

MEDIA RELEASE



International Organization of Securities Commissions
Organisation internationale des commissions de valeurs
Organizaç o Internacional das Comiss es de Valores
Organizaci n Internacional de Comisiones de Valores
للمنظمة الدولية لهيئات الأوراق المالية

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IOSCO approves the enhanced standard for cross-border enforcement cooperation

The members of the International Organization of Securities Commissions (IOSCO) have approved the *Enhanced Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information* (EMMoU), which offers securities regulators new enforcement powers for responding to the challenges arising from recent developments in global financial markets.

Since its launch in 2002, the *Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information* (MMoU) has provided securities regulators around the world with key tools to fight cross-border financial fraud and misconduct that can weaken global markets and undermine investor confidence. For 15 years, regulators have used the MMoU to help ensure effective global cooperation and strengthen international securities markets.

Despite this vast success, securities markets have undergone sweeping changes in recent years, driven by things such as new technologies and regulation, and the growing role of market-based finance. These forces have spurred IOSCO to develop an enhanced standard on cross-border enforcement information exchange that goes beyond the MMoU and responds to recent market developments.

Ashley Alder, Chief Executive Officer of the Hong Kong Securities and Futures Commission, and Chair of the IOSCO Board, said “*The adoption of the EMMoU represents a significant milestone for IOSCO because it enhances cross border enforcement cooperation among our members and builds upon the success of the current MMoU. With its expanded powers, the EMMoU will enable IOSCO members to*

meet the challenges of combating financial misconduct in an increasingly cyber / tech dominated environment.”

Paul Andrews, Secretary General of IOSCO, said: *“The Enhanced MMoU marks a turning point in cross-border enforcement cooperation and information sharing among IOSCO members. It raises the standards of enforcement action, making it increasingly difficult for wrongdoers to conduct cross-border misconduct in global securities markets.”*

Both the MMoU and the EMMoU provide a mechanism for securities regulators to share essential investigative material, such as beneficial ownership information, and securities and derivatives transaction records, including banking and brokerage records. Both documents also set out specific requirements for the exchange of information, notably ensuring that no domestic banking secrecy laws or regulations prevent the sharing of enforcement information among securities regulators.

The EMMoU, however, provides for additional enforcement powers that IOSCO believes are necessary for continuing to safeguard the integrity and stability of markets, protect investors, and deter misconduct and fraud. The ACFIT powers, as they are known, will enable members to:

- A:** Obtain and share **Audit** work papers, communications and other information relating to the audit or review of financial statements;
- C:** **Compel** physical attendance for testimony (by being able to apply a sanction in the event of non-compliance);
- F:** **Freeze** assets if possible or, if not, advise and provide information on how to freeze assets, at the request of another signatory;
- I:** Obtain and share existing **Internet** service provider records (not including the content of communications), including with the assistance of a prosecutor, court or other authority, and to obtain the content of such communications from authorized entities; and
- T:** Obtain and share existing **Telephone** records (not including the content of communications), including with the assistance of a court, prosecutor, or other authority, and to obtain the content of such communications from authorized entities.

In addition, the EMMoU envisages the obtaining and sharing of existing communications records held by regulated firms.

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Jean-François Fortin, Executive Director, Enforcement, Autorité des marchés financiers of Quebec, and Chair of the IOSCO Committee on Enforcement and the Exchange of Information, said: *“The ACFIT powers will foster greater cross-border enforcement cooperation and assistance among securities regulators, enabling them to respond to the risks and challenges posed by globalisation and advances in technology since 2002. In particular, access to the ‘IT’ powers is important, because so many market abuse investigations rely on subscriber records and traffic data to show the passage of information.”*

Securities regulators currently are required to sign the MMoU to become a member of IOSCO. The MMoU will remain in effect as long as any signatories continue to wish to use it. However, the objective is for all MMoU signatories to migrate eventually to the EMMoU.

Of IOSCO’s members that are securities regulators, 112 are signatories to the MMoU. In 2015, signatories made 3,203 requests for information, compared to only 56 requests in 2003.

IOSCO will undertake various initiatives to support the implementation of the EMMoU, including technical assistance programs, political support and an ongoing communication strategy.

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

3. The Growth and Emerging Markets Committee is the largest Committee within IOSCO, representing close to 80 per cent of the IOSCO membership, including 11 of the G20 members. 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 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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