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International Organization of Securities Commissions
Organisation internationale des commissions de valeurs
Organizaç o Internacional das Comiss es de Valores
Organizaci n Internacional de Comisiones de Valores
المنظمة الدولية لهيئات الأوراق المالية

IOSCO/MR/28/2020

Madrid, 23 November 2020

IOSCO Annual Meeting addresses the impact of COVID 19 and other critical matters on securities markets

Members of the International Organization of Securities Commissions (IOSCO) gathered online for the organization's 45th Annual Meeting last week to discuss the impact of COVID 19 on capital markets and other priority issues facing securities market regulators and supervisors today. Some 480 members from 159 jurisdictions participated in the event.

The meeting took place from 9 to 18 November and included virtual meetings of the IOSCO Board, IOSCO's Growth and Emerging Markets (GEM) Committee, its four Regional Committees and the Affiliate Members Consultative Committee (AMCC), culminating with the meeting of its Presidents Committee. The committees discussed the progress made on IOSCO priority work on sustainable finance, financial stability risks, market fragmentation, asset management and retail market conduct. They also explored meaningful ways to contribute to these priorities while addressing members' needs regarding such areas as Fintech, cyber resilience, technical assistance and capacity building.

The event concluded with the virtual general meeting of all IOSCO members in the Presidents Committee, allowing the wider membership to engage with the IOSCO leadership on issues such as sustainable finance, non-bank financial intermediation (NBFi), market fragmentation and the COVID pandemic that are shaping global capital markets today,

At its meeting, the IOSCO Board approved the following two additional priority themes for 2021:

- Financial stability and systemic risks in NBFi; and
- Remote working, misconduct risks, fraud and scams, and operational resilience, in the context of the COVID-19 pandemic.

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Sustainable Finance

The IOSCO Board opened its meeting with a dialogue on the relevance of sustainability-related disclosures with Mark Carney, UN Special Envoy on Climate Action and Finance and advisor to the COP26 Event on Climate Change.

The Board discussed the purpose of a consistent and comprehensive framework that builds on the current global initiatives on corporate disclosures by the alliance of international sustainable finance standard setters, together with IFRS Foundation proposals for a standard setting mechanism. IOSCO currently chairs the Monitoring Board that oversees the work of the IFRS Foundation from a public interest perspective.

The Board agreed that the IOSCO Sustainable Finance Task Force should further explore the following areas:

- pathways to mandatory disclosure beyond comply or explain requirements;
- engaging with the IFRS Foundation to ensure that any proposals stemming from the consultation paper meet securities regulators' expectations both in terms of content and governance; and
- advancing discussions regarding the establishment of an assurance framework for sustainability disclosures.

The Board also discussed the Sustainable Finance Task Force's other work on sustainability-related disclosures, green-washing and the increasing activity of ESG data providers and credit rating agencies regarding ESG ratings.

Financial Stability Engagement Group (FSEG)

The Board discussed the next steps in the FSEG's work on the impact of the March turmoil on market-based financial intermediation (NBFI), specifically on money market funds (MMFs), open-ended investment funds, bond liquidity and margins.

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Members expressed their full commitment to further collaboration within IOSCO and with the Financial Stability Board on addressing the issues arising from the March turmoil in capital markets.

Retail Market Conduct Task Force (RMCTF)

The Board approved a RMCTF report aimed at assisting IOSCO members in addressing emerging conduct issues in retail markets arising from the pandemic and other similar crises. The report identifies the common drivers of this misconduct and actions taken by firms and regulators to mitigate risks and retail investor harm. The Board discussed further work for the task force aimed at strengthening investor confidence and trust in the markets.

New mandates

The Board agreed to undertake further work on:

- good practices or recommendations for audit committees on goodwill impairment;
- potential valuation-related issues in financial reporting, auditing and disclosures;
- the impact of COVID-19 on secondary trading market microstructure mechanisms, the operations of trading venues and business continuity planning.

During the annual meeting, IOSCO formally recognized new signatories to the IOSCO Multilateral Memorandum of Understanding on cooperation and exchange of information (MMoU) and the Enhanced MMoU. Please refer to Annex 1 below for the list of new signatories.

Ashley Alder, Chair of the IOSCO Board, said: “*Though the Annual Meeting was virtual this year, members made tremendous progress in addressing the emerging risks arising from the COVID 19 pandemic and other critical matters such as climate change and financial stability issues. IOSCO has proven it can respond quickly and effectively to events that could harm investors and undermine market integrity.*”

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Annex 1 – New Signatories to the MMoU and Enhanced MMoU since May 2019.

At the Annual Meeting, IOSCO formally recognized the following member for becoming a signatory to the IOSCO MMoU since the last Annual Meeting in May 2019, taking the number of signatories to 124 out of 150 eligible IOSCO members:

- AIFC, Nur-Sultan: Astana Financial Services Authority (2019)

Another five members were recognized as signatories to the EMMoU. The new signatories bring to 16 the number of members who have signed the EMMoU since it 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 since the MMoU was launched in 2002. The new signatories are:

- AIFC, Nur-Sultan: Astana Financial Services Authority (November 2020)
- Alberta: Alberta Securities Commission
- DIFC, Dubai: Dubai Financial Services Authority
- Peru: Superintendencia del Mercado de Valores
- Switzerland: Swiss Financial Market Supervisory Authority

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 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

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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 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

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- 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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