

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 issues policy measures to protect investors of OTC leveraged products

The Board of the International Organization of Securities Commissions (IOSCO) today issued a final report providing measures for securities regulators to consider when addressing the risks arising from the marketing and sale of OTC leveraged products to retail investors.

Simultaneously, the Board issued a [public statement](#) on the risks of binary options and the response of regulators for mitigating the risks and harm to retail investors transacting in these products.

The [Report on Retail OTC Leveraged Products](#) includes three complementary *toolkits* containing measures aimed at increasing the protection of retail investors who are offered OTC leveraged products, often on a cross-border basis. The report covers the marketing and sale of rolling-spot forex contracts, contracts for differences (CFDs) and binary options.

The toolkits set out guidance for regulators on:

- Policy measures that can help to address the risks arising from the marketing and sale of OTC leveraged products by intermediaries;
- Educating investors about the risks of OTC leveraged products and the firms offering them;
and
- Enforcement approaches and practices to mitigate the risks posed by unlicensed firms offering the products

Retail investors typically use these products to speculate on the short-term price movements in a given financial underlying. Typically, the products are offered through online trading platforms –

often through aggressive or misleading marketing campaigns. Most retail investors trading in these complex products lose money.

The measures in the three toolkits draw largely on IOSCO members' experiences and practices. The report also includes various policy, educational and enforcement initiatives that IOSCO members have taken to specifically address unauthorized cross-border and online offerings of OTC leveraged products.

The initiatives are intended to serve as useful guidance to IOSCO members as they consider their approaches to address the risks arising from the marketing and sale of OTC leveraged products to retail investors. The policy, enforcement and educational measures included in the report are complementary and should be seen as part of a holistic approach to addressing the risks of the relevant products.

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.

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