



IOSCO Research

The Research Function was set up in 2010 to assist IOSCO in its efforts to identify, monitor, and manage systemic risks. The IOSCO Strategic Direction 2015-2020 expanded the scope of this research mission to go beyond financial stability and include IOSCO's two other core objectives: investor protection and fair, efficient, and transparent markets.

Rapid change and financial innovation characterize securities markets. Securities regulators in their jurisdictions and IOSCO at a global level rely on the Research Function to help them stay informed of potential risks arising from new products, business models, activities, and participants. The Research Function helps IOSCO focus its strategic policy agenda and provides insights for policy work.

Until November 2017, the Research Function consisted of the Committee on Emerging Risks (CER), chaired by Paul Redman of the Ontario Securities Commission, and a small Research Department at

the General Secretariat, headed by Werner Bijkerk of the Secretariat. In November 2017, the Research Department underwent a functional separation of responsibilities, which were subsequently divided between two newly-created units: *Emerging Regulatory Issues*, headed by Damien Shanahan of the Secretariat, and *Market Intelligence and Data Analysis*, led by Dr. Shane Worner, also of the Secretariat.

The identification of global risks

The Research Function prepared IOSCO's Risk Outlook in 2017. The Risk Outlook analyzed four key drivers of



risk to the objectives of securities markets regulators. These included economic and financial developments, such as the behaviour of market participants and investors; legal, regulatory, and policy trends, both at the jurisdictional and international levels; demographic trends, particularly in key developed and developing markets; and developments in technology and innovation and their effects on market structure and securities market regulators' objectives regarding investor protection. The Board approved the Risk Outlook at its October 2017 meeting in Madrid.

The Research Function's efforts to identify, monitor, and mitigate risks throughout the financial system will help promote financial stability by detecting vulnerabilities, improving investor protection, and facilitating capital formation.

Data collection and governance

In 2017, staff at the Research Department helped facilitate the publication of the IOSCO Hedge Funds survey. This survey is an important data gathering exercise undertaken by IOSCO every two years to fulfill

a G20 mandate and help understand risk buildup in the Hedge Fund industry. The next exercise is scheduled in 2018 and will be under the direction of the newly created market intelligence and data analytics unit.

Outreach, debate, education and training, and capacity building

During 2017, the Research Department participated in various panel discussions and provided training at meetings and events held by IOSCO members, other regulatory organizations, and market participants.

In March 2017, staff participated in the Peruvian Superintendencia del Mercado de Valores' *XVIII Specialisation Programme on Securities Markets*, providing presentations on the fundamentals of securities markets and also on crowdfunding. Additionally, Research Department staff delivered training initiatives for IOSCO training programs (such as the Global Certificate and Seminar Training Programs), while also offering crowdfunding technical assistance on behalf of the World Bank in South America.