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International Organization of Securities Commissions
Organisation internationale des commissions de valeurs
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IOSCO Good Practice for CIS Fees and Expenses seeks to enhance market efficiency

The Board of the International Organization of Securities Commission today published the final report on [*Good Practice for Fees and Expenses of Collective Investment Schemes*](#) (CIS), which aims to identify common international examples of good practice that can be applied to CIS fees and expenses.

Regulators have long been concerned about the impact of CIS fees and expenses on the investment decisions taken by investors. Fee arrangements, even when fully disclosed, can give rise to conflicts of interest that are best addressed by rules of conduct. High standards of transparency and conduct in this area should help encourage competition among CIS operators and lead to a more efficient market, thereby eventually benefitting investors.

In 2004, IOSCO reviewed existing practices with respect to CIS fees and expenses and published a set of standards to be regarded as good or best practice. It was envisaged that these practices would evolve over time, as the natural evolution of the industry resulted in new product structures, investment strategies and distribution models, leading regulators to adapt their approach.

IOSCO, therefore, carried out a second review in 2015, which reflected a wider range of regulatory approaches towards markets at differing stages of maturity, and took into account recent developments in its member jurisdictions.

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The 23 examples of good practice set out in this report reflect approaches to issues identified by regulators in some key areas, namely:

- permitted or prohibited costs for a CIS;
- disclosure of fees and expenses to the investor, including use of electronic media;
- remuneration of the CIS operator;
- performance-related fees;
- transaction costs;
- hard and soft commissions on transactions;
- fees associated with CIS that invest in other funds;
- fee differentiation in multi-class CIS; and
- changes to the fees and expenses of a CIS.

These are, however, not intended to serve as comprehensive requirements for the regulation of fees and expenses. Markets will continue to evolve and change, raising the possibility of the need for further revisions or enhancements to these examples of good practice. IOSCO hopes these examples will promote greater fairness and transparency in an industry that helps manage the long-term savings of millions of people around the world.

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 34 securities regulators. Mr. Ashley Alder, the Chief Executive Officer of the Securities and Futures Commission (SFC) of Hong Kong, is the Chair of the IOSCO Board. The members of the IOSCO Board are the securities regulatory authorities of Argentina, Australia, Belgium, Brazil, China, Egypt, France, Germany, Hong Kong, India, Indonesia, Ireland, Italy, Jamaica, Japan, Kenya, Malaysia, Mexico, Nigeria, Ontario,

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Pakistan, Peru, Quebec, Saudi Arabia, Singapore, South Korea, Spain, Sweden, Switzerland, the Netherlands, Turkey, the United, Kingdom, and the United States.

3. The Growth and Emerging Markets 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.
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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