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

IOSCO/MR/23/2015

London, 17 June 2015

IOSCO: Meeting the Challenges of a New Financial World

The International Organization of Securities Commissions (IOSCO) met this week at its Annual Conference in London to progress its work across its policy, research, capacity building and co-operation agenda.

IOSCO's private meetings preceded public sessions focusing on the theme of *Building a New Financial World* which will focus on conduct standards, financial innovation and the many other challenges which financial regulators and industry face.

'Our work agenda continues to highlight and reinforce our role as the key global reference point for securities regulation during a period of rapid change', IOSCO Board Chairman Greg Medcraft said. 'We continue to be proactive and forward looking in building trust and confidence in markets which are grappling with new and emerging opportunities and risks, including those posed by digitization.'

The meeting discussed important organizational and policy issues.

The Board discussed the Strategic Direction for IOSCO to 2020 and the resourcing and funding of Action Plans to implement it. The Strategic Direction was approved Wednesday by the Presidents Committee, which is comprised of all the Chairs of ordinary and associate members and meets once a year at the Annual Conference.

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The Strategic Direction envisages that IOSCO's Goal for the rest of this decade will be to reinforce its position as the key global reference point for securities regulation.

The Strategic Direction and Goal will be implemented through 43 initiatives in Action Plans covering six priority areas.

- *Research and Risk Identification*: Identifying risks arising from securities markets, including market activities, technology and product developments, and unintended consequences of changes or proposed changes in laws and regulations;
- *Standard Setting and Developing Guidance*: Improving the international regulatory framework for securities markets by developing standards and guidance that are timely, responsive to market developments and internationally recognized;
- *Implementation Monitoring*: Promoting implementation of IOSCO standards through monitoring and assessment;
- *Capacity Building*: Addressing capacity building needs of its members, particularly in growth and emerging markets;
- *Co-operation and Information Exchange*: Strengthening the exchange of information and co-operation in the enforcement of markets regulation, and in the supervision of markets and market intermediaries; and
- *Collaboration and Engagement with other International Organizations*: Ensuring effective representation of IOSCO's views in other international organizations and effective collaboration with other standard setters within the international financial regulatory community.

'The Strategic Direction to 2020 builds on our achievements in recent years by intensifying activity across each of our programs. This is what our members are telling us they want. It

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will benefit all members – with a particular emphasis on members from Growth and Emerging Markets’, Chairman Medcraft said.

IOSCO's Growth and Emerging Markets (GEM) Committee, the largest of IOSCO's Committees, met during the week. Members furthered committee work on risk identification and capacity building. They also agreed to conduct policy work in the following priority areas: Impact of Digitization and Innovation on Capital Markets, Strengthening Corporate Governance, and the development of a toolkit on Crisis Management and Contingency Planning for emerging markets.

Members also agreed to publish the GEM Committee's report on *SME Financing through Capital Markets*, which reviews and identifies ways to facilitate capital market financing for SMEs in emerging markets.

During the conference, IOSCO's four regional committees and its Affiliate Members Consultative Committee also met to discuss their contribution to IOSCO work.

In the policy area, the Board discussed progress in a number of areas including:

- Addressing the challenges of cross border regulation;
- Improving the governance of international audit standard setting;
- Increasing the resilience of securities markets and market participants to cyber attacks;

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- Enhancing the Multilateral Memorandum of Understanding on cooperation and exchange of information, taking into account recent developments in markets, technology and enforcement practices;
- Promoting the resiliency of CCPs;
- Ensuring investor engagement in policy development;
- Facilitating capital raising by SMEs, including through crowd funding, while maintaining investor protection;

On asset management, the Board concluded that a full review of asset management activities and products in the broader global financial context should be the immediate focus of international efforts to identify potential systemic risks and vulnerabilities. Therefore, the Board believes that this review should take precedence over further work on methodologies for the identification of systemically-important asset management entities. After the review is completed, work on methodologies for the identification of such entities should be reassessed.

On market conduct, the Board acknowledged that high conduct standards are essential to promoting fair and efficient markets. It agreed to consider what work IOSCO should undertake in order to further strengthen the current global framework to address misconduct by firms and individuals in retail and wholesale markets. The Board also underlined the importance of ensuring the integrity of financial benchmarks and discussed ways to progress IOSCO's work to date.

Proposals for work on OTC retail leveraged products and the functioning of the ISDA Credit Determinations Committee and CDS auction processes were also discussed.

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The Board discussed IOSCO's capacity building work, including:

- Steps to establish pilot hubs to deliver capacity building activities;
- The design of a global certificate program;
- Expanding on the successful education and training seminars for IOSCO members;
- Progress in developing the IOSCO Capacity Building Online Toolkit which offers members a virtual library of resources on key regulatory issues and IOSCO Principles, including bibliographies, academic papers and case studies;
- The International Secondment Program using IOSCO's recently launched international secondment register.

The Board considered the findings of a review of Pakistan's implementation of IOSCO Principles as part of the first Country Review conducted by the Assessment Committee. The review highlighted the real benefits to members of Country Reviews in identifying progress in meeting international regulatory standards and areas in which improvements were needed.

The Board also heard updates on the work of IOSCO's Research Function in identifying and analyzing key risks to investors, markets and financial stability. This work will feed into the 2015-2016 Securities Risk Outlook to be published by early 2016.

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

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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). The Board is made up of 34 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 Australia, Belgium, Brazil, China, Egypt, France, Germany, Greece, Hong Kong, India, Italy, Japan, Kenya, Korea, Malaysia, Mexico, the Netherlands, Nigeria, Ontario, Pakistan, Peru, Quebec, Saudi Arabia, Singapore, South Africa, Spain, Sweden, Switzerland, Thailand, Trinidad and Tobago, Turkey, 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;

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- 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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