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International Organization of Securities Commissions
Organisation internationale des commissions de valeurs
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IOSCO issues report on market-based financing for SMEs and Infrastructure

The International Organization of Securities Commissions (IOSCO) today published a research note on [*Market-Based Long-Term Financing Solutions for SMEs and Infrastructure*](#). The note is a compilation of recent examples of capital market solutions in developed and emerging markets that have contributed to the financing of small and medium enterprises (SME) and infrastructure projects.

The research note was prepared for the G20 Finance Ministers and Central Bank Governors. It describes innovative structures and products in equity capital markets, debt capital markets, securitization and pooled investment vehicles that provide practical solutions to broadly recognized challenges for financing of SMEs and infrastructure projects.

The note also provides key takeaways from each example and identifies themes common to the innovations. The market-based financing solutions described in the note cover many jurisdictions across a wide geographical region, while several case studies reference cross-border activities and/or have regional reach.

Since the 2008 global financial crisis, the banking sector which has traditionally been a major source of funding for long-term financing (LTF) needs, has undergone a significant deleveraging process. This has increased the gap between supply and demand for LTF in many economies around the world. As governments implement austerity measures and face budget constraints, public funding for SMEs and infrastructure projects has been constrained.

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Against this backdrop of constrained funding, there has been a gradual shift from a pre-dominantly bank-funded model for LTF towards a model that includes a greater share of capital market-based funding. In recognition of the increasing role that the capital markets play in the provision of LTF for SMEs and infrastructure, IOSCO established the Long-Term Financing Task Force in November 2013 to review the issues and challenges facing LTF and opportunities for growth.

Howard I. Wetston, Q.C. Co-Chair of the LTF Task Force, Vice Chair of the IOSCO Board and Chair of the Ontario Securities Commission, stated that: *“This research note reflects the important contribution that IOSCO is making in this area, as well as its expertise in terms of the oversight of the capital markets. The note contains concrete and practical capital-markets based solutions that address the increasing demand for long-term financing by SMEs”*.

Ranjit Ajit Singh, Co-Chair of the LTF Task Force, Vice Chair of the IOSCO Board, Chair of the Growth and Emerging Markets Committee, and Chair of the Securities Commission Malaysia, said that: *“Given the scale of long-term financing needed globally, particularly for infrastructure development and SME financing, a sound market conduit that can effectively channel funds for economic growth and productivity is of paramount importance. The publication of this research note underscores IOSCO’s commitment to facilitating pragmatic market-based financing solutions”*.

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 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,

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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 (GEM) Committee is the largest committee within IOSCO, representing 75 per cent of the IOSCO membership. Mr. Ranjit Ajit Singh, Chairman of Securities Commission Malaysia and Vice Chair of the IOSCO Board, is the Chair of the GEM Committee. 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;
 - 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
 - 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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