



## Report from the Chair of the IOSCO Board

### Mr. Ashley Alder

- > Chair of the IOSCO Board
- > Chief Executive Officer of the Hong Kong Securities and Futures Commission

**It is a privilege to continue to serve as IOSCO Board Chair in particular during this period of exceptional stress. I would like to thank IOSCO members and the Secretariat for their support.**

### COVID-19 crisis

Despite the challenging work arrangements members face due to the pandemic, we have made good progress on all major work streams over the past year, as summarized in the Secretary General's report on pages 18 to 21.

The IOSCO Board held regular conference calls to discuss issues arising out of the COVID-19 crisis. In view of the uncertainty arising from the COVID-19 outbreak, the Board issued a statement on IOSCO's resolute stance to keep financial markets open and functional to enable businesses to access funding and manage risk in a period of unprecedented volatility across asset classes. It also issued statements on encouraging issuers to make fair disclosure of COVID-19 related impacts and on the application of accounting standards, reminding market participants that fair and timely disclosures remain the key pillar of maintaining fair, efficient and transparent markets.

In early April, the Board took the decision to delay a number of IOSCO workstreams to redirect its responses to focus on challenges members faced due to the COVID-19 pandemic.

The Secretariat has established a repository setting out the evolving measures taken in response to COVID-19 and has made this available to the entire membership.

### Board Chair objectives

When running for re-election as Board Chair in 2018, my objective was to continue to enhance the relevance of IOSCO's work to its wider membership, to promote better interaction between members from emerging and developed markets and to improve the relationship between IOSCO and the Financial Stability Board (FSB), based on a better mutual understanding of our different perspectives on market risks and investor protection. I also recognized that the post-crisis reform work of the FSB and CPMI-IOSCO would be of continuing importance.

With regard to organizational matters, I wanted to ensure that Board meetings would prioritize discussion of substantive market and policy issues over internal process matters. I also requested a review on how the IOSCO Secretariat could optimally support the Board, the policy committees as well as Board-level working groups in a consistent and transparent fashion.

I believe that IOSCO has made significant progress across all of these objectives. From my perspective, highlights of this period include the following:

### Financial Stability Board

A major, positive reset of IOSCO's relationship with the FSB, one of our most important counterpart organizations, has become even more significant







with the onset of the COVID-19 crisis. This progress has been achieved across many fronts, ranging from frequent personal interactions with the FSB leadership to the establishment earlier this year of the IOSCO Financial Stability Engagement Group (FSEG), led by Heath Tarbert of the US CFTC and Robert Ophèle of the AMF France. The outcome is that IOSCO is now viewed as a vital contributor to the work of the FSB. Specifically, we are acknowledged by FSB members as an organization that contributes key information, perspectives and policy insights across the non-bank financial stability concerns that have influenced Central Bank thinking over recent years. This has been especially evident during the COVID-19 crisis where the FSEG plays an increasingly crucial role.

## **IOSCO Board and other organizational matters**

IOSCO made continued progress on ensuring that Board meetings concentrate on matters of substance and topics that are of direct relevance to the front-line work of market regulators. This move was initially driven by the structural changes introduced shortly after I became Board Chair in 2016. These changes were designed to ensure that the Board shoulders a direct responsibility for deciding key IOSCO priorities to frame the work of our policy committees. This prioritization process was later folded into an annual exercise starting with a tightly focused Risk Outlook led by the Committee on Emerging Risks (CER) (drawing on detailed input from all policy committees, regional committees and the Growth and Emerging Markets Committee (GEMC)) and ending with a public work plan, the first of which was published in early 2020.

## **Annual Meeting**

The Annual Meeting was revamped to eliminate redundant reporting and updates, shorten the time commitment for members and, most importantly, to connect IOSCO leadership with the broader membership. I was particularly pleased with the way in which the Presidents Committee, which hitherto had been formulaic, stilted and devoid of any real content, was transformed in 2019 in Sydney into an interactive town hall format. This enabled members, many of whom are members of the GEMC, to engage directly with Board members and Policy Committee Chairs on key aspects of IOSCO projects.

Due to the travel restrictions and lockdowns as a result of COVID-19, the Board has reluctantly decided to postpone the Annual Meeting until early November and

a review will be carried out in August on the feasibility of a physical meeting. Whichever format the Annual Meeting takes, the Presidents Committee will continue to adopt an interactive approach.

## **IOSCO Governance and transparency**

Recommendations made by the Board-level working group to clarify the role of the Secretary General succeeded at enhancing IOSCO governance and transparency. An annual Secretariat work plan was put in place, for the first time, to explain to Board members how Secretariat resources and expertise would be allocated across projects.

## **Serving the IOSCO membership**

There are various areas where IOSCO has provided value to its members, not least of which is its capacity building efforts. These initiatives include the Seminar Training Program, the Global Certificate Program and the training offered by the IOSCO Asia Pacific Hub, World Investor Week led by Committee 8 on Retail Investors, various regional committee initiatives and important new Board-level policy work such as that conducted by the Sustainability Task Force and the Fintech Network.

## **Moving forward**

IOSCO needs to continue to identify other crisis responses that are not part of the FSB agenda but that are of specific relevance to securities regulators and are suited to an international approach. Examples of this can be seen in the work of Committee 1 on Issuer Accounting, Audit and Disclosure on Covid-19 financial disclosures, its recent Statement on IFRS 9 and the Board's decision to delay the final phase-in of initial margin requirements for non-centrally cleared OTC derivatives.

It is important that at the right time we also carry out other significant policy work unrelated to the COVID-19 crisis, ranging from asset management (where the leverage work looms large), to Stablecoins and collaborative work with the Committee on Payments and Market Infrastructures (CPMI) via the CPMI-IOSCO Steering Group.

Last but not least, I am extremely proud of the effort made by Board members, Committee Chairs and members, the Secretariat and my team at the SFC to take IOSCO's work, impact and credibility to a level not achieved in the past.