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International Organization of Securities Commissions
Organisation internationale des commissions de valeurs
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IOSCO/MR/10/2016

Lima, 11 May 2016

IOSCO continues to address global challenges to securities markets

The International Organization of Securities Commissions (IOSCO) today opens the public sessions of its Annual Conference in Lima focusing on SME financing, investor protection and education, and the opportunities and challenges of new financial technologies (fintech).

The public conference comes at the conclusion of IOSCO's private meetings in which members discussed responses to the challenges facing markets regulators today. During the four-day meeting, the IOSCO Board, the Growth and Emerging Markets (GEM) Committee, the four Regional Committees and the Affiliate Members Consultative Committee (AMCC) discussed policy initiatives to strengthen securities market resilience and ensure that securities markets continue to be sustainable sources of finance.

Members discussed how best to make use of the expertise and knowledge of IOSCO's diverse membership, including measures to further the integration and enhance the participation of GEM Committee members.

On enforcement cooperation, IOSCO's Presidents Committee approved the text of an Enhanced Multilateral Memorandum of Understanding (Enhanced MMoU) on cooperation and the exchange of information. This followed detailed discussion at the GEM Committee, Regional Committees and the Board.

The Enhanced MMoU, which is aspirational in nature, provides for the additional powers that IOSCO believes are necessary for its member regulators to ensure their continued effectiveness in deterring

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cross-border misconduct and fraud in securities markets. It builds on the success of the current MMoU on cooperation and exchange of information, while taking into account technological and regulatory developments since the launch of the original MMoU in 2002.

The Enhanced MMoU sets out five new powers in addition to those in the current MMoU:

- 1) to obtain and share audit papers;
- 2) to compel attendance for testimony by being able to apply a sanction in the event of non-compliance;
- 3) to advise and provide existing information to another regulator on how to freeze assets, or to freeze assets on behalf of another regulator;
- 4) to obtain existing Internet service provider records, not including the content of communications; and
- 5) to obtain existing telephone records, not including the content of communications.

It was resolved that arrangements for implementation of the EMMoU will be developed by the Board in consultation with the Regional and Growth and Emerging Markets Committees with a view to approval by the Presidents Committee by the end of 2016.

On policy work, the IOSCO Board progressed its work on asset management by focusing on liquidity risk management and leverage. Additionally, it considered how to address gaps in asset management data collected by securities regulators, and will publish a statement in this regard shortly.

As part of its effort to improve audit quality, the Board approved publication of the *Survey Report on Audit Committee Oversight of Auditors*. In other key policy areas, the IOSCO Board heard updates on work on CCP resilience and recovery, market conduct in wholesale markets, and revisions to IOSCO's Objectives and Principles of Securities Regulation and supporting Methodology.

The Board also endorsed the following mandates relating to retail investors:

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- to review industry practices regarding senior investor vulnerability;
- to apply insights from behavioral economics to investor programs and initiatives;
- to design and coordinate a pilot IOSCO world investor week campaign in 2017.

On the issue of infrastructure finance, the Board agreed to establish a working group comprised of Board members from both advanced and growth and emerging markets that will engage with development banks, institutional investors and other stakeholders to discuss issues relevant to market-based finance for infrastructure development.

In the area of corporate governance, the GEM Committee updated the Board on its preparation of a report on how capital markets regulators can apply the OECD principles on corporate governance to ensure more resilient capital markets.

On identifying and addressing emerging risks, the Board discussed the issue of liquidity in securities markets, with a particular focus on liquidity in corporate bond markets. The Board will shortly publish a consultation paper on corporate bond market liquidity and will take up further work on corporate bond market transparency. The Board also discussed its work on cyber resilience and fintech. It agreed to consider different mechanisms for securities regulators to share and gather information on cyber risk and cyber security issues that are relevant to securities regulators across its membership. It also received an update on IOSCO work on the potential impact of fintech and digitalization on securities markets and regulation. The work will culminate in a report that draws on contributions from IOSCO's Committee on Emerging Risks, the GEM Committee, relevant policy committees and the AMCC.

On **assisting IOSCO's members**, the Board heard updates on progress on IOSCO's capacity building activities and implementation monitoring. The following members were formally recognized for becoming MMoU signatories, taking the total number of signatories to 109 out of 137 eligible IOSCO members:

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- The Commission de Surveillance du March  Financier de l'Afrique Centrale (COSUMAF), comprising Cameroon, Central African Republic, Congo, Gabon, Equatorial Guinea, and Chad.
- The Superintendencia de Compa as, Valores y Seguros of Ecuador
- The Turks & Caicos Islands Financial Services Commission

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.

The IOSCO Board is the governing and standard-setting body of the International Organization of Securities Commissions (IOSCO), and 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.

2. The Growth and Emerging Markets (GEM) Committee is the largest Committee within IOSCO, representing close to 80 per cent of the IOSCO membership, including 10 of the G20 members. Mr Ranjit Ajit Singh, Chairman of the Securities Commission Malaysia and Vice Chair of the IOSCO Board, is the Chair of the GEM Committee. The Committee brings members from growth and emerging markets together and communicates members' views and facilitates their contribution across IOSCO and at other global regulatory discussions. The GEM Committee's strategic priorities are focused, among others, on risks and vulnerabilities assessments, policy and development work affecting emerging markets, and regulatory capacity building.
3. 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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