

## MEDIA RELEASE



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المنظمة الدولية لهيئات الأوراق المالية

IOSCO/MR/32/2020

Madrid, 22 December 2020

### **IOSCO publishes report on education of retail investors regarding risks of crypto-assets**

The Board of the International Organization of Securities Commissions today published a report that seeks to help regulators inform retail investors about the risks and characteristics of crypto-assets.

Crypto-assets carry risks that retail investors may not fully understand, increasing the chance of losses on investments in these assets. The IOSCO report titled [\*Investor Education on Crypto-Assets\*](#) identifies an array of possible risks to investors, including such things as lack of market liquidity, volatility, partial or total loss of the invested amount, insufficient information disclosure and fraud.

The report describes methods that regulators can use to provide educational material to retail investors on the risks of investing in crypto-assets and offers four areas of guidance covering the following activities:

- Developing educational content about crypto-assets;
- Informing the public about unlicensed or fraudulent firms;
- Using a variety of communication channels to inform investors; and
- Forming partnerships to develop and disseminate educational materials.

In recent years, IOSCO members have expressed concerns about the use of crypto-assets in areas ranging from trading, custody, clearing and settlement, accounting, valuation, intermediation and investment funds. In response, the IOSCO Board identified crypto-assets as one of its top work priorities for 2019 and 2020.

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In January 2018, IOSCO issued a [\*Statement on concerns related to Initial Coin Offerings \(ICOs\)\*](#), noting the risks associated with ICOs, particularly regarding parties that target retail investors through online distribution channels, often from outside the investors' home jurisdiction. Crypto-assets distributed in an ICO are highly risky investments and vulnerable to abuse and fraud.

In 2019, as the first step in developing the educational material, IOSCO's Committee 8 on Retail Investors conducted a fact-finding survey of its members regarding crypto-assets. IOSCO acknowledges that not all of the report's material or educational approaches may be appropriate for all member jurisdictions or consistent with all members' legal and regulatory frameworks. Instead, it recommends that members adopt the material and educational approaches best suited to their respective jurisdictions.

An Appendix to the report provides examples of IOSCO members' use of different investor activities and initiatives regarding crypto-assets.

### **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 129 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

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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;
  - 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.

### MEDIA ENQUIRIES

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