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IOSCO/MR/28/2014

Rio de Janeiro, 30 September 2014

IOSCO Reviews Implementation of Significant Foreign Exchange Benchmark

IOSCO's [Review of the Implementation of IOSCO's Principles for Financial Benchmarks by WM in respect of the WM/Reuters 4.p.m Closing Spot Rate](#) was published today, as part of the Financial Stability Board's (FSB) report on [Foreign Exchange Benchmarks](#).

The IOSCO report explains the findings of IOSCO's review of the implementation of its [Principles for Financial Benchmarks](#), in regard to the WM/Reuters 4 p.m. Closing Spot Rate by The World Markets Company PLC (WM), which is the administrator of the rate.

This report was prepared by a Review Team constituted by IOSCO's Task Force on Financial Benchmarks and Assessment Committee members, in response to a request from the FSB for IOSCO to undertake a formal review of the closing spot rate against the Benchmark Principles. The FSB report published today sets out a number of recommendations for reform in the FX markets, and in particular the benchmark rates.

The IOSCO Benchmark Principles were published in July 2013 with the aim of creating an overarching framework for benchmarks used in financial markets. These principles address benchmark governance, benchmark and methodology quality, and accountability mechanisms, in an effort to promote the reliability of benchmark determinations.

The Review Team assessed WM's policies and practices as of 2 May 2014, and analysed the implementation of each of the Benchmark Principles. It found that WM had implemented some principles but still needed to do substantial work to implement others. The Review Team has identified recommended actions that WM could take to improve its implementation of the Principles. It notes that many of the

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

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recommended actions are already covered by reforms that WM is in the process of implementing to improve its current policies and practices.

The Review Team also notes that the review was conducted under a tight schedule that limited the opportunity for team members and WM to exchange views on its policies and practices. IOSCO recommends a subsequent review in mid-2015 to consider the implementation of the Principles.

NOTES TO THE 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.
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, China, France, Germany, Hong Kong, India, Italy, Japan, Korea, Malaysia, Mexico, Morocco, the Netherlands, Nigeria, Ontario, Pakistan, Peru, 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 endeavors 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

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- 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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Carlta Vitzthum

Outside office hours

Email:

Website:

Follow IOSCO on [Twitter here](#)

+ 34 91 787 0419

+ 34 697 449 639

carlta@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