

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

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IOSCO calls for oversight of ESG Ratings and Data Product Providers

The Board of the International Organization of Securities Commissions (IOSCO) today has published a set of [recommendations](#) applicable to ESG Ratings and Data Product Providers.

Ashley Alder, Chairman of IOSCO and CEO of the Hong Kong SFC said: *“ESG ratings and third-party data products have played an important role in the ESG ecosystem so far, especially in the absence of consistent and comparable issuer disclosures. Their significance and usefulness will only continue as capital markets intensify efforts to support the shift towards a net zero economy. This is why IOSCO has undertaken this work.”*

The market for ESG ratings and data has grown over the past few years, in part due to a lack of consistent information disclosures at the entity level. As this market does not typically fall within the remit of securities regulators, IOSCO suggests that regulators could consider focusing greater attention on the use of ESG ratings and data products and the activities of ESG rating and data products providers in their jurisdictions. This could help to increase trust in ESG ratings and data going forward.

IOSCO has also set out specific recommendations on what regulators could consider when developing their framework. These recommendations are underpinned by more specific guidance to assist members when navigating this new market.

The recommendations include promoting more transparency regarding the methodologies that ESG ratings and data product providers use in developing their products; ensuring their procedures for managing conflicts of interest are appropriate and improving communication channels between

providers and the entities covered by their ESG ratings or data products without undermining their impartiality.

Erik Thedéen, Chair of the IOSCO Sustainable Finance Task Force and Director General of Finansinspektionen of Sweden, said: *“This report represents an important milestone in the development of ESG markets. Investors should be able to understand and trust the ESG ratings and data products they use; implementation of IOSCO’s recommendations will help achieve that outcome.”*

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 organisation's membership regulates more than 95% of the world's securities markets in some 130 jurisdictions, and it continues to expand.
2. The IOSCO Board is the governing and standard-setting body of IOSCO 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, Kenya, Korea, Malaysia, Mexico, Morocco, Nigeria, Ontario, Pakistan, Portugal, Quebec, Russia, Saudi Arabia, Singapore, Spain, Sweden, Switzerland, Turkey, 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 more than 75% per cent of the IOSCO membership, including 10 of the G20 members. Dr. Mohammed Omran, Executive Chairman of the Financial Regulatory Authority, Egypt is 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 focussed, amongst 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 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 to assist the development of markets, strengthen market infrastructure and implement appropriate regulation.

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