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International Organization of Securities Commissions
Organisation internationale des commissions de valeurs
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المنظمة الدولية لهيئات الأوراق المالية

IOSCO/MR/20/2020

Madrid, 11 August 2020

IOSCO examines the evolution of liquidity provision in equity securities markets

The Board of the International Organization of Securities Commissions (IOSCO) today published a report that explores how liquidity provision has evolved in equity securities markets in recent years.

The report, titled [*Liquidity Provision in the Secondary Markets for Equity Securities*](#), identifies some of the key elements of market making programs that may help promote the provision of liquidity, strengthen investor confidence and foster fair and efficient markets.

Liquidity provision in equity securities markets plays a vital role in price discovery, thereby helping markets to function efficiently. This report, based on a survey of regulatory authorities, trading venues and market intermediaries, considers how liquidity provision has evolved in equity securities markets.

The report identifies several common themes which regulators could consider as key elements in relation to market making programs and/or other liquidity provision incentive arrangements, in particular:

- Registration of market makers;
- Obligations imposed on market makers;
- Balancing the obligations and benefits of the programs;
- Monitoring compliance with the program; and
- Public disclosure about the programs.

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This report and the key elements identified were prepared prior to the COVID-19 pandemic. IOSCO is discussing possible future work relating to the impact of the pandemic on market making and liquidity in equity securities markets.

Notes to the Editor

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 and is made up of 34 securities regulators. 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, Ireland, Italy, Japan, Korea, Malaysia, Mexico, Morocco, Nigeria, Ontario, Pakistan, Portugal, Quebec, Russia, Saudi Arabia, Singapore, 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. 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;

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- 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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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