

The first IOSCO Review, *Review of the Implementation of IOSCO's Principles for Financial Benchmarks*

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by WM in respect of the WM/Reuters 4.p.m Closing Spot Rate, assessed policies and practices relating to the Closing Spot Rate as of 2 May 2014. It set out a series of recommendations to assist the administrator with full implementation of the 19 *Principles for Financial Benchmarks* regarding governance, benchmark and methodology quality, and accountability.

The purpose of the Second Review was to assess the extent to which the recommendations from the original review had been implemented as of 8 September 2016. It noted that two significant changes made after the First Review affected some policies and procedures of the closing spot rate: The UK Financial Conduct Authority (FCA) began regulating the rate in April 2015 and Thomson Reuters assumed ownership of the business from State Street in April 2016.

The Second Review describes the steps taken by the administrator to change its policies and practices to fully implement the Principles and identifies where additional actions would help maintain or improve the effectiveness of the frameworks TRBSL has put in place to address the recommendations.

The Review Team made recommendations in relation to audit, as well as opportunities to further clarify policies, or include additional information in publicly-available documentation.

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), and is made up of 34 securities regulators. Ashley Alder, the Chief Executive Officer of the Securities and Futures Commission (SFC) of Hong Kong, is the Chair of the IOSCO Board. The members of the IOSCO Board are the securities regulatory authorities of Argentina, Australia, Belgium, Brazil, China, Egypt, France, Germany, Hong Kong, India, Indonesia, Ireland, Italy, Jamaica, Japan, Kenya, Malaysia, Mexico, Nigeria, Ontario, Pakistan, Peru, Quebec, Saudi Arabia, Singapore, South Korea, Spain, Sweden, Switzerland, the Netherlands, Turkey, the United Kingdom, and the United States of America.

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3. The Growth and Emerging Markets Committee is the largest Committee within IOSCO, representing close to 80 per cent of the IOSCO membership, including 11 of the G20 members. Ranjit Ajit Singh, Chairman of the Securities Commission Malaysia and Vice Chair of the IOSCO Board, is the Chair of the GEM Committee. The Committee brings members from growth and emerging markets together and communicates members' views and facilitates their contribution across IOSCO and at other global regulatory discussions. The GEM Committee's strategic priorities are focused, among others, on risks and vulnerabilities assessments, policy and development work affecting emerging markets, and regulatory capacity building.
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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