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International Organization of Securities Commissions
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IOSCO Issues Report on the Impact of Trading Fee Models on Trading Behaviour

The International Organization of Securities Commissions today published its final report on [*Trading Fee Models and their Impact on Trading Behaviour*](#), which provides a comprehensive overview of trading fees and trading fee models around the globe and how they influence trading behaviour.

In recent years, securities regulators in many jurisdictions have introduced regulatory frameworks that foster competition among trading venues. Advances in technology also have played a critical role in enhancing competition among trading venues by reducing the cost of establishing new trading venues and providing access to new pools of liquidity.

Trading is now fragmented with multiple venues trading the same instruments and competing, both within a jurisdiction and across jurisdictions where securities are cross-listed. Competition has provided investors and intermediaries with greater choice as to where and how they trade. These venues compete with trading systems and technology, market models and trading fees, including trading fee structures.

To gain an understanding of the fee models currently in use and the approaches taken by various regulators to regulate them in this competitive context, IOSCO distributed a short questionnaire among regulators and trading venues in different jurisdictions.

The questionnaire included questions regarding:

- The types of fee models currently being used;

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- The way in which fees and fee models are being regulated; and
- The work done to identify the potential or actual impacts of trading fee models.

Twenty-two jurisdictions responded to the survey. Approximately 70 trading venues either responded themselves or their views were reflected in the responses provided by regulators.

The final report is intended to provide a summary of the responses received to the survey. In the summary, the report explains the key findings related to:

- **Market context**, including the state of competition and the regulatory environment in different jurisdictions
- **Description of Trading Fee Models and Trading Fees**
- **The Incentives and Effects of Trading Fee Models and Trading Fees**, including the beneficiaries of incentives and the effects

The data collected did not provide enough clear evidence to enable IOSCO to draw definitive conclusions about the impact or effect of trading fees or trading fee models on trading behaviours. But the process was useful for gaining insight into the structure of fee models in use globally, the extent to which regulators are involved and, in many cases, the standards used by regulators when oversight is performed.

IOSCO will continue to monitor trading fee models and trading fees. If issues arise that warrant further investigation, IOSCO will consider further work on the subject.

NOTES FOR EDITORS

1. IOSCO is the leading international policy forum for securities regulators and is recognized as the global standard setter for securities regulation. The organization's membership regulates more than 95% of the world's securities markets in more than 115 jurisdictions and it continues to expand.

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2. The IOSCO Board is the governing and standard-setting body of the International Organization of Securities Commissions (IOSCO), and is made up of 32 securities regulators. Mr Greg Medcraft, chairman of the Australian Securities and Investments Commission, is the chair of the IOSCO Board. The members of the IOSCO Board are the securities regulatory authorities of Argentina, Australia, Belgium, Brazil, Chile, China, France, Germany, Hong Kong, India, Italy, Japan, Korea, Malaysia, Mexico, Morocco, the Netherlands, Nigeria, Ontario, Pakistan, Portugal, Quebec, Romania, Saudi Arabia, Singapore, South Africa, Spain, Switzerland, Trinidad and Tobago, United Kingdom and the United States.
3. The Growth and Emerging Markets Committee is the largest Committee within IOSCO, representing 75 per cent of the IOSCO membership. Mr. Ranjit Ajit Singh, Chairman, Securities Commission, Malaysia, and Vice Chair of the IOSCO Board, is the Chair of the GEM. The Committee endeavours 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.
4. IOSCO aims through its permanent structures:
 - 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.

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