

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/12/2020

Madrid, 15 April 2020

IOSCO report provides new data on global hedge fund industry

The Board of the International Organization of Securities Commissions (IOSCO) today published its [*Report on the Fifth IOSCO Hedge Fund Survey*](#), which provides regulators new insights into the global hedge fund industry and the potential systemic risks this industry may pose to the international financial system.

IOSCO's biennial survey has become an important resource for regulators to help address gaps with regard to public and global data on hedge fund activities. The survey facilitates the systematic collection and analysis of hedge fund data, enabling regulators to share information and observe trends regarding trading activities, leverage, liquidity management and funding in the global hedge fund sector.

The report explains the results of the fifth IOSCO survey and provides an overview of the hedge fund industry based on data as of 30th September 2018. Since the first survey was conducted in 2010, data collection has expanded due to enhanced regulatory reporting regimes in some jurisdictions.

This fifth iteration of the Hedge Fund Survey also provides valuable data on measuring leverage in hedge funds. Similar to previous editions, the survey collected data related to such things as fund liquidity, collateral, margin, and exposures, all of which offer further insights into the potential impact of fund leverage.

For the first time, this edition provides a jurisdiction-level breakdown of information on long and short exposure on an asset-class basis and several specific leverage metrics, including Gross Notional

Exposure (GNE) and GNE Adjusted, as recommended in IOSCO's December 2019 [*Recommendations for a Framework Assessing Leverage in Investment Funds*](#).

The latest survey report makes several important observations:

- The number of qualifying hedge funds captured in this exercise has increased by 8.5% to 2,139;
- In the two years since the last hedge funds survey, assets under management (AuM), as captured by the survey, increased 19.5% to \$US3.85 trillion;
- Multi-strategy and equity long/short are the most common investment strategies of qualifying hedge funds;
- For both cash securities and derivatives, the largest exposures held by qualifying hedge funds (long and short), are in equities;
- On a gross notional basis, interest rate and foreign exchange derivatives positions are the largest in terms of fund exposures;
- Leverage, as measured on a gross notional basis, stands at 7.8x net asset value. Net leverage stands at 1x; and
- Qualifying hedge funds seem to have, on average, sufficient portfolio liquidity to meet investor liquidity demands in normal times.

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. Mr. Ashley Alder, the Chief Executive Officer of the Securities and Futures Commission of Hong Kong, is the Chair of the IOSCO Board. The members of the IOSCO Board are the securities regulatory authorities of Argentina, Australia, Bahamas, Belgium, Brazil, China, Egypt, France, Germany, Hong Kong, India, Indonesia, Ireland, Italy, Japan, Korea, Malaysia, Mexico, Morocco, Ontario, Pakistan, 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 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.

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Obaid Al Zaabi, Chief Executive Officer, Securities and Commodities Authority, United Arab Emirates, 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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