

Fact Sheet



IOSCO

**INTERNATIONAL ORGANIZATION OF
SECURITIES COMMISSIONS**

NOVEMBER 2020

International Organization of Securities Commissions

The International Organization of Securities Commissions (IOSCO) is the international body that brings together the world's securities regulators and is recognized as the global standard setter for the securities sector. IOSCO develops, implements and promotes adherence to internationally recognized standards for securities regulation. It works intensively with the G20 and the Financial Stability Board (FSB) on the global regulatory reform agenda and to address emerging financial vulnerabilities that could affect global financial stability.

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Secretary General: Paul Andrews

Date Founded: April 1983

Current No. of Members: 226

Scope of Activities:

IOSCO was established in 1983. Its membership regulates more than 95% of the world's securities markets in more than 115 jurisdictions and includes all the major emerging markets.

The **IOSCO Objectives and Principles of Securities Regulation** have been endorsed by both the G20 and the Financial Stability Board (FSB) as the relevant standards in this area. They are IOSCO's main instrument to develop and implement internationally recognized and consistent standards of regulation, oversight and enforcement. They form the basis for the evaluation of the securities sector for the Financial Sector Assessment Programs (FSAPs) of the International Monetary Fund (IMF) and the World Bank.

Objectives

IOSCO members have resolved:

- to cooperate in developing, implementing and promoting adherence to internationally recognized and consistent standards of regulation, oversight and enforcement 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 to assist the development of markets, strengthen market infrastructure and implement appropriate regulation.

Core Standards

The Objectives and Principles of Securities Regulation (May 2017)

<http://www.iosco.org/library/pubdocs/pdf/IOSCOPD561.pdf>

Categories of Members:

There are three categories of members: ordinary, associate and affiliate. In general, the ordinary members (129) are the national securities commissions in their respective jurisdictions. Associate members (30) are usually agencies or branches of government, other than the principal national securities regulator in their respective jurisdictions, that have some regulatory competence over securities markets. National securities regulators that are not ordinary members or IOSCO MMoU¹ signatories are also in this category. Other associate members include intergovernmental international organizations and other international standard-setting bodies, such as the IMF and the World Bank, with a mission related either to the development or the regulation of securities markets. Affiliate members (67) are self-regulatory organizations, stock exchanges, financial market infrastructures, investor protection funds and compensation funds, and other bodies with an appropriate interest in securities regulation.

IOSCO Committees:

Presidents Committee

The Presidents Committee comprises all the Presidents (Chairs) of ordinary and associate members and meets once a year during the Annual Conference.

The IOSCO Board

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. Mr. 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 currently the securities regulatory authorities of Argentina, Australia, Bahamas, Belgium, Brazil, China, Egypt, France, Germany, Hong Kong, India, Ireland, Italy, Japan, Korea, Malaysia, Mexico, Morocco, Nigeria, Ontario, Pakistan, Portugal, Quebec, Russia, Saudi Arabia, Singapore, Spain, Sweden, Switzerland, Turkey, the United Arab Emirates, the United Kingdom, and the United States of America (both the U.S. Commodity Futures Trading Commission and U.S. Securities and Exchange Commission). The Chair of the European Securities and Markets Authority and the Chair of IOSCO's Affiliate Members Consultative Committee are also observers.

The IOSCO Board reviews the regulatory issues affecting international securities markets and coordinates practical responses to any concerns that may arise. IOSCO conducts its policy work through eight policy committees, each one working in one of the following policy areas under the guidance of the Board and supported by the General Secretariat:

¹ The IOSCO Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information

- C1 Issuer Accounting, Audit and Disclosure;
- C2 Regulation of Secondary Markets;
- C3 Regulation of Market Intermediaries;
- C4 Enforcement and the Exchange of Information and the Multilateral Memorandum of Understanding Screening Group;
- C5 Investment Management;
- C6 Credit Rating Agencies;
- C7 Derivatives; and
- C8 Retail Investors

Growth and Emerging Markets Committee

The Growth and Emerging Markets Committee (GEMC) is the largest committee within IOSCO, representing more than 75% of IOSCO's ordinary membership. Dr. Obaid Al Zaabi, Chief Executive Officer of Securities and Commodities Authority (SCA), United Arab Emirates and Vice Chair of the IOSCO Board, is the Chair of the GEMC. The committee seeks 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.

The GEMC comprises 91 members and 21 non-voting associate members who include some of the world's fastest growing economies and 11 of the G-20 members.

IOSCO is one of the few international standard setters that have a committee solely responsible for emerging market issues. This inclusiveness increases IOSCO's effectiveness and positions it to play a stronger role in shaping the global regulatory framework: The chairman of the GEMC participates as an observer at the Financial Stability Board Plenary. The GEMC also has a seat on the IFRS Foundation Monitoring Board.

Regional Committees

Four regional committees meet to discuss specific regional issues: the Africa/Middle-East Regional Committee, the Asia-Pacific Regional Committee, the European Regional Committee and the Inter-American Regional Committee. Each committee contributes a regional perspective to Board debates and policy work.

Affiliate Members Consultative Committee

The Affiliate Members Consultative Committee (AMCC) is comprised of exchanges, regulatory bodies and entities with regulatory tasks, market infrastructures, international non-governmental entities and investor protection funds. Despite the differences that exist among AMCC members regarding the scope of their work and terms of reference, members proactively cooperate with one another and support IOSCO work streams, providing input and sharing expertise and experiences based on their proximity with market participants.

The AMCC is currently chaired by Ms. Karen K. Wuertz, Senior Vice-President, US National Futures Association.

Assessment Committee

In 2012, IOSCO created the Assessment Committee, which seeks to encourage and monitor the full, effective and consistent implementation of Principles and Standards across the organization's membership. IOSCO believes that its effectiveness as a standard setter depends

largely on its members' ability to implement the IOSCO Principles and other standards and policies set out in IOSCO reports.

Committee on Emerging Risks

In 2011, IOSCO established the Committee on Emerging Risks (CER) in recognition of the role that securities regulators can play in identifying and addressing systemic risk in global financial markets. It works closely with two new units of the IOSCO General Secretariat called Emerging Regulatory Issues and Market Intelligence and Data Analysis.

Task Forces

Task forces include the Board-level Task Force on Financial Market Benchmarks, the Board Sub-Group on Data Protection, the Follow-up Group to the 2015 Cross-Border Task Force, the Board-Level Financial Stability Engagement Group, the Board-Level Retail Market Conduct Task Force and the Sustainable Finance Task Force .

Information Sharing Networks

IOSCO members shared information and experiences regarding Fintech, initial coin offerings, sustainable finance and data analytics through formal IOSCO networks and other similar arrangements.

IOSCO Policy Work

In 2017, the IOSCO Board introduced a new priority-setting process aimed at ensuring that policy committee work is closely aligned with Board priorities. Most of the organization's new policy initiatives since then have fallen under at least one of these areas.

1. Strengthening the structural resilience of capital markets;
2. Addressing data gaps and information sharing issues;
3. Applying new insights into investor protection and investor education;
4. Analyzing the role of securities markets in capital-raising and sustainability issues, and the related role of securities regulation;
5. Examining the role of regulation in financial technology and automation.

In January 2020, the Board published its [2020 Work Program](#), which calls for IOSCO to continue its work on five specific priorities identified by the Board for 2019 while undertaking work on a new priority on the rising levels of corporate debt and leveraged loans and the potential resulting risks in capital markets.

The Board identified the following priorities for 2019:

1. Crypto assets
2. Artificial Intelligence and Machine Learning
3. Market Fragmentation
4. Passive Investing and Index Providers
5. Retail Distribution and Digitalization

The 2020 work program provides an update on these five existing priorities as well as an overview of the planned work on the new corporate debt and leveraged loan priority. Other relevant workstreams include those related to asset management, particularly in the areas of liquidity risk management and leverage, and the ETF market.

In April 2020, The Board agreed to pause or delay some of its work in 2020 to redirect its resources and focus on addressing the numerous challenges capital markets faced from the COVID-19 crisis.

Despite the restraints it faced, IOSCO made important headway on its 2020 work plan, making progress on many of the workstreams that were initially delayed.

Capacity Building

IOSCO offers its members a range of capacity building events to encourage the creation of strong regulatory frameworks that underpin growth in both emerging and developed markets. Its training assistance and education and training programs for members are a cornerstone of this effort. In 2020, IOSCO has continued offering capacity building activities using a virtual format due to the impact of COVID-19 on travel.

Its capacity building initiatives include:

- *A Capacity Building Online Toolkit* launched on 8 March 2016 to assist IOSCO members in their efforts to develop and implement effective regulatory frameworks for capital markets regulation.

Originally, the Toolkit comprised two components on enforcement and risk-based supervision, each of which offers detailed guidance on the subject matter, standards and reports, case studies and member best practices, webinars and presentations; a bibliography and academic research. Recently, the General Secretariat added four new components to the Toolkit on secondary markets; collective investment schemes; financial market infrastructures; and financial intermediaries. The Toolkit has proven to be particularly useful to members from growth and emerging markets jurisdictions.

- *IOSCO's Asia Pacific Hub*, inaugurated in March 2017, held its first workshop on behavioral economics in October of that year. The Hub organized the IOSCO Assessment Committee's inaugural Self-Assessment Workshop in January 2018 to promote the implementation of the IOSCO Principles of Securities Regulation. In view of the global COVID-19 health crisis, the Asia-Pacific Hub swiftly adapted its 2020 work program and organized a series of webcasts, including a series on the implications of COVID-19 on capital markets.
- *A Joint Global Certificate Program for Regulators of Securities Markets with the Program on International Financial Systems at Harvard Law School*. Launched in October 2016, the initiative is divided into two phases: a two-week session at IOSCO's Madrid headquarters and a second one-week session at Harvard Law School in Cambridge, Massachusetts. Speakers are experienced securities regulators, academics specialized in financial markets and others with extensive legal or technical knowledge of international financial systems. At the program's most recent session at the Harvard University campus in Cambridge, Mass in December 2019, leading academics,

securities regulators and public policy makers examined current and future regulatory challenges and emerging issues. At the week's end, 40 participants had completed both phases and received their certificate of completion, bringing the number of IOSCO members that have completed the full program to 175.

Because of the COVID-19 global health crisis, IOSCO and HLS have canceled both Phase I and Phase II of the 2020 program. They will offer the alternative *Virtual Training Program on the Role of Securities Regulators Amidst COVID-19* on 7-10 December 2020. This program will target mid-level securities regulators and also focus on emerging global policy issues.

- In 2017, the IOSCO Secretariat designed *modular technical assistance programs* to help regulators implement IOSCO principles and meet the requirements of the IOSCO MMoU, as part of the new IOSCO Technical Assistance Program (TAP).

The technical assistance modules serve as the basis for delivering technical assistance that is tailored to members' needs. The TAP is organized in three modules covering i) onsite inspection manuals; ii) enforcement manuals; and iii) the Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information.

The TAP also offers workshops on the practical application of the onsite inspection and enforcement manuals. The objective is to encourage members to use the manuals in their daily activities to enhance the efficiency and effectiveness of supervision and enforcement in their jurisdictions.

World Investor Week: In 2017, IOSCO launched its first World Investor Week, a global campaign to raise awareness about the importance of investor education and protection and highlight the various initiatives of securities regulators in these two critical areas. Every October since then, securities regulators, stock exchanges, international organizations, investor associations, educational entities and other stakeholders from around the world simultaneously promote investor education and protection. They organize investor-focused activities to drive home the importance of smart investing, particularly in today's online and digital environments.

From 5 October to 11 October 2020, securities regulators, stock exchanges, international organizations, investor associations and other IOSCO stakeholders from more than 100 jurisdictions participated in World Investor Week in favor of financial literacy and investor education and protection. With more participants than ever, World Investor Week 2020 underscored the growing importance of investor education and protection, particularly amidst the COVID-19 pandemic.

The 2020 WIW provided key messages about the risk of investing in volatile markets caused by the pandemic. The campaign also focused on the basics of smart investing, such as the need to assess the impact of fees on returns and understand the risks of investing. The campaign reiterated the previous year's messages regarding online investments and digital assets.

IOSCO Multilateral Memorandum of Understanding, the international benchmark for enforcement-related cooperation and exchange of information.

The *Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information* (MMoU) is the instrument used by securities regulators to help ensure effective global regulation and preserve and strengthen securities markets around the globe.

Since its launch in 2002, the MMoU has provided a mechanism through which securities regulators share with each other essential investigative material, such as beneficial ownership information and securities and derivatives transaction records, including bank and brokerage records. It sets out specific requirements for the exchange of information, ensuring that no domestic banking secrecy, blocking laws or regulations prevent the provision of enforcement information among securities regulators. For 19 years, regulators have used the MMoU to help ensure effective global cooperation and strengthen international securities markets.

As of 31 October 2020, 124 members had signed the MMoU, another eight were listed on Appendix B - the list of members who have formally expressed their commitment to seek the legislative and administrative changes necessary for achieving MMoU compliance.

A large increase in the number of signatories over the last decade has led to a sharp upsurge in cross-border cooperation, enabling regulators to investigate a growing number of insider traders, fraudsters and other criminal offenders. In 2006, a total of 527 requests for assistance were made by IOSCO members pursuant to the MMoU; the annual figure increased to 4,183 in 2019.

During this period, securities markets have undergone sweeping changes, driven by new technologies and regulation and the growing role of market-based finance, among other developments.

These forces of change led IOSCO to launch in April 2017 an enhanced standard on cross-border enforcement information exchange that builds on the success of the MMoU. The *Enhanced Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information* (EMMoU) offers securities regulators new enforcement powers for responding to the challenges arising from recent developments in global financial markets. By late October 2020, the IOSCO General Secretariat had received 25 EMMoU applications from members since it began accepting applications to the EMMoU in April 2017 and fourteen of these had become signatories.

Securities regulators are now required to sign the MMoU to become ordinary members of IOSCO. The MMoU will remain in effect as long as any signatories may wish to use it. However, the objective is for all MMoU signatories to migrate eventually to the EMMoU.

To comply with the European General Data Protection Regulation (GDPR) introduced in May 2018, IOSCO and the European Securities and Markets Authority obtained in 2019 an opinion from the European Data Protection Board (EDPB) on an administrative arrangement (AA) for the transfer of personal data between European Economic Area (EEA) Financial Supervisory Authorities and non-EEA Financial Supervisory Authorities. The EDPB Opinion, the first of its kind under the GDPR, enables the continued exchange of enforcement and supervisory information between securities regulators under the IOSCO MMoU and EMMoU. By 31 October, 51 IOSCO members had signed the AA.

The following are some of the reports that IOSCO has issued recently. Links to these and other IOSCO reports may be found in the IOSCO library at <http://www.iosco.org/library/>.

Implementation monitoring of PFMI: Level 2 assessment report for Brazil, Committee on Payments and Market Infrastructures and the Board of IOSCO, 03 Nov 2020

Development of Emerging Capital Markets: Opportunities, Challenges and Solutions, Report of the IOSCO Growth and Emerging Market Committee, 30 Oct 2020

World Investor Week 2019, Report of IOSCO Committee 8 on Retail Investors, 08 Oct 2020

Conflicts of interest and associated conduct risks during the debt capital raising process, Report of the Board of IOSCO, 21 Sep 2020

Liquidity Provision in the Secondary Markets for Equity Securities, Report of the Board of IOSCO, 11 Aug 2020

Good Practices on Processes for Deference, Report of the Board of IOSCO, 26 Jun 2020

The use of artificial intelligence and machine learning by market intermediaries and asset managers, Report of the Board of IOSCO, 25 Jun 2020

Central counterparty default management auctions – Issues for consideration, Report of the Committee on Payments and Market Infrastructures and the Board of IOSCO, 24 Jun 2020

IOSCO Statement on Importance of Disclosure about COVID-19, Statement of the Board of IOSCO, 29 May 2020

Principles on Outsourcing, Report of the Board of IOSCO, 28 May 2020

Report on the Fifth IOSCO Hedge Funds Survey, Report of the Board of IOSCO
15 Apr 2020

Sustainable Finance and the Role of Securities Regulators and IOSCO, Report of the Board of IOSCO, 14 Apr 2020

IOSCO Statement on Application of Accounting Standards during the COVID-19 Outbreak,
03 Apr 2020

Margin requirements for non-centrally cleared derivatives, Report of the Basel Committee on Banking Supervision and the Board of IOSCO, 03 Apr 2020

Global Stablecoin Initiatives, Report of the Board of IOSCO, 23 Mar 2020

Issues, Risks and Regulatory Considerations Relating to Crypto-Asset Trading Platforms,
Report of the Board of IOSCO, 12 Feb 2020

Board Priorities - IOSCO work program for 2020, Report of the Board of IOSCO,
30 Jan 2020

Clock Synchronisation, Report of the Board of IOSCO, 16 Jan 2020

Conflicts of interest and associated conduct risks during the debt capital raising process, Report of the Board of IOSCO, 16 Dec 2019

Recommendations for a Framework Assessing Leverage in Investment Funds, Board of IOSCO 13 Dec 2019

Responsibility E: A compilation of authorities' experience with cooperation, Report of the Committee on Payments and Market Infrastructures and the Board of IOSCO, 10 Dec 2019

Statement on IOSCO study of emerging global stablecoin proposals, Board of IOSCO, 04 Nov 2019

Governance Arrangements for critical OTC derivatives data elements (other than UTI and UPI), Report of the Committee on Payments and Market Infrastructures and the Board of IOSCO, 09 Oct 2019

Update to the IOSCO Peer Review of Implementation of Incentive Alignment Recommendations for Securitisation, Report of the Board of IOSCO, 02 Oct 2019

Update to the IOSCO Peer Review of Regulation of MMFs, Board of IOSCO, 02 Oct 2019

Core Competencies Framework on Financial Literacy for Investors, Report of the IOSCO Committee 8 on Retail Investors (jointly with the OECD International Network on Financial Education), 30 Sep 2019

Thematic Review on Suitability Requirements with respect to the Distribution of Complex Financial Products, Report of the Board of IOSCO, 26 Sep 2019

Clock Synchronisation, Consultation Report of the Board of IOSCO, 11 Sep 2019

Statement on Communication and Outreach to Inform Relevant Stakeholders Regarding Benchmarks Transition, Report of the Board of IOSCO, 31 Jul 2019

Margin requirements for non-centrally cleared derivatives, Board of IOSCO, 23 Jul 2019

Liquidity in Corporate Bond Markets Under Stressed Conditions, Report of the Board of IOSCO, 21 June 2019

Cyber Task Force, Report of the Board of IOSCO, 18 Jun 2019

A discussion paper on central counterparty default management auctions, Report of the Committee on Payments and Market Infrastructures and the Board of IOSCO, 05 Jun 2019

Sustainable finance in emerging markets and the role of securities regulators, Report of the IOSCO Growth and Emerging Market Committee, 05 Jun 2019

Market Fragmentation & Cross-border Regulation, Report of the Board of IOSCO, 04 Jun 2019