

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 learns lessons from the operational resilience of trading venues and market intermediaries during the pandemic

The Board of the International Organization of Securities Commissions (IOSCO) today [published a report](#) that describes the impact of the COVID-19 pandemic on the operations of trading venues and market intermediaries and concludes that these regulated entities largely proved to be operationally resilient.

The report emphasizes that the regulated entities continued to serve their clients and the broader economy during the pandemic, despite unprecedented challenges, such as the restrictions on mobility and business operations and periods of extreme market volatility and record trading volumes.

The pandemic also increased cyber security risks, accelerated the use of existing, new and emerging technologies and disrupted some outsourcing arrangements.

In the report, IOSCO defines operational resilience as the ability of a regulated entity to deliver critical operations through a disruption, consistent with other international definitions. The existing IOSCO operational resilience principles, recommendations and guidance provide the core structure for regulated entities and regulators when considering operational resilience, and the findings in this report suggest this framework has worked well.

However, the pandemic has also highlighted opportunities for regulated entities to learn how to improve their operational resilience. The report therefore sets out some observations and identifies lessons learned from how regulated entities responded during the pandemic to help inform future operational resilience arrangements including:

(a) Operational resilience means more than just technological solutions; it also depends on the regulated entity's processes, premises and personnel;

(b) Consider dependencies and interconnectivity before and after a disruption to adequately assess potential risks and changes to controls, especially for service providers and off-shore services;

(c) Review, update and test business continuity plans to ensure they reflect lessons learned from the pandemic, such as the prolonged nature of the crisis and its impact on multiple locations, as well as the implication of remote/hybrid working and the importance of communication channels between regulators, key authorities, regulated entities and third-party service providers to help understand any impacts on operational resilience;

(d) An effective governance framework facilitates and supports operational resilience during novel or unexpected situations;

(e) Compliance and supervisory processes with greater automation and less dependence on physical documents and manual processes may better accommodate a remote workforce. A review of monitoring and supervision arrangements by regulated entities for remote workforces may be appropriate to help ensure continued effectiveness in a remote or hybrid environment; and

(f) Information security risk: Decentralized and remote work may increase the importance of monitoring processes to help ensure information security and prevent cyber-attacks.

IOSCO published the consultation report on operational resilience before the conflict in Ukraine began. Recent geopolitical tensions, disruptions to supply chains and energy shortages have challenged the operational resilience of trading venues and market intermediaries. In particular, financial and commodity markets have been volatile and cyber risks have increased. The situation will likely evolve further, highlighting the ongoing importance of operational resilience and maintaining an adaptable approach to operational resilience. The observations and lessons learned in this report should also be relevant to new scenarios, particularly the importance of reviewing, updating and testing business continuity plans, information security risks and maintaining good communication channels between regulators, authorities, regulated entities and third-party service providers to help understand any impact on operational resilience.

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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 more than 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, 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, 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 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.

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