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International Organization of Securities Commissions
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IOSCO/MR/14/2009

Madrid, 29 June 2009

IOSCO consults on disclosure requirements for public offerings of ABS

The International Organization of Securities Commissions' (IOSCO) Technical Committee has published a consultation paper on [Disclosure Principles for Public Offerings and Listings of Asset-Backed Securities](#) (ABS Disclosure Principles).

The Technical Committee has developed these ABS Disclosure Principles to provide guidance to securities regulators who are developing or reviewing their regulatory disclosure regimes for public offerings and listings of asset-backed securities (ABS). This will in turn contribute to enhancing investor protection by facilitating a better understanding of the issues that should be considered by regulators.

The principles were developed following a recommendation in the Technical Committee's *Report on the Subprime Crisis*, published in May 2008, that IOSCO develop international principles regarding the disclosure requirements for public offerings of ABS if it was found that IOSCO's existing disclosure standards and principles did not apply to such offerings.

Scope of the Principles

The ABS Disclosure Principles will apply to listings and public offerings of ABS, defined as those securities that are primarily serviced by the cash flows of a discrete pool of receivables or other financial assets—either fixed or revolving—that by their terms convert into cash within a finite period of time.

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The principles are based on the premise that the issuing entity will prepare a document used for a public offering or listing of ABS that will contain all material information, clearly presented, that is necessary for full and fair disclosure of the character of the securities being offered or listed in order to assist investors in making their investment decision. These would not apply to securities backed by asset pools that are actively managed (such as securities issued by investment companies or collateralized debt obligations) or that contain assets that do not by their terms convert to cash.

The disclosure topics highlighted in the ABS Disclosure Principles are intended as a starting point for consideration and analysis by securities regulators. Their principles-based format allows for a wide range of application and adaptation by securities regulators.

The proposed ABS Disclosure Principles for regulatory regimes outline the information which should be included in any offer document, and these are:

- Parties Responsible for the Document
- Identity of Parties Involved In the Transaction
- Functions and Responsibilities of Significant Parties Involved In the Securitization Transaction
- Static Pool Information
- Pool Assets
- Significant Obligor of Pool Assets
- Description of the Asset Backed Securities
- Structure of the Transaction
- Credit Enhancement and Other Support, Excluding Certain Derivative Instruments
- Certain Derivative Instruments
- Risk Factors
- Markets
- Information about the Public Offering
- Taxation

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- Legal Proceedings
- Reports
- Affiliations and Certain Relationships and Related Transactions
- Interests of Experts And Counsel
- Additional Information

The ABS Disclosure Principles will complement IOSCO's existing disclosure principles. The existing disclosure principles include *International Disclosure Standards for Cross-Border Offerings and Initial Listings by Foreign Issuers* (1998); *Principles for Ongoing Disclosure and Material Development Reporting by Listed Entities* (2002); *General Principles Regarding Disclosure of Management's Discussion and Analysis of Financial Condition and Results of Operations* (2003); *International Disclosure Principles for Cross-Border Offerings and Listings of Debt Securities by Foreign Issuers* (2007); and *Principles for Periodic Disclosure by Listed Entities* (Consultation Paper to be published in July 2009).

The closing date for submissions is 10 August 2009.

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NOTES FOR EDITORS

1. The consultation report – [Disclosure Principles for Public Offerings and Listings of Asset-Backed Securities](#) – is available on IOSCO's website.
2. The Technical Committee's [Report on the Subprime Crisis](#) was published on 28 May 2008.
3. The following reports are available on IOSCO's website: [International Disclosure Standards for Cross-Border Offerings and Initial Listings by Foreign Issuers](#) (1998); [Principles for Ongoing Disclosure and Material Development Reporting by Listed Entities](#) (2002); [General Principles Regarding Disclosure of Management's Discussion and Analysis of Financial Condition and Results of Operations](#) (2003); and [International Disclosure Principles for Cross-Border Offerings and Listings of Debt Securities by Foreign Issuers](#) (2007).
4. IOSCO is recognized as the leading international policy forum for securities regulators. The organization's membership regulates more than 95% of the world's securities markets in over one hundred jurisdictions and its membership is steadily growing.
5. The [Technical Committee](#), a specialised working group established by IOSCO's Executive Committee, is made up of eighteen agencies that regulate some of the world's larger, more developed and internationalized markets. Its objective is to review major regulatory issues related to international securities and futures transactions and to coordinate practical responses to these concerns. Ms. Kathleen Casey, Commissioner of the US Securities and Exchange Commission is the Chairman of the Technical Committee. The members of the Technical Committee are Australia, Brazil, China, France, Germany, Hong Kong, India, Italy, Japan, Mexico, the Netherlands, Ontario, Quebec, Spain, Switzerland, United Kingdom and the United States.
6. IOSCO aims through its permanent structures:
 - to cooperate together to promote high standards of regulation in order to maintain just, efficient and sound markets;
 - to exchange information on their respective experiences in order to promote the development of domestic markets;
 - to unite their efforts to establish standards and an effective surveillance of international securities transactions;
 - to provide mutual assistance to promote the integrity of the markets by a rigorous application of the standards and by effective enforcement against offenses.

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