

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

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IOSCO guidance addresses conflicts of interest and conduct risks in equity capital raising

The Board of the International Organization of Securities Commissions (IOSCO) today published guidance to help its members address conflicts of interest and associated misconduct risks that may arise and undermine the equity capital raising process.

Conflicts of interest and associated conduct risks stemming from the role of intermediaries can harm the integrity and efficiency of the equity capital raising process, damage investor confidence and weaken capital markets as an effective vehicle for issuers to raise funding. To help regulators identify and address these risks, IOSCO today published the final report on [*Conflicts of interest and associated conduct risks during the equity capital raising process*](#), which sets out guidance for regulators to address conflicts of interests that may occur when intermediaries manage an equity securities offering.

The report details the key stages of equity capital raising where the role of intermediaries might give rise to conflicts of interest that compromise the integrity and efficiency of the process. The guidance comprises [*eight measures*](#) that address:

- conflicts of interest and pressure on analysts during the formation of their views on an issuer in the pre-offering phase of a capital raising;
- conflicts of interest during the allocation of securities;
- conflicts of interest and conduct risks in the pricing of securities offerings;
- conflicts of interest and conduct risks stemming from personal transactions by staff employed within firms managing a securities offering.

The guidance sets standards of conduct for market intermediaries in the equity capital raising process.

Implementation of the guidance is expected to materially improve the equity raising process, which includes enhancing

- the range and quality of timely information that is made available to investors during the process;
- the transparency of allocations;
- the efficiency and integrity of the overall process, boosting investor confidence and rendering capital markets a more effective channel to raise financing.

The report published today is the first stage of IOSCO's work to examine conflicts of interest and associated conduct risks in the capital raising process. The second phase will consider conflicts of interest and associated conduct risks during the debt capital raising process.

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, 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. 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