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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/12/2019

Sydney, 30 May 2019

IOSCO Annual Meeting in Sydney takes forward the IOSCO 2019 Workplan

Members of the International Organization of Securities Commissions (IOSCO) met at the organization's 44th Annual Meeting in Sydney this month to discuss priority issues facing securities market regulators and supervisors today. The meeting, which was hosted by the Australian Securities and Investments Commission (ASIC), was attended by some 350 IOSCO members.

The Annual Meeting, which took place from 13 to 15 May, included meetings of the IOSCO Board, IOSCO's Growth and Emerging Markets (GEM) Committee, its four Regional Committees and the Affiliate Members Consultative Committee (AMCC).

The event concluded with the annual general meeting of all IOSCO members in the Presidents Committee. Participants discussed different aspects of IOSCO's priority work, including crypto-assets, Fintech, sustainability, data privacy, market fragmentation, asset management and retail distribution and digitalization. It also discussed technical assistance and capacity building.

At its meeting, the IOSCO Board considered next steps for these important priority topics, which are consistent with the [IOSCO workplan for 2019](#) that was developed following the IOSCO Board's decision to prioritize key issues in October 2018 and published on 25 March 2019. Below are the priority topics.

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Crypto-Assets

The Board members agreed to publish a consultation report on crypto-asset trading platforms, in response to a G20 request. The work aims to assist IOSCO members in evaluating the serious investor protection challenges relating to these trading platforms.

On 6 May, IOSCO launched an Emerging Digital Threats (EDT) Portal for its members to enable sharing of enforcement-related information on emerging digital threats, including those arising from crypto-assets. IOSCO will also develop material to assist regulators in educating retail investors about crypto assets.

Market fragmentation

The Board agreed to publish an IOSCO report on *Market Fragmentation and Cross Border Regulation*, in response to a G20 request, which analyzes how some financial markets may have experienced fragmentation in whole or in part due to regulation. The Board agreed to scope potential further work in this area and to continue its collaboration with the Financial Stability Board's efforts on this matter.

Asset management

The Board discussed IOSCO's public consultation on proposals to measure leverage in investment funds and to collect data based on the metrics it develops. The work is part of IOSCO's follow up to the Financial Stability Board recommendations to address potential structural vulnerabilities in asset management activities.

Margin Requirements

The Board analyzed issues around the final implementation phase of the BCBS-IOSCO margin requirements for non-centrally cleared derivatives. It discussed various key issues relating to the preparedness of more counterparties coming into scope on or after 1 September 2020, when the final margin requirements go into effect.

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Fintech Network

The Board discussed the work of the IOSCO Fintech network, established in May 2018 to facilitate the sharing of knowledge and experiences among IOSCO members. The Board deliberated on next steps for the four workstreams: distributed ledger technology, ethics in artificial intelligence and machine learning, Regtech and encouraging innovation. Members also discussed how IOSCO could assist emerging markets with Fintech matters.

Sustainable Finance

The Board discussed the work of the IOSCO Sustainable Finance network, created last year to focus on the role of regulators in sustainable finance and relevant international initiatives taken by other organizations. The Board noted a report on sustainable finance in emerging markets that the GEM Committee plans to publish.

Data Protection

Board members discussed next steps relating to an Administrative Arrangement (AA) regarding the European General Data Protection Regulation (GDPR), which was approved by the IOSCO Board, the Board of Supervisors of the European Securities and Markets Authority (ESMA) and the European Data Protection Board. This included providing guidance to members in determining whether to sign the AA. The AA facilitates the continued cooperation and exchange of enforcement and supervisory information under existing information sharing arrangements or memoranda, including the IOSCO Multilateral Memorandum of Understanding (MMoU) and the Enhanced-MMoU while providing safeguards for the transfer of personal data between European Economic Area (EEA) and non-EEA members.

The Board noted that numerous IOSCO members have signed the AA (currently 16) and encouraged other members to consider signing it.

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Cyber Task Force.

The Board agreed to publish a Task Force report that examines how IOSCO members are applying existing cyber standards or guidance in their respective regulatory regimes and identifies potential gaps in the application of these standards that may need to be addressed.

Retail distribution and digitalization

The Board considered IOSCO's work on retail distribution and digitalization, which examines how firms use digital distribution models with features such as online advertising and cross-border marketing to potentially avoid local rules and target vulnerable consumers with offerings of high-risk, complex financial products.

Market making and liquidity provision in equity securities

The Board agreed to examine the evolving role of market makers and other liquidity providers in securities markets, including incentives offered by trading venues regarding liquidity provision, and determine whether additional policy work is needed.

Standards implementation

The Board approved the IOSCO Assessment Committee's workplan for 2019-2020 and proposed to conduct an [IOSCO Standards Implementation Monitoring \(ISIM\)](#) project on IOSCO's Principles Relating to the Regulator.

During the annual meeting, IOSCO formally recognized new signatories to the MMoU and Enhanced MMoU. Please refer to Annex 1 for the list of new signatories.

Ashley Alder, Chair of the IOSCO Board, said: *“The Annual Meeting in Sydney brought together the whole IOSCO membership of 225 member organizations to focus on IOSCO's priority activities, as*

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set forth in the IOSCO work program for 2019, while continuing to address risks to investor protection, market integrity and financial stability.”

James Shipton, Chair of ASIC, said: *“ASIC was delighted to have hosted the 44th IOSCO Annual Meeting in Sydney. The Annual Meeting provides a unique opportunity to discuss issues of common concern and to build the strong and effective working relationships that are crucial to an effective international regulatory environment.”*

Annex 1 – New Signatories to the MMoU and Enhanced MMoU

The following four members were formally recognized at the Annual Meeting for becoming signatories to the IOSCO MMoU since the last Annual Meeting in May 2018, taking the total number of signatories to 123 out of 149 eligible IOSCO members:

- Algeria: Commission d' Organisation et de Surveillance des Opérations de Bourse
- Cabo Verde: Auditoria Geral do Mercado de Valores Mobiliários
- Chile: Commission for the Financial Markets (Comisión para el Mercado Financiero)
- Iran: Securities and Exchange Organization

Another six members were recognized in Sydney as signatories to the Enhanced Multilateral Memorandum of Understanding (EMMoU), bringing to 11 the total number of members who have signed the EMMoU. The EMMoU was introduced in 2017 to expand the range of enforcement powers that signatories may use to safeguard the integrity and stability of markets, protect investors and deter misconduct and fraud. These powers were introduced in light of the new enforcement challenges created by growing cross-border activity and technological developments in securities markets. The new signatories are:

- The Bahamas: Securities Commission of The Bahamas
- Canada, Ontario: Ontario Securities Commission
- Canada, Quebec: Autorité des marchés financiers

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المنظمة الدولية لهيئات الأوراق المالية

- Korea: Financial Services Commission/Financial Supervisory Service
- United States of America: Commodities Futures Trading Commission
- United States of America: Securities and Exchange Commission

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, Malaysia, Mexico, Ontario, Pakistan, Panama, Portugal, Quebec, Saudi Arabia, Singapore, South Africa, Spain, Sweden, Switzerland, Turkey, the United Arab Emirates, the United Kingdom, and the United States of America (both the U.S. Commodity Futures Trading Commission and U.S. Securities and Exchange Commission). 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. Dr. Obaid Al Zaabi, Chief Executive Officer, Securities and Commodities Authority, United Arab Emirates 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:

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- 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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