

MEDIA STATEMENT



International Organization of Securities Commissions
Organisation internationale des commissions de valeurs
Organização Internacional das Comissões de Valores
Organización Internacional de Comisiones de Valores

IOSCO/MS/08/2011

Madrid, 6 July 2011

IOSCO consults on issues raised for market efficiency and integrity by technological developments

The Technical Committee of the International Organization of Securities Commissions has published a Consultation Report on [Regulatory Issues Raised by the Impact of Technological Changes on Market Integrity and Efficiency](#) (Report), which is aimed at developing recommendations to mitigate the risks posed to the financial system by the latest technological developments, such as high frequency trading. The work is being carried out in response to a G20 Leaders request during the Seoul Summit in 2010.

The Report analyses the most significant technological developments and related micro-structural issues that have arisen in financial markets in recent years, notably high frequency trading, and their impact on market structure, participants' behaviour, price discovery and formation and also on the availability and accessibility of liquidity. It also considers other micro-structural related topics such as co-location, tick sizes, fee structures, indications of interest etc. and presents an analysis on trading control mechanisms.

The Report consults on those issues raised by technological developments that it has not previously examined, particularly focusing on the impact of high frequency trading, including:

- the impact of technological developments;
- risk controls;
- trading controls;
- regulatory surveillance capabilities;
- conflicts of interest;
- fee structures; and

Calle Oquendo 12
28006 Madrid
ESPAÑA
Tel.: + 34 91 417.55.49 Fax: + 34 91 555.93.68
mail@oicv.iosco.org - www.iosco.org

MEDIA STATEMENT



International Organization of Securities Commissions
Organisation internationale des commissions de valeurs
Organização Internacional das Comissões de Valores
Organización Internacional de Comisiones de Valores

- co-location.

Additionally the Report outlines recent standards and recommendations developed by IOSCO in relation to market integrity and efficiency issues, including its recent work on [Principles for Dark Liquidity](#).

The consultation period will close on 12 August, so that a further report can be prepared before the G20 Finance Ministers meet in October.

The Technical Committee has also written to the Financial Stability Board outlining the report's content and its progress on market integrity and efficiency.

In addition to the consultation on the impact of technological changes, IOSCO intends to undertake work designed to address fundamental questions linked to market surveillance and market structure.

NOTES FOR EDITORS

1. IOSCO Letter to FSB [IOSCO's Recommendations on Market Integrity and Efficiency](#);
2. Technical Committee Consultation Report CR02-11 [Regulatory Issues Raised by the Impact of Technological Changes on Market Integrity and Efficiency](#).
3. IOSCO is the leading international policy forum for securities regulators. The organization's membership regulates more than 95% of the world's securities markets in over 100 jurisdictions and its membership is steadily growing.
4. The [Technical Committee](#), a specialised working group established by IOSCO's Executive Committee, is made up of 18 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. Mr. Masamichi Kono, Vice Commissioner for International Affairs of the Financial Services Agency of Japan is the Chairman of the Technical Committee. The members of the

Calle Oquendo 12
28006 Madrid
ESPAÑA
Tel.: + 34 91 417.55.49 Fax: + 34 91 555.93.68
mail@oicv.iosco.org - www.iosco.org

MEDIA STATEMENT



International Organization of Securities Commissions
Organisation internationale des commissions de valeurs
Organização Internacional das Comissões de Valores
Organización Internacional de Comisiones de Valores

Technical Committee are the securities regulatory authorities of Australia, Brazil, China, France, Germany, Hong Kong, India, Italy, Japan, Mexico, the Netherlands, Ontario, Quebec, Spain, Switzerland, United Kingdom and the United States.

5. IOSCO aims through its permanent structures:

- to cooperate in developing, implementing and promoting adherence to internationally recognised 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.

MEDIA ENQUIRIES

David Cliffe

Outside office hours

Email:

Website:

Follow IOSCO on Twitter [here](#).

+ 34 91 787 0419

+ 34 679 969 004

d.cliffe@iosco.org

www.iosco.org

Calle Oquendo 12
28006 Madrid
ESPAÑA
Tel.: + 34 91 417.55.49 Fax: + 34 91 555.93.68
mail@oicv.iosco.org - www.iosco.org