

# 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  
المنظمة الدولية لهيئات الأوراق المالية

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## **IOSCO report provides new data on global hedge fund industry**

The Board of the International Organization of Securities Commissions (IOSCO) today published its [Report on the Fourth IOSCO Hedge Fund Survey](#), which provides regulators new insights into the global hedge fund industry and the potential systemic risks this industry may pose to the international financial system.

IOSCO's biannual survey has become an important resource for regulators, given the lack of public and global data on hedge fund activities. The survey facilitates the regular collection and analysis of hedge fund data, enabling regulators to share information and observe trends regarding trading activities, leverage, liquidity management, markets and funding in the global hedge fund sector.

The report explains the results of the fourth IOSCO survey and provides an overview of the hedge fund industry based on data as of 30th September 2016. Since the first survey was conducted in 2010, data collection has expanded due to enhanced regulatory reporting regimes in some jurisdictions and fewer legal constraints around the use and sharing of data.

The latest survey makes the following observations:

- In the two years since the previous results, global assets under management (AUM) of hedge funds captured by the Survey rose 24% to US \$3.2 trillion. While this increase may reflect a combination of more widespread reporting across jurisdictions, market performance, and net fund subscriptions, it is not conclusive from the data.
- The Cayman Islands continues to be the fund domicile of choice, making up 53% of the global total by net asset value (NAV). This is largely unchanged from previous years.

- According to the data from the Survey, equity long/short was the most widely used investment strategy, followed by global macro and fixed income arbitrage.
- Gross leverage of the hedge funds in the Survey was 7.1x NAV. This figure includes the notional values of interest rate and FX derivative contracts. Removing these figures from the data, gross leverage was 3.1x and net leverage was 1.1x.
- At an aggregate level, there is a considerable liquidity buffer, suggesting that in normal market conditions, hedge funds should be able to meet investor redemptions.
- As of the measurement date, 3.8% of hedge fund assets had constrained redemptions through the use of liquidity management tools, such as gates, suspensions, or side pockets.

## 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, Morocco, Nigeria, Ontario, Pakistan, Quebec, Saudi Arabia, Singapore, South Korea, Spain, Sweden, Switzerland, the Netherlands, the United Kingdom, and the United States of America.
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' 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 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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