

MEDIA RELEASE



International Organization of Securities Commissions
Organisation internationale des commissions de valeurs
Organização Internacional das Comissões de Valores
Organización Internacional de Comisiones de Valores
المنظمة الدولية لهيئات الأوراق المالية

IOSCO/MR/16/2018

Madrid 04 July 2018

IOSCO seeks feedback on proposed good practices for commodities storage and delivery

The Board of the International Organization of Securities Commissions (IOSCO) is requesting feedback on proposed good or sound practices to assist relevant storage infrastructures and their oversight bodies to identify and address issues that could affect commodity derivatives' pricing and in turn affect market integrity and efficiency.

In the report [*Commodity Storage and Delivery Infrastructures: Good or Sound Practices*](#), published for consultation today, IOSCO proposes the adoption of the good or sound practices by all relevant storage infrastructures, their oversight bodies and financial regulators in IOSCO member jurisdictions, as appropriate to their role and activities.

IOSCO believes that the implementation of these practices will lead to a more transparent and robust environment for the physical storage and delivery of commodities, producing benefits for all commodity market participants.

The overarching objective of the good or sound practices is to create a framework that incentivises the market to adopt best practices and self-correction, rather than one that prohibits certain behaviours.

The report builds on IOSCO's 2016 report [*The Impact of Storage and Delivery Infrastructure on Derivatives Market Pricing*](#), which identified certain commodities storage and delivery situations that have the potential to affect derivatives pricing if not properly addressed. These practices fall into five broad areas: oversight, transparency, conflicts of interest, fees and incentives, and operations.

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Today's report sets out various potential good or sound practices to address the issues previously identified in each of the five areas. The report provides examples of Good or Sound Practices of the following types:

- a. Preventative practices that seek to establish good governance and dispute resolution procedures in order to avoid issues;
- b. Monitoring practices that seek to identify and address issues as they arise to mitigate deleterious effects; and
- c. Punitive practices which address, through resolution, certain behaviours after the fact.

IOSCO welcomes comments on the draft Good or Sound Practices which should be submitted on or before 29 August.

NOTES TO THE EDITORS

About IOSCO

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, Japan, Kenya, Korea, Kuwait, Malaysia, Mexico, the Netherlands (observer), Ontario, Pakistan, Panama, Portugal, Quebec, Singapore, South Africa, Spain, Sweden, Switzerland, Turkey, the United Arab Emirates, the United Kingdom, and the United States of America. The Chair of the European Securities and Markets Authority (ESMA) and the Chair of IOSCO's Affiliate Members Consultative Committee are also observers.
3. The Growth and Emerging Markets (GEM) Committee is the largest committee within IOSCO, representing close to 80 per cent of the IOSCO membership, including 11 of the G20 members.

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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.

MEDIA ENQUIRIES

Carlta Vitzthum

Outside office hours

Email:

Website:

Follow IOSCO on [Twitter here](#)

+ 34 91 787 0419

+ 34 697 449 639

carlta@iosco.org

www.iosco.org