

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/03/2022

Madrid, 17 January 2022

IOSCO consults on measures to address risks arising from digitalisation of retail marketing and distribution

The Board of the International Organization of Securities Commissions (IOSCO) today published a [Consultation Report](#) to assist its members in adapting their regulatory and enforcement approaches to meet the challenges posed by recent technological developments and the rapidly evolving digitalisation and online activities.

Growth in digitalisation and use of social media is changing the way financial services and products are marketed and distributed. Domestic and cross border online offerings of financial services and products provide new opportunities for firms to reach potential clients and for investors to access a wide range of financial services and products more easily. But developments in digital offerings also give rise to regulatory and investor protection challenges, spanning the whole distribution chain.

Social media increasingly influences the decisions of retail investors, as many share investment tips and seek information from a wide variety of on-line sources, including influencers, while social media networks analyse the data of the users for digital targeting purposes.

Similarly, various digital apps and online trading platforms use *gamification* techniques, which may exploit behavioural biases to influence the retail investors' trading behaviour.

The Consultation Report is part of IOSCO's efforts to build trust and confidence in markets that are facing these new and emerging opportunities and risks. The overarching objective is to enhance the protection of retail investors who are the recipients of online offerings and marketing techniques.

The Consultation Report analyses developments in online marketing and distribution of financial services and products to retail investors in IOSCO member jurisdictions, both domestically and on a

cross-border basis. It provides a variety of proposed measures that IOSCO encourages its members to consider when determining their policy approach to retail online offerings and marketing. It also proposes useful guidance on enforcement measures for IOSCO members to consider in effectively addressing fraudulent online activity globally by leveraging innovative powers and proactive technology-based detection and investigatory techniques.

The proposed measures could help reduce regulatory and supervisory arbitrage and increase collaboration among IOSCO members and members with criminal authorities, other foreign and domestic authorities and providers of electronic intermediary services, fostering credible deterrence.

Finally, the Consultation Report also seeks feedback from market participants on the proposed measures.

Please submit comments to consultation-02-2022@iosco.org on or before 17 March 2022.

NOTES TO THE EDITORS

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 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 focused, amongst others, on risks and vulnerabilities assessments, policy and development work affecting emerging markets, and regulatory capacity building.

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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
- 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.

MEDIA ENQUIRIES

Carla Vitzthum
Outside office hours
Email:
Website:
Follow IOSCO on [Twitter here](#)

+ 34 91 787 0419/
+ 34 697 449 639
carla@iosco.org
www.iosco.org