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:** 224

**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 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.

Core Standards

The Objectives and Principles of Securities Regulation (May 2017)


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 (31) 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 or 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 the securities regulatory authorities of Argentina, Australia, Belgium, Brazil, China, Egypt, France, Germany, Hong Kong, India, Indonesia, Ireland, Italy, Japan, Kenya, Korea, Malaysia, Mexico, Ontario, Pakistan, Panama, Portugal, Quebec, Saudi Arabia, Singapore, South Africa, Spain, Sweden, Switzerland, Turkey, the United Arab Emirates, the United Kingdom and the United States of America (both the US Commodity Futures Trading Commission and the US 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. The policy work of IOSCO is conducted by 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:
• 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 90 members and 22 non-voting associate members who include some of the world’s fastest growing economies and 11 of the G-20 members. Emerging economies are expected to represent a growing portion of IOSCO’s membership as new members continue to join.

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.

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
IOSCO in 2012 created the Assessment Committee, which seeks to encourage full, effective and consistent implementation of Principles and Standards across IOSCO membership.
Committee on Emerging Risks
In 2011, the Committee on Emerging Risks (CER) was established 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-Level Cyber Task Force and the Follow-up Group to the 2015 Cross-Border Task Force.

Information Sharing Networks
IOSCO members shared information and experiences on Fintech, Initial Coin Offerings, sustainability and Data Analytics through formal IOSCO networks and other similar arrangements.

IOSCO Policy Work
In 2017, the IOSCO Board agreed to focus its immediate policy efforts on the five focus areas listed below as part of 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.

During 2018 and the first six months of 2019, IOSCO’s eight policy committees worked on priority issues covering enforcement, data, asset management, bond market liquidity, market conduct, corporate governance, audit quality, infrastructure and investor protection and education.

The priorities identified by the Board for 2019 are:

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

Each priority falls within one or more of the five focus areas adopted by the Board in February 2017 and are described in greater detail in Board Priorities - IOSCO Work Program for 2019, published in March 2019.
Other Work

In the past few years, IOSCO has focused increasingly on monitoring the implementation of its standards and principles. IOSCO created the Assessment Committee in February 2012, spurred by the belief that the organization’s effectiveness as a standard setter depends in large part on its members’ ability to implement the IOSCO Principles and other standards and policies set out in IOSCO reports.

IOSCO also is working on measures aimed at building capacity in emerging markets and supporting the creation of strong regulatory frameworks for sustaining growth in both emerging and developed markets. Its training assistance and education and training programs for members are a cornerstone of this effort.

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.

  At present the Toolkit comprises 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. The General Secretariat is working on four new components for 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. More recently, the hub hosted the World Bank Group and SC Malaysia’s Conference on Islamic Finance: A Catalyst for Financial Inclusion in April 2019, the IOSCO Workshop on Crypto-Assets: Trends, Challenges and Regulatory Implications in February 2019, and the two-day IOSCO Workshop on Leveraging Behavioural Economics for Investor Education and Investor Protection in November 2018.

- **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 in Madrid in June 2019, leading experts presented on many of the Board’s priority issues, including regtech, big data, artificial intelligence, machine learning and market fragmentation, among many others.
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.

**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 end June 2019, the IOSCO MMoU had 123 signatories. Eight others 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 3,330 in 2016 and 4,803 in 2017.

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 30 June 2019, 11IOSCO ordinary members had signed the EMMoU.

Securities regulators have been required to sign the MMoU to become ordinary members of IOSCO. Now, 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.

IOSCO Reports

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/.


**CR03/2019 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


**FR06/2019 Implementation monitoring of PFMI: Assessment report for the United States – Payment systems, central securities depositories and securities settlement systems**, Committee on Payments and Market Infrastructures and the Board of IOSCO, 31 May 2019


**FR05/2019 The Application of Behavioral Insights to Retail Investor Protection**, Report of the Board of IOSCO, 02 Apr 2019


**BCBS/IOSCO statement on the final implementation phases of the Margin requirements for non-centrally cleared derivatives**, Report of the Basel Committee on Banking Supervision and the Board of IOSCO, 05 Mar 2019

**FR04/2019 IOSCO Standards Implementation Monitoring (ISIM) on Secondary and Other Market Principles**, Report of the Board of IOSCO, 12 Feb 2019
FR03/2019 Commodity Storage and Delivery Infrastructures: Good or Sound Practices, Report of the Board of IOSCO, 07 Feb 2019

CR01/2019 Sustainable finance in emerging markets and the role of securities regulators, Report of the IOSCO Growth and Emerging Market Committee, 01 Feb 2019

FR02/2019 Implementation monitoring of PFMI: Assessment report for Switzerland, Report of the Committee on Payments and Market Infrastructures and the Board of IOSCO 30 Jan 2019

Statement on Disclosure of ESG Matters by Issuers, Statement of the Board of IOSCO 18 Jan 2019


FR18/2018 Incentives to centrally clear over-the-counter (OTC) derivatives: A post-implementation evaluation of the effects of the G20 financial regulatory reforms, Report of The Financial Stability Board, the Committee on Payments and Market Infrastructures, IOSCO and the Basel Committee on Banking Supervision (BCBS) 19 Nov 2018

CR08/2018 IOSCO Report: Leverage, Report of the Board of IOSCO, 14 Nov 2018

Statement on Concerns Related to Binary Options, Statement of the Board of IOSCO 19 Sep 2018

FR17/2018 Report on Retail OTC Leveraged Products, Report of the Board of IOSCO, 19 Sep 2018

FR16/2018 Conflicts of interest and associated conduct risks during the equity capital raising process, Report of the Board of IOSCO, 18 September 2018

CR07/2018 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, 16 Aug 2018

FR15/2018 Analysis of Central Clearing Interdependencies, Report of The Financial Stability Board, the Committee on Payments and Market Infrastructures, IOSCO and the Basel Committee on Banking Supervision (BCBS), 9 August 2018

CR06/2018 Incentives to centrally clear over-the-counter (OTC) derivatives: A post-implementation evaluation of the effects of the G20 financial regulatory reforms, Report of The Financial Stability Board, the Committee on Payments and Market Infrastructures, IOSCO and the Basel Committee on Banking Supervision (BCBS), 07 Aug 2018
FR14/2018 Implementation monitoring of PFMI: Level 2 assessment report for Canada, Report of the Committee on Payments and Market Infrastructures and the Board of IOSCO, 2 August 2018

FR13/2018 Mechanisms Used by Trading Venues to Manage Extreme Volatility and Preserve Orderly Trading, Report of the Board of IOSCO, 1 August 2018

FR12/2018 World Investor Week 2017, Report of IOSCO Committee 8 on Retail Investors, 24 July 2018


CR05/2018 Commodity Storage and Delivery Infrastructures: Good or Sound Practices, Report of the Board of IOSCO, 4 July 2018

FR10/2018 The Application of Behavioural Insights to Financial Literacy and Investor Education Programmes and Initiatives, Report of the IOSCO Committee 8 on Retail Investors (jointly with the OECD International Network on Financial Education) 30 May 2018

FR09/2018 Criteria for identifying short-term “simple, transparent and comparable” securitisations, Report of the Basel Committee on Banking Supervision and the Board of IOSCO, 14 May 2018

FR08/2018 Implementation monitoring of PFMI: follow-up Level 3 assessment of CCPs’ recovery planning, coverage of financial resources and liquidity stress testing, Report of the Committee on Payments and Market Infrastructures and the Board of IOSCO 03 May 2018


FR07/2018 Framework for supervisory stress testing of central counterparties (CCPs), Report of the Committee on Payments and Market Infrastructures and the Board of IOSCO 10 Apr 2018